HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—THIRTY-SECOND PARLIAMENT

31 Elizabeth II

VOLUME XIV, 1982

COMPRISING THE PERIOD FROM THE TWENTY-SECOND DAY OF FEBRUARY, 1982
TO THE TWENTIETH DAY OF APRIL, 1982

INDEX ISSUED IN A SEPARATE VOLUME

Published under authority of the Speaker of the House of Commons by the Queen's Printer for Canada

Available from Canadian Government Publishing Centre, Supply and Services Canada, Hull, Québec, Canada K1A 0S9.

HOUSE OF COMMONS

Monday, February 22, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43 and to take strong umbrage at remarks about western separatism attributed to the Prime Minister in a headline story in Saturday's *Toronto Star*. In the Canadian Press report the Prime Minister is alleged to have blamed provincial and federal politicians for aiding and abetting the cause of western separatists. I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Prime Minister tell this House who is ramming unpopular federal programs down the throats of Canadians by orders in council; who yelled at western grain growers about lagging sales of wheat, "You grew it! You sell it!", and who said "I came into politics to save Quebec in confederation—someone else can save the west."

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE SALVATION ARMY

CELEBRATION OF ONE HUNDREDTH ANNIVERSARY IN CANADA—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43 on a matter of great public importance. The Salvation Army is celebrating 100 years of service to God and man in Canada this year.

Some hon. Members: Hear, hear!

Mr. Dinsdale: During this time, in peace and in war, the Sally Ann has demonstrated the "heart to God and the hand to man" service of a voluntary association, motivated by a strong religious faith and a deep social conscience that goes for souls and goes for the worst. I move, seconded by the hon. member for Burin-St. George's (Mr. Simmons):

That this House through you, Madam Speaker, expresses its appreciation to the members of the Salvation Army and its leaders, and extends best wishes for continuing progress in its humanitarian endeavours in Canada and around the world during this time of growing spiritual need.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PARLIAMENTARY REFORM

CALL FOR ESTABLISHMENT OF AN ELECTED SENATE—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, I rise to move a motion under S.O. 43. In light of the fact that on February 17, 1982, a by-election held in the Alberta constituency of Olds-Didsbury elected western Canada's first separatist-oriented legislator, and in view of the fact that in subsequent days there has been an enormous expression of jubilation from many western Canadian citizens arising primarily from the belief that perhaps for a change the federal government will now pay attention to western issues, and since the potential for separation is far more serious and possible in western Canada than it ever has or probably ever will be in the province of Quebec, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House call upon the Prime Minister to initiate the one act that would most unify this nation, which is to lay aside his suggestions of a system of proportional representation and opt instead for an elected Senate with equal representation from all provinces and territories.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLISHING

MEMOIRS OF CONVICTED MURDERER, CLIFFORD OLSON—MOTION UNDER S.O. 43

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I rise to move a motion under the provisions of Standing Order

43 on a matter of pressing importance. I hope in view of the comments made by the Solicitor General, together with my consultations with him and with members of the official opposition, that we might have unanimous consent for this motion. All Canada views with disgust and dismay the announcement by mass murderer Clifford Olson that the sensibilities of Canadians may soon again be abused by his memoirs. Therefore I move, seconded by the hon. member for Willowdale (Mr. Peterson) and the hon. member for Central Nova (Mr. MacKay):

That while this House will and must always uphold the principle of freedom of the press, we unanimously urge all Canadian book, magazine and newspaper publishers to act in accordance with their responsibility to the people of Canada to the end that neither Clifford Olson nor his estate should be enriched by compensating him for the publication of his crimes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

THE LEADER OF THE OPPOSITION

SIXTH ANNIVERSARY OF ELECTION AS PARTY LEADER—MOTION UNDER S.O. 43

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Madam Speaker, I rise on a matter of urgent and pressing necessity. Today marks the sixth anniversary of the election of the Right Hon. Leader of the Opposition (Mr. Clark) as Leader of the Progressive Conservative Party.

Some hon. Members: Hear, hear!

Mr. Hopkins: And we congratulate him on his survival in that position. In view of his outstanding performance as Leader of the Opposition for most of the past six years, and in view of the incisive judgment he demonstrated as Prime Minister, I move, seconded by the hon. member for Gatineau (Mr. Cousineau):

That this House unanimously urges the Progressive Conservative Party to support the leadership of the Right Hon. the Leader of the Opposition with a view to having him lead his party in the next general election.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the motion. Is it the pleasure of the House to adopt the motion?

Hon. Erik Nielsen (Yukon): Madam Speaker, I have a minute or two to speak to this motion.

Some hon. Members: Hear, hear!

Mr. Nielsen: I am glad to see that all members of the House join with us on this side in marking the sixth anniversary of the leadership of this party by the right hon. gentleman with whom I have the honour of sharing this desk.

Some hon. Members: Hear, hear!

Mr. Nielsen: I should note in passing, however, that the mover of the motion failed to include his own leader in those same urgings, because the only thing we have going for us on this side is his leadership over there.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

An hon. Member: Explain.

Mr. Nielsen: That may not have emerged as I intended it, Madam Speaker. What I meant to say is that the only thing we have going for us over there is that leader, and we urge him to stay where he is until the next general election.

Some hon. Members: Hear, hear!

Mr. Nielsen: I am sure he will. I would like also to say to all of those hopefuls over there, the smiling Minister of Energy, Mines and Resources (Mr. Lalonde), the Minister of State for Science and Technology (Mr. Roberts), and the leader's seatmate, the Minister of Finance (Mr. MacEachen)—

Mr. Baker (Nepean-Carleton): He is among the hopeless.

Mr. Nielsen: —that I am sure he will stay where he is until the next general election. So we wholeheartedly join in those urgings, Madam Speaker, because had they the courage a week ago Friday to go ahead with the designated allotted day, that general election, much to the relief of the Canadian people, would have come about and saved this country from the disastrous policies which are being stubbornly adhered to by the Prime Minister (Mr. Trudeau).

Madam Speaker: The House has heard the motion. Is it the pleasure of the House to adopt the motion?

• (1415)

Mr. Edward Broadbent (Oshawa): Madam Speaker, as self-serving as it might just seem to be, I would like to suggest to the House leader of the Conservative Party that, speaking for all 33 hon. members of the NDP caucus, we would accept this proposed motion.

Mr. Nielsen: Where were they last Friday?

Madam Speaker: It being 2.15 p.m., I must interrupt this debate. Oral Questions.

ORAL QUESTION PERIOD

[*English*]

DISASTERS

REQUEST THAT INQUIRY INTO SINKING OF "OCEAN RANGER" DRILLING RIG BE HELD IN PUBLIC

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Transport, and it arises out of the tabling of the terms of reference for the inquiry into the sinking of the *Ocean Ranger*. They were tabled in the House on Thursday night. Would the minister assure the House that the inquiry will be held in public, with a report which will be public and, regardless of the high seas aspect of this tragedy, that relevant, compellable witnesses will be called to testify on all matters, including any evidence of prior notice concerning the seaworthiness of and the safety procedures on the rig?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the difficulty is that the Minister of Energy, Mines and Resources and I are both partly in charge of that inquiry, in the sense that it was created under the Inquiries Act and also under the Canada Shipping Act. I think I can answer "yes" to all the questions, as I heard them. This will be a public hearing. There will be a public report and witnesses will be heard. What was the fourth aspect?

INQUIRY RESPECTING PRIOR WARNINGS

Mr. Pat Nowlan (Annapolis Valley-Hants): My supplementary question really relates to the last part of my first question as to whether the terms of reference were wide enough to include any prior notice of seaworthiness of or the safety procedures on the rig. I would like to know whether, prior to the tragic sinking, there was any communication, letter or report to the government or to any of its agencies warning about the seaworthiness and safety procedures of the *Ocean Ranger* and, if so, what action was taken?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The answer is that to the best of our knowledge, no, there was no such communication.

REQUEST FOR HOLDING OF JOINT FEDERAL-PROVINCIAL INQUIRY

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. As I understand the situation, the government of Newfoundland sent a message to the minister last Friday, proposing a joint inquiry with respect to the tragic sinking of the *Ocean Ranger*. The government of Newfoundland has suggested that the commission of inquiry of the federal government be combined with the royal commission of the Newfoundland government and that they have joint terms of reference. It has suggested that there be one federal-provincial royal commission with the Honourable Gordon Winter and the Honourable Chief Justice Hickman as co-chairmen, and that the federal government could appoint other commissioners if it so wished. It has also suggested that the report may be made public.

Has the government now considered this request from the government of Newfoundland that there should be a joint inquiry? Has there been a favourable consideration of that? If so, when will the necessary changes be made so that we can have a joint inquiry? I might add that this would conform with the wishes of all of the religious denominations of Newfoundland, as expressed by Archbishop Penney last Friday.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the Government of Canada did offer the proposal of a joint inquiry to the government of Newfoundland last week. My executive assistant phoned the government of Newfoundland on my behalf to propose such an inquiry. Unfortunately, this offer was not taken up, and the government of Newfoundland decided to go ahead with its own inquiry.

This morning I received the telex which the minister responsible for energy in Newfoundland sent us on the weekend. We have not had time to examine the situation. I will discuss this matter with my cabinet colleagues and I will give our answer in the next few days. I might just point out to the hon. member, however, that there are limits to the number of commissioners who should be envisaged, and we will look at this matter.

TIMING OF DECISION

Hon. John C. Crosbie (St. John's West): Madam Speaker, I am not too concerned about who suggested the joint inquiry first. However, let me tell the minister that there was no suggestion, I am advised by the government of Newfoundland, from him or the federal government that there should be a joint inquiry; rather, all that was done was to contact the government of Newfoundland to ask whether they had any views to give on the terms of reference. The minister appointed and announced a federal commissioner last Tuesday, in this House. However, putting that aside for the moment, the government of Newfoundland has now proposed a joint inquiry, which is the wish of the people of Newfoundland. The majority of the people who were lost on that rig were Newfoundlanders. The people of Newfoundland want both governments involved in a full public investigation of this tragic event to ensure that every possible angle is covered.

• (1420)

There have been joint chairmen of commissions before. I remind the minister of the bilingualism and biculturalism commission of some years ago. Also, it would only make a total of six commissioners if the federal government wanted to appoint two additional commissioners. Can the minister tell the House when the government will make its decision? Could it be within the next 24 or 48 hours, in view of the very deep feelings about this whole matter in the province of Newfound-

land, and the traumatic shock that has been experienced there?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am sure it would never cross the hon. member's mind to spread lies. I must tell him that the Government of Canada and my executive assistant on my behalf communicated with Mr. William Marshall last week and suggested to him that we have a joint inquiry. I know, through a third party, that this fact was communicated to the Premier of Newfoundland. The government of Newfoundland had decided to have its own inquiry. We now have a request or a suggestion that it should be joint. The government will examine this very carefully and see what arrangement can be made that will be satisfactory to both governments to ensure that there will be a full investigation and inquiry, and that all facts are brought to the attention of the public. In the meantime, it is very important that the record be set straight.

REASON FOR DELAY IN ANNOUNCEMENT

Hon. John C. Crosbie (St. John's West): Madam Speaker, I wish to ask a final supplementary. I spoke today with the Newfoundland minister of energy, Mr. Marshall, who has a solid reputation for honesty and truthfulness. He advised me that at no time has the government of Newfoundland been invited by the Government of Canada to have a joint inquiry. I would put his reputation for truth and veracity above that of anybody else one might care to mention in the Government of Canada. Be that as it may, suppose there has been some mistake about this matter, if the minister has already invited the government of Newfoundland to have a joint inquiry, why can he not say today that there will be a joint inquiry and that the details will be worked out in the next 24 hours? Why can he not do that?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): For a very simple reason, Madam Speaker. A number of conditions seem to have been put by Mr. Marshall in his telex. We have been served ultimatums before by the government of Newfoundland. I want to see what those conditions imply. We will discuss this matter. As far as the reputation of Mr. Marshall or my own is concerned, I will say before the House quite clearly that this government did offer a joint commission.

Mr. Crosbie: Then let's get on with it.

* * *

AVIATION INDUSTRY

FINANCING OF EXPORT SALES

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce. Last week I pointed out that in Canada we were losing some 3,000 industrial jobs per working day because of lay-offs attributed to a lack of sales in the domestic market and because of declining export sales. On the weekend de Havilland aircraft, which produces some of the best planes in the world, announced a lay-off of 475 men and women in Toronto because, it said, competing governments in the United Kingdom, Spain and France offer better financing arrangements for sales.

Will the minister agree that the time is overdue in Canada that, when we have a first-class competitive product, the Government of Canada should ensure that our financing for the sales of that product is second to none in any other nation in the world?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we are working on ways of dealing with this financing situation. We hope to have some decisions to announce before too long. At the same time, there is no question that the sluggish world economy is affecting sales, not just of de Havilland but of all competing companies. A number of other companies in other parts of the world have also announced lay-offs. At the same time I am glad that my hon. friend confirms the quality of the de Havilland product. We are working actively to ensure the success of its sales in Canada and around the world.

• (1425)

REQUEST FOR FINANCING TO RETAIN COMPANIES IN PRODUCTION

Mr. Edward Broadbent (Oshawa): Madam Speaker, the minister has missed the point. The company specifically noted that other countries were getting the sales. They are not laying off the same numbers. They are beating us, and more specifically they are beating the Government of Canada in intense competition.

I would like to ask the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion, since we now have in this first-rate industry in Canada a lay-off of 1,140 jobs by de Havilland of Toronto, and over 900 by Pratt & Whitney in Montreal, would he agree that instead of losing another first-class industry such as we had with AVRO Arrow, it makes immense financial sense in the short run, with high interest rates, either here or elsewhere in the world, that the Canadian government step in with financing to ensure that those jobs remain, so that when interest rates finally come down, here and elsewhere, these first-class competitive firms will remain in existence in Canada, employing the men and women in this country who need jobs?

Mr. Lalonde: What about Candu reactors?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, my recollection of the reason for the lay-offs announced by Pratt & Whitney was not the rationale linked with export financing but the slow sales of airplanes which were built by other companies outside of Canada and which

were major customers for the very fine engines built by Pratt & Whitney in Montreal.

At the same time, the hon. member has spoken of a problem of which we are aware and for which we are actively developing solutions. We recognize the need to enable companies like de Havilland to deal with the export financing situation. I look forward to having some announcements in this regard before too many more weeks go by.

* * *

NATIONAL HARBOURS BOARD

MEETING TO DISCUSS AWARDING OF CONTRACT TO JAPANESE FIRM

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is for the Minister of Transport. The minister promised in private discussions, and publicly last Tuesday in answer to questions related to Ridley Terminals Incorporated that there would be a meeting to provide full disclosure of the reason why hundreds of jobs were given to Japanese rather than Canadians both in Ontario and Quebec. Both the National Harbours Board and Ridley Terminals Incorporated have refused such a meeting. If we cannot have the memos for which I asked, will the minister keep his promise, which he has made twice now, and arrange a meeting for full disclosure?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I said I would arrange a meeting between the company, Stephens-Adamson, and the consultant to the National Harbours Board, Swan Wooster, on the west coast, at which point both parties would have ample opportunity to exchange views, and that has been done. That is what I suggested I would do. Does the hon. member suggest that I should do more? Is he suggesting that I should obtain a letter, presumably from the National Harbours Board, explaining to me in detail why they made that decision?

Mr. Ellis: Madam Speaker, the minister knows full well that at the meeting between Stephens-Adamson and Swan Wooster, and the National Harbours Board, a week ago tomorrow, the terms of the meeting were full disclosure. Full disclosure was denied by the National Harbours Board and Swan Wooster unless Stephens-Adamson would agree that they would not disclose or use the information they received. Obviously, they cannot do that.

REQUEST FOR FULL DISCLOSURE

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, will the minister have in place, by perhaps this Thursday when I understand he will be speaking in Vancouver, a meeting which will include the same principals, with the intent of full disclosure?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this was not an easy decision to make. Due to the urgency in procuring the stacker-reclaimers, the decision had to be made very rapidly. At one point I had a choice between substituting my knowledge for the knowledge of the National Harbours Board of Canada and its consultant. When confronted with matters of this kind, a minister does and should hesitate a lot. I did that and, after waiting, I thought I should side with the National Harbours Board and the consultant.

My hon. friend might imply that he would have done differently had he been the Minister of Transport, but I suggest he would not have done so because the danger would have been great in the sense that the project, which is so important to the development of the west coast, might not have been built on time.

GOVERNMENT PROCUREMENT POLICY

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I would suggest to the minister that he could have decided to take the Canadian company and provided jobs in Canada.

• (1430)

Is the minister aware that the unions on the west coast have said that on this first megaproject they will not permit the industrial spin-off to be in Japan and that they will close down the project, if necessary, in order to get the government to respond? The Minister of Industry, Trade and Commerce could answer this question, in view of his answer to the question put by my leader. Is there a government procurement policy in Canada, a policy to procure jobs for Canadians so that 97 per cent of the jobs on this project could go to Canadians, two thirds to British Columbia and one third to Ontario, and so that we could have an industrial strategy for this country?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it is awfully easy for the hon. member to be that cocky when he does not have to make the decision. In this instance money was not the principal consideration. I want to emphasize that. The principal considerations had to do with technology and timing. What I did was make sure that a percentage—a substantial percentage, because it is 53 per cent of that piece of equipment—would be produced in Canada, which is somewhat of a compensation for the loss of the sale itself.

In matters of this kind the position of the minister is not easy—everyone will understand that—because the minister is not a technician. The minister does not have full knowledge of the equipment, technology and so forth. He has to rely on somebody, and I prefer to rely on the National Harbours Board rather than on the hon. member.

* * *

CANADIAN SOVEREIGNTY

KIDNAPPING OF CITIZEN BY UNITED STATES BOUNTY HUNTERS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Secretary of State for External

Affairs. As the minister is aware, a Canadian citizen, Sidney Jaffe, was kidnapped forcibly and against his will by American bounty hunters in Toronto last September 23 and taken to Florida for prosecution. This kidnapping was a gross violation of Canadian law. It was a violation of our Criminal Code. I would like to ask the minister what steps have been taken by the Canadian government to see that these bounty hunters are extradited to face charges in our country, and what steps he has taken on the reported complicity of American border officials in this kidnapping. What is he doing to remedy this outrageous affront to Canadian sovereignty?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, we have made very strong representations to the United States about this case. We have asked for the extradition of the bounty hunters, and the matter is under consideration by the United States state department.

Mr. Hnatyshyn: Madam Speaker, it appears to me that the government is not giving this priority attention. If the government is not really interested in this matter, perhaps it could arrange to hire these bounty hunters to find Mr. John C. Doyle, Hal Banks and other Liberal friends.

DELAYED RESPONSE BY UNITED STATES AUTHORITIES

Hon. Ray Hnatyshyn (Saskatoon West): In 1974, Ronald Anderson was arrested by American officials on Canadian soil and freed within six days. I want to ask the minister what has happened to Canadian-United States relationships that it now takes something in excess of six months before we get any response, let alone any action in this particular matter.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, my hon. friend knows that in a case of this kind, which involves state authorities and the courts, there is no easy way by which a strong representation made by this government—one repeated recently on a visit by our ambassador in Washington to the United States deputy attorney general—can automatically be acted upon by the state and judicial authorities in question. We have made very strong representations, as we are able to do, to the United States federal Secretary of State, and we believe that the United States government will respond to our request.

* * *

HEALTH

NATIONAL CONFERENCE ON NATIVE HEALTH

Hon. W. G. Dinsdale (Brandon-Souris): Madam Speaker, my question is directed to the Minister of National Health and Welfare. The minister will be aware that because of the desperate health conditions amongst native people discovered by our Special Committee on the Disabled and Handicapped, the committee issued a special follow-up report which strongly endorsed the upcoming national conference on native health. In view of the fact that plans for this all-important conference have been scuttled by the minister's department, and because of the urgency of the matter, will the hon. lady give her assurance that the conference will be held at an early date?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Yes, of course, Madam Speaker. I have not heard anyone say that plans for the conference on health to be held by Canadian Indians have been scrapped. I do not know where the hon. member got his information. As far as I know, native leaders are now making arrangements and will be submitting concrete proposals, which I shall support wholeheartedly.

[*English*]

REQUEST THAT MINISTER MEET INDIAN REPRESENTATIVES

Hon. W. G. Dinsdale (Brandon-Souris): Madam Speaker, the information came from the National Indian Brotherhood, and representatives of that organization have been endeavouring to have an audience with the minister for several months, without success. Will she now take the opportunity to meet with them at the earliest opportunity with a view to putting plans for the native health conference back on the rails?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): I quite understand that the hon. member wants to give me all the help he can in promoting projects to help Indians suffering from various physical handicaps. However, I am not very happy with the manner he has chosen to raise the subject. When native groups want to see me, they call my office and I see them regularly. This has always worked and it will continue to be my policy.

* * *

[*English*]

DISASTERS

COMPOSITION OF COMMISSION OF INQUIRY INTO SINKING OF "OCEAN RANGER"

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the Minister of Labour. After the intervention of Archbishop Penney at the ecumenical service for the crew of the *Ocean Ranger*, the Newfoundland provincial government announced it was willing to participate in a joint commission to investigate the accident. If the federal government goes ahead with the joint commission, can the minister tell us whether the federal government will allow labour participation on that commission?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I answered a similar question put by the hon. member for St. John's West a few minutes ago. The government will examine the situation and announce a decision in the next few days.

Mr. Murphy: Madam Speaker, the minister obviously did not hear the question, probably because it was not addressed to him. I specifically asked the Minister of Labour whether the government would allow labour participation on any joint board, if it was decided to have one.

FEDERAL LEGISLATIVE PROTECTION FOR WORKERS

Mr. Rod Murphy (Churchill): Madam Speaker, my supplementary question relates to the same matter. It has been said by some federal officials that any inquiry will take over a year to complete. In the meantime will the minister allow the workers to be protected under Part IV of the Canada Labour Code so that they will at least have some protection?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, if the hon. member had been here last week he would have heard the answer to a similar question, namely, that we are very interested in resolving this matter through the next package of amendments to the Labour Code, and we hope when that time comes all members of all parties in this House will give it their full support.

An hon. Member: When?

* * *

PUBLISHING

REQUEST FOR BAN ON FOREIGN PUBLICATIONS SLANDERING CANADIAN PUBLIC FIGURES

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, my question, which was raised in the Ontario legislature but appropriately referred to this House, is for the Secretary of State for External Affairs.

In light of the fact that last week this House approved a motion expressing its strong disapproval for the publication *News from the Ukraine*, a Soviet publication distributed in Canada which deliberately spread hate literature about a former member of this House, the former member for Parkdale, and considering that this publication compared Mr. Shymko with the would-be assassins of Pope John Paul II and President Reagan, and in view of the fact that this kind of malicious propaganda by a foreign publication against a former member of this House cannot go unchallenged, what appropriate steps is the minister prepared to take to ban such publications from invading our borders and attempting to destroy the reputations of certain Canadian statespersons?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, last week I joined this House in supporting the motion which was passed. The statements made about Mr. Shymko were indeed deplorable.

• (1440)

We, being a free society, do not ban publications at the border. We do not have the power to act in that way but we have power, under our domestic legislation as in the anti-propaganda legislation for instance, to take action against publications which may attack individuals. I have written to Mr. Shymko advising him along those lines, and I have no doubt that he is seeking advice from other quarters as well.

Madam Speaker: The hon. member for St. Catharines.

Mr. Joe Reid (St. Catharines): Madam Speaker, I have a short question for the minister who answers for the Canada Post Corporation. He was in the House a moment ago. I wonder if I might reserve my question until later in the question period.

* * *

CANADIAN ARMED FORCES

COURT-MARTIALLING OF ORDINARY SEAMAN

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I have given the Minister of National Defence notice of my question. Ordinary Seaman Emery was court-martialled in early January and sentenced to six months detention and fined $750 on a drug related charge. The detention portion of the sentence was suspended by the court. Five weeks later, the commander, Pacific Command, using his authority to remit, remitted the fine but lifted suspension on three months of the detention, thus greatly increasing the punishment. Can the minister assure the House that he will take steps immediately to rectify this miscarriage of justice?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I thank the hon. member for advising me of the question ahead of time. I am well aware of the case of Private Emery. As soon as I got the telegram from his lawyers—and I think the hon. member received a copy—I asked that the proceedings of the court martial be sent to NDHQ to be reviewed quickly.

Despite the strict discipline that we must have in the military, and also the very strict regulations, I am always careful to ensure that the fundamental rights of all members of our forces are well preserved.

* * *

SEARCH AND RESCUE

RESPONSE TO DISTRESS CALL FROM "OCEAN RANGER" DRILLING RIG

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a question for the Minister of National Defence concerning the tragic sinking of the *Ocean Ranger*. From the time the distress call came in to the Armed Forces Rescue Coordinating Centre at 1 a.m. on January 15, can the minister tell us why it took almost eight hours for the first National Defence plane to get to the scene? It did not arrive until 9 a.m. that same day. A helicopter from Universal Helicopters Ltd. in St. John's which had received the distress call at the same time

was on the scene at 3.20 a.m., 35 minutes after the order had been given on the *Ocean Ranger* to abandon ship.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the answer to this question is very simple. In rescue operations there is a big difference between what can be accomplished with an airplane and what can be accomplished with a ship. As the hon. member knows, the weather at the time made it impossible for the plane to take off on time. Some of the rescue planes were ready to fly and some helicopters were also ready to fly, but they could not take off because of the adverse weather conditions. I think this is the only answer I can give the hon. member. From the information that I have, I am not aware that there was any abnormal delay, or change from what we usually do in such cases; we made every effort to ensure that we were there as fast as was possible and that we responded as soon as possible after the call was received by us.

EQUIPMENT ON HELICOPTERS STATIONED AT GANDER, NFLD.

Hon. James A. McGrath (St. John's East): As a supplementary question, Madam Speaker, could the minister explain to the House why the Universal Helicopter which received the distress call at the same time, 1 a.m., was on the scene at 3.20 a.m., while the Armed Forces rescue helicopters from Gander did not reach the scene until 10 a.m., nine hours later? Could it be that the helicopters at Gander do not have the necessary equipment to operate in this kind of weather?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think the last part of the hon. member's question is true; the civilian helicopter did not have the necessary equipment to rescue people. For example, it was not equipped with the hoist equipment which is very important in a rescue operation. Our rescue helicopters are equipped with that equipment.

I will inquire why there was such a delay, but as far as I am aware there would have been no reason why we could not have been on the scene of the tragedy, providing the weather had permitted.

I do not want to presume, but I think that the inquiry into the tragedy of the *Ocean Ranger* will indeed prove that regardless of the amount of equipment we could have had; twice or three times or five times as much, we could not have saved any of the lives lost.

* * *

FINANCE

SOCIAL SECURITY CONTRIBUTIONS PAID BY FOREIGN DOMESTIC SERVANTS

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, my question is directed to the Minister of Finance. The minister is probably aware that individuals who are employed in domestic service in Canada on work permits must pay the normal contributions for unemployment insurance and Canada Pension even though they can never collect either benefit, since they must leave Canada as soon as their employment terminates. Has the minister considered the unfairness of these taxes which are imposed upon this group of people in his recent budget and, if not, will he give the matter consideration soon?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not recall having considered these particular cases specifically but I will keep in mind the hon. member's representations and consider the views he has expressed.

CHILD CARE TAX DEDUCTION

Mr. Bill Clarke (Vancouver Quadra): I have a supplementary question, Madam Speaker. It is usually working mothers in Canada who employ these domestics so that they may go out to earn a living. At the moment the minister is allowing the magnanimous child care deduction of $1,000, which has been unchanged for the past six years, although child care expenses are many times that exemption. Would the minister please keep that in mind when he is considering the other matter?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker. The question of the child care exemption or deduction is presently under consideration, as I recollect, by an interdepartmental committee. It has not been possible to reach a conclusion but it is an area that I believe deserves consideration.

* * *

FISHERIES

ALLOCATION OF FISHING RIGHTS TO WEST COAST TROLLERS

Hon. John A. Fraser (Vancouver South): Madam Speaker, may I direct a question to the Minister of Fisheries and Oceans. As the minister knows, there are a number of small communities on the west coast which are very dependent upon the west coast fishing fleet, especially the trollers. I understand that representatives of the trollers' association met the minister recently.

In the allocation of the stocks of the salmon catch, which have been steadily reduced for the trollers from 30 per cent to 25 per cent then to 20 per cent, is it the policy of the department, to consider the effect this will have on the coastal communities? Has he considered that the consequence of reduced catches might cause the troller fleet to withdraw from those communities?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I should like to draw your attention to the presence in our gallery of Mr. Clem Tillion, the former president of the Senate of Alaska who is now the director of international fisheries for the Governor of Alaska. I had a very pleasant discussion with Mr. Tillion at lunch today.

In answer to the hon. member's question, I must tell him that I met with representatives of the trollers. I would point out that all segments of the fleet are a bit nervous at the present time because we are considering adjustments for the coming season. The same day that I met with the trollers I received a telegram from the vessel owners' association cautioning me not to make concessions to one fleet type at the expense of another. This will be the subject of the usual discussions, and there have been some discussions already. I will try to keep the impact on all segments of the fleet very much in mind before management decisions are made. This may not be as simple as it appears, because in some cases trollers are targeting or by tradition have targeted on fish which are in rather difficult shape. We will keep this in mind, as we usually do.

GOVERNMENT POLICY ON ALLOCATIONS

Hon. John A. Fraser (Vancouver South): Madam Speaker, I wonder if the minister could return to the question that I put to him. What will the policy of the government be with respect to these coastal communities and, most specifically, with respect to the allocations? Because trollers will have to move off the threatened chinook and cohoe stocks, what consideration is the department giving to allowing trollers to have some share of this year's Adams River sockeye run?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, that very question is being discussed now. I had a chance to discuss this very issue with the representatives who met with me last week.

* * *

FINANCE

TAXATION OF NORTHERN ALLOWANCES—REQUEST THAT MINISTER MEET UNION REPRESENTATIVES

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I have a brief question for the Minister of Finance. For several months officials of the United Steelworkers have, without success, repeatedly requested a direct meeting with the minister to discuss the impact of this coming November's termination of the tax moratorium on negotiated northern benefits and the need for a longer, more flexible transition to and consultation about his as yet undefined new regime north of 60. Will the minister finally agree to the oft-repeated and reasonable request for a face-to-face meeting? If so, when? And, if not, why not?

• (1450)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, of course in principle I accept the hon. member's invitation. I have quite a number of delegations which I must see in coming weeks, and of course I will attempt to give the group he mentioned the priority he wishes.

REQUEST THAT MINISTER WITHDRAW BUDGET MEASURE

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I hope the principle turns into a reality very soon. Both construction workers and loggers in my constituency and elsewhere across Canada have calculated that the government's new taxes on employer paid benefit premiums, and camp room and board will cost each of them an extra $3,100 to $6,400 a year in taxes, driving some net incomes below the poverty line. Will the minister please consider dropping these new taxes before they cause irreparable harm to industrial relations and the economy, ceasing his experiment with "Dickensian" economics, and stop driving proud workers into either the poorhouse or on to the dole, as some of them are talking about doing?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I would really like to meet with a representative of the group reaching those extravagant conclusions, because there was nothing in the budget measures which would produce the annual tax increase of that amount.

* * *

NATIONAL HARBOURS BOARD

AWARDING OF CONTRACT TO JAPANESE FIRM—REASON FOR CONFIDENTIALITY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Transport. It is supplementary to a series of questions put by the hon. member for Prince Edward-Hastings which related to the deliberate awarding of a contract to a Japanese manufacturer over the Canadian Stephens-Adamson company, at a significant loss of Canadian jobs. On February 16 the minister said that he had arranged a meeting at which a full explanation of the decision would be given. Nothing at that time was said about confidentiality. When the company came to the meeting, it was told that it would be given an explanation only if it agreed in advance not to use the information to cause re-evaluation of the decision. Why was that condition imposed, and exactly what is it that the minister is trying to hide about the decision, which is costing Canadians jobs?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the reason for the confidentiality given by the Right Hon. Leader of the Opposition, that is to cause a re-evaluation, is a personal one of his. I will find out about the real reason, which probably concerns commercial confidentiality. In answer to the hon. member who previously asked the questions, I more or less hinted that, if he were to suggest it, I would try to produce from the National Harbours Board an explanation in general terms as to the reason for the decision. Again I return to the basic difficulty I had. I had the choice of imposing my view on the subject or the view of experts. Had I gone the other way and had the project been a failure, the Leader of the Opposition would have been the first one to dump on me.

Oral Questions

EXISTENCE OF MEMORANDA

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Minister of Transport, as with other ministers in government, has an obligation to make arrangements which protect Canadian jobs and advance Canadian development. He has done the opposite. He is not the minister of transport for Japan; he is the Minister of Transport for Canada, and he has responsibility to Canadian citizens.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Clark: He said that the question of re-evaluation was entirely something I invented. I drew that language precisely from a letter written by Stephens-Adamson to Mr. Jacques Auger, the acting chief executive officer and vice-chairman of the National Harbours Board, who indicated that that qualification or demand for confidentiality was imposed in his presence; that was the testimony of Stephens-Adamson. Does the minister have in his possession any internal memoranda from any officials of his ministry which call into question the decision recommended to him by the National Harbours Board before the decision was taken? If he has, will he publish these memoranda?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have such memoranda which prove that I was on the case quite extensively for a period of a week or more. I asked the National Harbours Board to produce the reason the decision had gone the way it did. I did my job, which was to ensure that the Canadian company bidding on the project had ample opportunity to present its case.

I want to emphasize the fact that 53 per cent of the piece of equipment is to be produced in Canada, again showing that, even because of technology and timing a Canadian manufacturer could not get the contract, but nevertheless offorts were made to bring about the maximum work done in Canada.

REQUEST THAT MEMORANDA BE TABLED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, perhaps inadvertently the minister is confusing this question more than need be. My question to him is simple. Does he have in his possession memoranda from officials of the Department of Transport which call into question the recommendations of the National Harbours Board? Does he have such memoranda and, if so, will he table them?

Hon. Jean-Luc Pepin (Minister of Transport): Not to my knowledge, Madam Speaker. I have memoranda from the National Harbours Board explaining why the final decision was what it thought it should be.

[*Translation*]

IMMIGRATION

INQUIRY WHETHER MRS. CONFINO-LEVI MAY REMAIN IN CANADA

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, in the temporary absence of the Minister of Employment and Immigration, my question is directed to his parliamentary secretary.

Could the parliamentary secretary inform us whether he is aware of the case of Mrs. Gisella Confino-Levi of Toronto, who was ordered by the minister to leave Canada because she had entered Canada illegally? She was asked to leave Canada voluntarily, otherwise a deportation order would be made against her.

Can the parliamentary secretary inform us whether the minister is aware of this case and, if so, is there any hope that this lady will be allowed to remain in Canada under the appropriate legislation?

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, during the past weekend a major symposium on refugee status was held in Toronto. The minister and others attending the symposium were advised of the case of Mrs. Gisella Confino-Levi, and since Canada has a solid reputation in this area, the minister promised to look into the case as soon as possible and is expected to make a decision within the next few days.

* * *

[*English*]

PARLIAMENTARY REFORM

INQUIRY RESPECTING INTRODUCTION OF PROPOSALS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the President of the Privy Council. It is now approximately two years since a promise was made of very early action with respect to parliamentary reform. We still have not seen any proposals from the minister, although he made a very interesting speech to the Federal Lawyers' Club of Ottawa before Christmas. When will the President of the Privy Council bring in the proposals which were described as imminent about two years ago?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the matter of parliamentary reform is under discussion among House leaders. We have already had a meeting. I have submitted documents to them, and I am expecting that they will come back to me with some proposals which I asked them to make. In so far as I am concerned I also have proposals to make, but at this stage it is at the level of House leaders. If the hon. member is in a position to say that his House leader is not interested in discussing this matter with me—and he certainly did not mention that to me; on the contrary, he seemed very openminded—then I am in a position

to discuss proposals with him or with other colleagues. At this stage I would prefer the matter to remain at the level of House leaders.

FORM OF PROPOSALS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, there has been an agreement among House leaders to hold future meetings with respect to discussing some arrangement on parliamentary reform. Parliamentary reform is a matter for the entire House of Commons. What will be the form of the proposals of the President of the Privy Council? Will it be agreements among House leaders, a white paper, or something he will be tabling in the House of Commons so that all hon. Members of Parliament can see what is in mind, rather than it being part of House leaders' arrangements?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I certainly agree with the hon. member that if some changes were to be proposed and to be implemented in the short term, they should not be controversial and they should be accepted by a great majority of members on both sides of the House. But at this stage what I have indicated to my colleagues is that we are discussing not only the substance of the change but the procedure and process as well.

• (1500)

If I understand the question put by the former Tory House leader as a refusal by the present House leader of the Tory party, then I will change my approach. But at this stage I do not want the debate to be politicized, I want to discuss with the House leaders what kinds of changes would not be controversial, changes that were already recommended to the House in former reports of the Standing Committee on Procedure and Organization. If we cannot agree to go to our respective caucuses with proposals that were already made by a committee of this House, then we will see what other proposals we can make.

Mr. Baker (Nepean-Carleton): It has been two years.

Mr. Pinard: Yes, it has been two years. But last year the Tory party was not interested in talking about parliamentary reform.

Mr. Baker (Nepean-Carleton): We are always interested.

Mr. Pinard: The Tory party was hijacking Parliament at the time. What we want to do at this stage is to try to come up with proposals that will meet a broad consensus in the House. I would not like the atmosphere of the talks spoiled just because the hon. member asks why we are discussing this at the House leaders' level.

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT

CONCURRENCE IN EIGHTH REPORT OF STANDING COMMITTEE

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, following consultations with the other parties in the House and having achieved their agreement, I move, seconded by the hon. member for Annapolis Valley-Hants (Mr. Nowlan), that the eighth report of the Standing Committee on Transport presented to this House on Thursday, February 18, 1982, be concurred in.

Motion agreed to.

* * *

FINANCE, TRADE AND ECONOMIC AFFAIRS

PROPOSED REFERENCE TO STANDING COMMITTEE

On the Order: Government Notices of Motions:

February 19, 1982—The Minister of Finance:

That the Standing Committee on Finance, Trade and Economic Affairs be empowered to review the profit situation of the chartered banks.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise on a point of order. Could I be permitted to put a question to the government House leader on a matter that appears on the Order Paper? I was interested to note that the government has placed a notice of motion on the Order Paper today that flows from a discussion that took place between the Minister of Finance (Mr. MacEachen) and myself early last week. The government has indicated that it is intending to move a reference as follows:

That the Standing Committee on Finance, Trade and Economic Affairs be empowered to review the profit situation of the chartered banks.

I want to say that I have no objection. In fact, I welcome the opportunity to review the profit situation of the chartered banks. However, would the government House leader consider one of two things: either placing before the House some terms of reference that might reflect more adequately the concerns that are felt on all sides of the House with regard to the direction that such an inquiry might take, or consider appointing a committee between now and, say, the end of the week, representing the three parties in the House for the purpose of drawing up some terms of reference in order that the Standing Committee on Finance, Trade and Economic Affairs is not saddled with the task of trying to determine what it was that the House of Commons would like to see studied.

The profit situation of the chartered banks may or may not take into account a number of the business practices in which the chartered banks currently engage. I would like to be sure when the reference comes through the House that the committee clearly understands what it is that we in the House of Commons want to see studied and what it is we hope the committee will be able to find. I would like to be sure that the committee is quite clearly given the power to hire expert staff,

since it will be up against the wealthiest of wealthy institutions and the banks themselves will have done a considerable amount of homework in preparation for their appearances before the committee. I think it only fair that members of Parliament be given a similar kind of research assistance.

Therefore, will the government House leader consider meeting to discuss this matter further in order that we can get something clarified, or appointing a committee if need be in order to set up the terms of reference, or proposing some terms of reference himself so that we might discuss them in the House of Commons?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I certainly do not object to a meeting to discuss the terms of reference. The intent of this motion is to have the subject of the chartered banks' profits referred to the appropriate committee. We do not intend to put a motion on the Order Paper that would require debate at this time. I am much more interested in coming to an agreement with the opposition parties on the terms of reference of an appropriate motion.

Therefore, I have no objection, provided we have unanimous consent today, to having this motion stood instead of being referred to government orders. In the meantime, I will speak to my colleagues, the other House leaders, and try to come to some agreement on the terms of reference.

Hon. Erik Nielsen (Yukon): Madam Speaker, since the motion as it now stands on the Order Paper, if I read it correctly, would allow the broadest possible inquiry into interest rate policies and interest rates in the country and is in keeping with the urgings that have been made from time to time by the hon. member for Etobicoke Centre (Mr. Wilson), we see no reason why this kind of inquiry would not be most desirable indeed. In fact, it should be very beneficial in assisting the government to find its way out of the economic mess into which it has led the country. We would be prepared to consent to such a motion. Such an inquiry is long overdue.

* * *

NATIONAL HARBOURS BOARD

AWARDING OF CONTRACT TO JAPANESE FIRM

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on a point of order. During the question period, the Minister of Transport (Mr. Pepin) suggested to the Leader of the Opposition (Mr. Clark) that if members were to ask details about the Mitsubishi deal and Canadian companies he would provide the documents. He implied that no one had asked for details. I want to point out that last week the hon. member for Skeena (Mr. Fulton) and I sent a letter to the minister asking those questions precisely. I will deliver the letter personally to him.

Madam Speaker: Order, please. The hon. member is debating instead of rising on a point of order. He knows very well that he should not use points of order to continue to debate a question. Unfortunately, the Chair has to wait for a few moments in order to determine what the hon. member is trying to put before the House. However, I would urge the hon. member, who knows exactly what he wants to do, to refrain from continuing debate on a matter arising out of the question period under the guise of a point of order.

* * *

OFFICIAL REPORT

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a point of order which involves the censuring of *Hansard*. As reported on page 15140 of *Hansard* for February 18, 1982, the Minister of Agriculture (Mr. Whelan) said:

—I know from which end of the bull his statement comes from, too.

I interjected by saying "At least it is not all over my face!" My statement was omitted from *Hansard*, while the minister's statement remained. Has the minister used his influence to have my interjection left out? What I want to know is, if it was not "you know what" all over his face, what was it? It certainly wasn't mustard.

• (1510)

Madam Speaker: The hon. member has made his representations. If those words were uttered in the House and not recorded in *Hansard*, it is obviously because the reporters on the floor did not catch that interjection. There is not much that I or anyone else can do about that. I guess it is in the record now, which I suppose satisfies the hon. member.

Mr. Taylor: Madam Speaker, when the blues came down it was certainly placed in there and returned immediately to *Hansard*. I therefore wonder why it was not published along with the rest.

Madam Speaker: I will inquire into that. If the hon. member is saying that he added it into the blues, well, that is a different matter. What I was just saying to the hon. member is that obviously the reporters did not catch that interjection, therefore they did their duty as best they could. However, the hon. member made his point.

* * *

[*Translation*]

AIR SAFETY

TABLING OF VOLUME III OF REPORT OF INQUIRY INTO AIR SAFETY

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I wish to table in the House, in French and in English, Volume III of the Report of the Commission of Enquiry on Aviation Safety, also known as the Dubin report.

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,652, 3,084 and 3,558.

[*Text*]

GERRY McKEE ASSOCIATES

Question No. 2,652—**Mr. Cossitt:**

1. Does a contract exist between Gerry McKee Associates and the Department of the Secretary of State and the Department of Communications and, if so (a) is the contract in the amount of $23,000 plus travelling expenses (b) what are all the details, including whether the contract is renewable and whether a renewal contract has already been drawn up or is under discussion?

2. Did the company receive the contract in any way as a consideration for the fact that Mr. McKee was the Liberal party candidate in the constituency of Leeds—Grenville in the 1979 and 1980 general elections?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows:

1. Yes.

(a) Yes.

(b) Consulting services contract covering the period February 4, 1981, to June 30, 1981; as of the date this question was placed on the order paper, renewal of the contract was under discussion.

2. Not applicable.

WINE PURCHASES AT NATIONAL ARTS CENTRE

Question No. 3,084—**Mr. Cossitt:**

1. Does the National Arts Centre serve a house wine by the carafe and has this wine at any time been Almaden California Chablis?

2. On what date did any purchases of Almaden commence?

3. Were any purchases of Almaden made while Mr. Donald Marriott held the position of Director of Restaurants and Catering and, if so, what were the names of all the persons involved in such purchases either on behalf of the Centre or representing the winery?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows:

1. The National Arts Centre serves a house wine, Almaden California Chablis, by the carafe.

2. Purchases of Almaden commenced September, 1980.

3. All wine is purchased by the centre from the Ontario Liquor Control Board. See reply to question No. 3,085 tabled this day.

TRAVEL OF SOVIET DIPLOMATS

Question No. 3,558—**Mr. Cossitt:**

Since the date the last question on the Order Paper on the subject of applications by Soviet diplomats for travel between the permitted limit of Ottawa was answered, what are the names of all further applicants, the dates involved and the duration of the trip, the places visited, the means of travel and the diplomatic rank?

Hon. Mark MacGuigan (Secretary of State for External Affairs): The answer to question No. 3,258, tabled this day, provides details of travel by Soviet diplomats outside the national capital region during the period June 26, 1981, to October 27, 1981. The attached list covers the period October 28, 1981, to December 16, 1981, giving the names and ranks of the diplomats, the dates involved, the durations of the trips, and the means of travel.

Name of Soviet Diplomat	Rank	Date of Trip	Trip Destination	Mode of Transportation	Duration of Trip (days)
Mr. V. Tsaregradski	Counsellor	October 29, 1981	Ottawa-Mirabel-Ottawa	Bus CDA-255	1
Mr. V. Iouchine	First Secretary	October 29, 1981	Ottawa-Mirabel-Ottawa	Car CDA-258	1
Mr. M. Danilin	Counsellor	October 30, 1981	Montreal-Ottawa-Montreal	Car CC-306	1
Mr. V. Mechulayev	Counsellor	October 30/31, 1981	Ottawa-Montreal-Ottawa	Car CDA-249	2
Mr. A. Arseenko	First Secretary	November 2, 1981	Ottawa-Mirabel-Ottawa	Car CDA-255	1
Mr. V. Safonov	Third Secretary	November 2, 1981	Ottawa-Mirabel-Ottawa	Car CDA-292	1
Mr. S. Krouglov	First Secretary	November 5, 1981	Ottawa-Mirabel-Ottawa	Car CDA-283	1
Mr. A. Tretiakov	First Secretary	November 5, 1981	Ottawa-Mirabel-Ottawa	Car CDA-283	1
Mr. I. Konovalov	Counsellor	November 16, 1981	Ottawa-Montreal-Ottawa	Car CDA-242	1
Mr. A. Balashov	First Secretary	November 17/18, 1981	Ottawa-Montreal-Ottawa	Car CDA-272	2
Mr. I. Konovalov	Counsellor	November 18, 1981	Ottawa-Montreal-Ottawa	Car CDA-242	1
Mr. A. Novikov	Minister-Counsellor	November 18/19, 1981	Ottawa-Montreal-Ottawa	Car CDA-259	1

Order Paper Questions

Name of Soviet Diplomat	Rank	Date of Trip	Trip Destination	Mode of Transportation	Duration of Trip (days)
Mr. N. Plechanov	Attaché	November 18/19, 1981	Ottawa-Montreal-Ottawa	Car CDA-259	1
Mr. A. Plavinski	Attaché	November 19, 1981	Ottawa-Montreal-Mirabel-Ottawa	Car CDA-239	1
Mr. V. Iouchine	First Secretary	November 19, 1981	Ottawa-Mirabel-Ottawa	Car CDA-258	1
Mr. A. Plavinski	Attaché (Commercial)	November 21/22, 1981	Ottawa-Montreal-Ottawa	Car CDA-243	2
Mr. A. Novikov	Minister-Counsellor	November 23/26, 1981	New York/Point Champlain-Ottawa	Plane NA-730; AC-742	
				Car CDA-256	4
Mr. V.P. Tkachenko	Attaché (Commercial)	November 26, 1981	Ottawa-Montreal-Mirabel-Ottawa	Car CDA-240	1
Mr. Y. Demkine	Attaché	November 26/27, 1981	Ottawa-Montreal-Ottawa	Car CDA-247	1
Mr. V. Mechulayev	Counsellor	December 2/3, 1981	Ottawa-Montreal-Ottawa	Car CDA-249	2
Mr. S.M. Kachtanov	Second Secretary	December 2/4, 1981	Ottawa-Montreal-Mirabel-Montreal-Ottawa	Car CDA-293 CC-271	3
Mr. V. Mukharkin	Third Secretary	December 3, 1981	Ottawa-Mirabel-Ottawa	Car CDA-255	1
Mr. A. Plavinski	Attaché (Commercial)	December 4, 1981	Ottawa-Montreal-Ottawa	Car CDA-239	1
Mr. V. Mukharkin	Third Secretary	December 10, 1981	Ottawa-Mirabel-Ottawa	Car CDA-255	1
Mr. S. Bulgakov	Attaché	December 10, 1981	Ottawa-Mirabel-Ottawa	Car CDA-214	1
Mr. I. Konovalov	Counsellor	December 10/12, 1981	Ottawa-Toronto-Ottawa	Car CDA-242	3
Mr. E. Pozdniakov	Counsellor	December 12-17, 1981	Ottawa-Gravenhurst-Toronto-Ottawa	Car CDA-297	6
Mr. A. Plavinski	Attaché	December 14, 1981	Ottawa-Montreal-Ottawa	Car CDA-239	1
Mr. A. Balashov	First Secretary	December 14-17, 1981	Ottawa-Gander-Montreal-Ottawa	Plane AC-601 AC-629	4
Mr. V. Iouchine	First Secretary	December 16-18, 1981	Ottawa-Montreal-Ottawa	Car CDA-258	3

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

* * *

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if questions Nos. 3,085 and 3,258 could be made orders for returns, these returns would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that questions Nos. 3,085 and 3,258 be deemed to have been made orders for returns?

Some hon. Members: Agreed.

[*Text*]

WINE PURCHASED BY NATIONAL ARTS CENTRE

Question No. 3,085—**Mr. Cossitt:**

1. Since Mr. Don Marriott became director of restaurants and catering at the National Arts Center, what is a complete list of all purchases of wine made by the centre, including the (a) date of purchase (b) name of the person placing the order and the name and job designation of the highest-ranking person authorizing the order (c) exact type of wine, including country of origin and name of winery or vintner (d) amount of purchase and the name of the person to whom payment was made (e) exact quantity of wine received, including the number of bottles, the size of the bottles and the cost per bottle?

2. Was the amount of wine received ever less than the amount of wine paid for and, if so, what were the details in each case, including the differences involved and the names of all persons and companies involved?

Return tabled.

TRAVEL OF SOVIET DIPLOMATS

Question No. 3,258—**Mr. Cossitt:**

Since the answer to question No. 1,607 was prepared and up to the date the answer to this question is prepared, what is a list of all requests received from Soviet diplomats to travel outside the national capital region and, in each case, what was the (a) name of the diplomat (b) date of the trip (c) destination of the trip (d) duration of the trip (e) purpose of the trip (f) mode of transportation used?

Return tabled.

[*English*]

Mr. Smith: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

FINANCE, TRADE AND ECONOMIC AFFAIRS

PROPOSED REFERENCE TO STANDING COMMITTEE

On the order: Government Notices of Motions:

February 19, 1982—The Minister of Finance:

That the Standing Committee on Finance, Trade and Economic Affairs be empowered to review the profit situation of the chartered banks.

Hon. Erik Nielsen (Yukon): Madam Speaker, just before we proceed to orders of the day, I had the impression that the government House leader was going to seek unanimous consent with respect to his motion referring to the Standing Committee on Finance, Trade and Economic Affairs the situation of bank profits in the country. Is it his intention to seek that consent today?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, in answer to a question raised by the NDP House leader I indicated I was willing to discuss with him the terms of reference. I took it for granted he would not consent to the motion on the Order Paper. If there is unanimous consent to the motion on the Order Paper in the name of the Minister of Finance (Mr. MacEachen), sure, we agree to it. However, if there is not, I am willing to discuss the terms of reference of the motion.

Mr. Nielsen: Well, as I said a moment ago, we think the terms of reference are broad enough to include an in-depth inquiry into the interest rate policy in this country. I see the government House leader nodding affirmatively, and under those circumstances we are prepared to consent now.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I would love to give unanimous consent but I do not share the view of the hon. member for Yukon (Mr. Nielsen) that the terms of reference are sufficiently broad to conduct a study into interest rates. In fact, interest rates are not even mentioned in the terms of reference. Because of that—

Mr. Blenkarn: How do you think the banks got the profits without the interest rates?

Mr. Deans: —I therefore want to suggest that the terms of reference are sufficiently broad to allow not only the study, but to allow the study not to take place. I would like terms of reference which are a little more pointed than those currently on the Order Paper. I appreciate the government House leader's offer of consultations, and I intend to take him up on it.

Madam Speaker: There is no unanimous consent. Orders of the day.

GOVERNMENT ORDERS

[*English*]

LABOUR ADJUSTMENT BENEFITS ACT

MEASURE TO ESTABLISH

The House resumed from Monday, February 15, consideration of Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, as reported (with amendments) from the Standing Committee on Labour, Manpower and Immigration, and Motion No. 13 (Mr. Caccia); and Motion No. 14 (Mr. Kristiansen).

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, when we adjourned debate we were dealing with Motion No. 13 and Motion No. 14 on Bill C-78. I was rising to speak on the recommendation put forward by the minister. As a member who worked hard on the committee, I spoke to my House leader expressing my concern in the hope the House leaders would be able to speed things up by suggesting that the word "shall" replace the word "may" in Clause 12(3)(1)(*b*), thereby making it a positive move on the minister's part.

We have heard comments from the other side suggesting that our House leader was not at the committee meetings. The reason our House leader asked the question is that he was trying to speed up the process here, and at this time I would like to have the minister agree to that very small change, and then we would not be dealing with our amendment.

So I say to the minister that we on this side would like to have the word "shall" placed in the clause so as to protect those who do not meet the requirements by reason of illness, disability, lay-off or any other good cause. I do not think that is too much to ask, Mr. Speaker, and I would ask the minister to make that small change so that we can get on with the next motion.

Hon. Chas. L. Caccia (Minister of Labour): Mr. Speaker, we dealt with this question in the concluding minutes of debate last week when I indicated the reason this matter could not be dealt with in the way the hon. member suggests. I do appreciate his desire to improve the legislation and provide drafting assistance, but as I indicated, if "may" were to be changed to "shall" in subsection (3), then all the other basic requirements laid out in Section 12(1)(a), (c), (d), (e) and (f) would be nullified in the case of a person who could make a claim in accordance with that subsection. In other words, Mr. Speaker, the totally unnecessary change being proposed would create a severe problem with the application of the rest of the section. Therefore, Mr. Speaker, we cannot accede to this request.

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): The question is on Motion No. 13. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion No. 13 (Mr. Caccia) agreed to.

The Acting Speaker (Mr. Ethier): The question before the House is on Motion No. 14 standing in the name of the hon. member for Kootenay West (Mr. Kristiansen).

Is the House ready for the question?

Some hon. Members: Question.

• (1520)

Mr. Caccia: Mr. Speaker, on motion No. 14—

The Acting Speaker (Mr. Ethier): Order. If I may interrupt, these two motions, Nos. 13 and 14, were grouped for debate. The debate has taken place, and the only matter remaining is for the question to be put to the House. Shall Motion No. 14 carry? All those in favour please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed, please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): I declare the motion negatived on division.

An hon. Member: No, five!

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to Section (11) of Standing Order 75, the recorded division on the proposed motion stands deferred.

Hon. Chas. L. Caccia (Minister of Labour): moved:

Motion No. 15

That Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 16

(*a*) by striking out lines 20 to 24 at page 12 and substituting the following therefor:

"gratuities but excluding any worker compensation benefits or other disability payments, in respect of any office or employment continued or commenced after the commencement of such benefit, or

(ii) income from any business carried on by him, either alone or with others, that is continued or commenced";

(*b*) by striking out line 33 at page 12 and substituting the following therefor:

"sion or disability pension, under the *Canada Pension Plan* or";

(*c*) by striking out lines 1 to 5 at page 13 and substituting the following therefor:

"gratuities but excluding any worker compensation benefits or other disability payments, in respect of any office or employment terminated prior to the commencement of such benefit, or

(vi) income from any business carried on by him, either alone or with others, that is terminated"; and

(*d*) by striking out line 40 at page 13 of the French version and substituting the following therefor:

"d'un employé admissible, suspendre ou modifier, si elle".

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion No. 15 (Mr. Caccia) agreed to.

Hon. Chas. L. Caccia (Minister of Labour) moved:

Motion No. 16

That Bill C-78, an Act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 18 of the French version by striking out line 43 at page 14 and substituting the following therefor:

[*Translation*]

"l'objet un employé, doit, par écrit, aviser ce dernier et".

Motion agreed to.

Hon. Chas. L. Caccia (Minister of Labour) moved:

Motion No. 17

That Bill C-78, An Act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 25 by striking out line 12 at page 19 and substituting the following therefor:

"section 13(2) or (3), is communicated to him, or".

Motion agreed to.

[*English*]

Hon. Chas. L. Caccia (Minister of Labour) moved:

Motion No. 18

That Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 29 by striking out lines 35 to 42 at page 20 and substituting the following therefor:

"29.(1) The Minister shall, as soon as possible after March 31, June 30, September 30 and December 31 each year, prepare a report on the administration of this act during the preceding three months, including a statement showing the number, during the three months, of applications under Sections 10 and 12 and of persons to whom labour adjustment benefits were paid and the"

The Acting Speaker (Mr. Ethier): Shall Motion No. 18 carry?

Some hon. Members: Agreed.

Motion No. 18 (Mr. Caccia) agreed to.

Mr. Lyle S. Kristiansen (Kootenay West) moved:

Motion No. 19

That Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 30

(*a*) by striking out line 23 at page 21 and substituting the following therefor:

"of a group of twenty employees or 10 per cent of the work force, whichever is the lesser"; and

(*b*) by striking out line 32 at page 21 and substituting the following therefor:

"do so at least twenty-six weeks for 50 or less employees, or fifty-two weeks for more than 50 employees before the date".

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, we have proposed this amendment because we find that the clause is too restrictive. What we are addressing in the amendment is the problem occurring when there are larger lay-offs for longer periods of time. We feel that when the amount reaches as many as 50, there should be an extra length of time in which the bill could take effect and provide benefits. That is the provision in this amendment and is why we put it forward. We would ask for support of this amendment.

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, we will not be supporting this particular amendment. I think it is very unfair that employers be asked to give a year's notice if 50 or more employees will be laid off, especially in the economic times we are now facing. I do not think it is right to ask an industry or a business of any type, whether a small business employing under 50 employees, which the NDP has termed as small business, or one which employs over 50 employees, to give a year's notice or to give a half year's notice. In this day and age, it is just completely unrealistic, and the Progressive Conservative Party cannot support that.

An hon. Member: That figures! To hell with people!

Mr. Blenkarn: Just try to run a business that way!

Hon. Chas. L. Caccia (Minister of Labour): Mr. Speaker, while those two opposition members are settling their quarrel, I would submit to Your Honour that the amendment which we are proposing which, in essence, focuses on 16 weeks is a reasonable step forward, and we would accordingly seek the support of the House.

The Acting Speaker (Mr. Ethier): Order, please. The question is on motion No. 19. Is it the pleasure of the House to adopt the said motion? All those in favour please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): Negatived on division.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to Standing Order 75(11), the recorded division on the proposed motion stands deferred.

The next two motions, Nos. 20 and 21, will be grouped for debate but will be voted on separately.

Hon. Chas. L. Caccia (Minister of Labour) moved:

Motion No. 20

That Bill C-78, an act to provide for payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 31 by striking out line 23 at page 25 and substituting the following therefor:

"(2) In attain-".

Mr. Lyle S. Kristiansen (Kootenay West) moved:

Motion No. 21

That Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 31 by striking out line 34 at page 25 and substituting the following therefor:

"program as expeditiously as possible, to achieve this end the committee shall have access to all relevant company information including financial statements and records."

Mr. Kristiansen: Mr. Speaker, in addressing Motions Nos. 20 and 21 together, as the Speaker has suggested, my first comment is a question. I quite frankly wonder why the amendment of the minister and the government party to the section under Motion No. 20 was undertaken. All that has been removed is "Subject to subsection (3)", which is found on page 25 of the bill. Subsection (3) states:

The members of a joint planning committee shall co-operate and make every reasonable effort to develop an adjustment program as expeditiously as possible.

I have been searching my mind—never mind smart comment; I was waiting for that!

Mr. Lewis: You have lots of time left!

Mr. Kristiansen: If you can find it, my friend, you are a better man than I am. I do not mean the mind; I mean the argument. However, I have been searching, as hard as I might, to try to find a reason why the subsection, which is basically a good faith subsection should have been removed. Subsection (2), as it would read, states:

—in attaining its object under subsection (1), a joint planning committee may, unless the members of the committee agree otherwise, deal only with such matters as are normally the subject matter of collective agreement in relation to termination of employment.

Perhaps at some point in the debate the minister will answer the question what is wrong with consideration being given to the expeditious development of an adjustment program. In the absence of being able to find a reason, one's imagination starts soaring. For the life of me, I cannot come up with a reasonable explanation why it should be deleted. Maybe it was simply sloppy in the first place. If that were the case, we could understand it. However, I would like some rationale from the government as to the reason for that particular amendment.

• (1530)

Dealing with Motion No. 21, the amendment is as follows:

That Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 31 by striking out line 34 at page 25 and substituting the following therefor:

"program as expeditiously as possible, to achieve this end the committee shall have access to all relevant company information including financial statements and records."

It is vitally necessary, if the joint committees are to act, as envisoned by the original bill and as further envisioned by the two amendments which stem from consideration in committee—one which allowed the joint committees established to look into matters of the broader social and economic consequences, and the second amendment which was a positive statement empowering the joint committees to make recommendations which might result in the cancellation or reduction of the number of terminations—that the committees have the right of access, and certainly the right to inquire as to the relevant company information, including financial statements and records.

If the government does not want this provision, is it suggesting that the joint committees established to give force to the expressed wishes of the bill are to operate in the dark? Is that what the government wants? The joint committees will, in effect, be a fraud? If so, there is no better way of doing it than

by ensuring they will not have access or the right to inquire as to information they will surely need to do their job.

I ask the minister to reconsider in this case. In committee we eliminated the negative and accentuated the positive. All I ask is that the joint committees, and thus the government, be given the tools to do the job required of them as a result of everything in this legislation. Without those tools it is a rather useless and a very hollow echo of a propaganda bill, attempting to kid the public that the joint committees have real effect or that they are to be listened to.

Hon. Chas. L. Caccia (Minister of Labour): Mr. Speaker, the deletion of "Subject to subsection (3)" that we are proposing here is because these words are redundant. We have introduced in committee a measure that makes this reference unnecessary. Let me say that in Motion No. 21, which the hon. member is proposing, he is addressing himself to something quite different. We cannot support this amendment which the hon. member proposed in committee, which for very good reason the majority felt ought to be defeated, and it was defeated.

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, I would like to elaborate a little more on why we want this amendment put forward. The minister well knows that in committee the example was given of Eldorado Nuclear at Uranium City. A month in advance it hired new employees, brought them to Uranium City to work and then gave notice of a total shutdown.

We feel these companies have a responsibility to the committee to answer questions as to why these lay-offs are necessary. The government is bringing in a bill to help alleviate the problems that this can bring about. It is imperative that this amendment we are suggesting be put in the bill. This committee which the government has authorized would have the authority not only to speak to laid-off workers to find the reasons for their lay-offs, the conditions and whether they qualify, but also to ensure that the company is dealing with them in a fair and frank way. That is what this amendment would do. We are not asking that it have any other authority than to be able to investigate a company once it has been designated, or if it is to be designated as a designated industry. I appeal to the minister to support this amendment.

The Acting Speaker (Mr. Ethier): The question will be on the two motions which were debated together, but will be voted on separately. The first question is on motion No. 20 standing in the name of the Minister of Labour (Mr. Caccia). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion No. 20 (Mr. Caccia) agreed to.

The Acting Speaker (Mr. Ethier): The question is on Motion No. 21 in the name of Mr. Kristiansen. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to Standing Order 75(11), the recorded division on the proposed motion stands deferred.

Mr. Lyle S. Kristiansen (Kootenay West) moved:

Motion No. 22

That Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 33

(*a*) by striking out line 10 at page 30 and substituting the following therefor:

"employee";

(*b*) by replacing the word "two" with the word "five" in line 11 at page 30; and

(*c*) by striking out lines 16 to 18 at page 30 and substituting the following therefor:

"employer".

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion, the nays have it.

Some hon. Members: On division.

The Acting Speaker (Mr. Ethier): I declare the motion negatived on division.

Motion No. 22 (Mr. Kristiansen) negatived.

Hon. Chas. L. Caccia (Minister of Labour) moved:

Motion No. 23

That Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 34

(*a*) by striking out line 6 at page 32 and substituting the following therefor:

"under this act;"; and

(*b*) by striking out line 12 at page 32 and substituting the following therefor:

"determined under this act; and

(*f*) the initial amount of any pre-retirement benefits of a person as determined under the Clothing Worker Regulations or the Footwear Worker Regulations is deemed to be his initial amount of labour adjustment benefit as determined pursuant to subsection 15(1)."

He said: Allow me to explain Mr. Speaker. This amendment was urged by a number of committee members, particularly members from Montreal and the surrounding regions. They felt, and quite rightly so, that a grandfather clause ought to be introduced in this bill to protect workers who already benefit from this measure. The government looked at this proposal, found it to be reasonable and fair and this is why the amendment is now before the House. I strongly urge the House to adopt it.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion No. 23 (Mr. Caccia) agreed to.

• (1540)

[*Translation*]

The Acting Speaker (Mr. Ethier): The House will now proceed with the deferred division on Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code.

Call in the members.

The House divided on Motion No. 3 (Mr. Kristiansen), which was negatived on the following division:

(*Division No. 148*)

YEAS

Messrs.

Althouse	Hovdebo	Nystrom
Anguish	Ittinuar	Parker
Benjamin	Jewett (Miss)	Robinson (Burnaby)
Broadbent	Kristiansen	Sargeant
Deans	Manly	Skelly
Fulton	Miller	Waddell—19.
	Murphy	

NAYS

Messrs.

Allmand	Bockstael	Cooper
Appolloni (Mrs.)	Bosley	Corbin
Bachand	Breau	Cosgrove
Baker (Nepean-Carleton)	Bujold	Côté (Mrs.)
Beatty	Burghardt	Cousineau
Beauchamp-Niquet (Mrs.)	Bussières	Crosbie (St. John's West)
Bégin (Miss)	Caccia	Cyr
Berger	Campbell (Cardigan)	Dantzer
Blais	Clark (Yellowhead)	Darling
Blaker	Clarke (Vancouver Quadra)	Dawson
Blenkarn	Coates	De Bané
Bloomfield	Collenette	Deniger
Dinsdale	Kaplan	Nicholson (Miss)
Dion	Kelly	Nickerson
Dionne (Chicoutimi)	Kilgour	Nielsen
Dionne (Northumberland-Miramichi)	King	Nowlan
Ellis	Lachance	Oberle
Ethier	Lalonde	Ouellet
Ferguson	Lambert	Paproski
Fleming	Lamontagne	Penner
Flis	Lang	Pepin
Foster	Lapointe (Charlevoix)	Peterson
Francis	La Salle	Pinard
Fretz	LeBlanc	Portelance
Friesen	Lewis	Prud'homme
Gauthier	Loiselle	Reid (St. Catharines)
Gourd (Argenteuil-Papineau)	Lumley	Reid (Kenora-Rainy River)
Gray	MacBain	Roberts
Greenaway	MacEachen	Schroder
Guilbault	MacGuigan	Scott (Hamilton-Wentworth)
Gustafson	MacKay	Smith
Hamilton (Qu'Appelle-Moose Mountain)	MacLaren	Speyer
Harquail	MacLellan	Stewart
Hawkes	Malone	Taylor
Hees	Marceau	Thacker
Herbert	Masters	Thomson
Hnatyshyn	Mazankowski	Towers
Hopkins	McCain	Trudeau
Huntington	McDermid	Turner
Irwin	McGrath	Vankoughnet
Isabelle	McKenzie	Watson
Jarvis	McKinnon	Wenman
Johnston	McLean	Whelan
Joyal	McRae	Wilson
	Mitges	Wright
	Munro (Esquimalt-Saanich)	Yanakis—139.
	Murta	

[*English*]

Madam Speaker: I declare the motion lost.

Motion No. 3 (Mr. Kristiansen) negatived.

Madam Speaker: The question is on Motion No. 14.

The House divided on Motion No. 14 (Mr. Kristiansen), which was negatived on the following division:

(*Division No. 149*)

YEAS

Messrs.

Althouse	Hovdebo	Nystrom
Anguish	Ittinuar	Parker
Benjamin	Jewett (Miss)	Robinson (Burnaby)
Broadbent	Kristiansen	Sargeant
Deans	Manly	Skelly
Fulton	Miller	Waddell—19.
	Murphy	

NAYS

Messrs.

Allmand	Blais	Campbell (Cardigan)
Appolloni (Mrs.)	Blaker	Clark (Yellowhead)
Bachand	Blenkarn	Clarke (Vancouver Quadra)
Baker (Nepean-Carleton)	Bloomfield	Coates
Beatty	Bockstael	Collenette
Beauchamp-Niquet (Mrs.)	Bosley	Cooper
Bégin (Miss)	Breau	Corbin
Berger	Bujold	Cosgrove
	Burghardt	
	Bussières	
	Caccia	

Messrs.

Côté (Mrs.)
Cousineau
Crosbie
(St. John's West)
Cyr
Dantzer
Darling
Dawson
De Bané
Deniger
Desmarais
Dingwall
Dinsdale
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-Miramichi)
Ellis
Ethier
Ferguson
Fleming
Flis
Foster
Francis
Fretz
Friesen
Gauthier
Gourd
(Argenteuil-Papineau)
Gray
Greenaway
Guilbault
Gustafson
Hamilton
(Qu'Appelle-Moose Mountain)
Harquail
Hawkes
Hees
Herbert
Hnatyshyn
Hopkins
Huntington
Irwin
Isabelle
Jarvis
Johnston
Joyal
Kaplan
Kelly
Kilgour
King
Lachance
Lalonde
Lambert
Lamontagne
Lang
Lapointe
(Charlevoix)
La Salle
LeBlanc
Lewis
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
MacKay
MacLaren
MacLellan
Malone
Marceau
Masters
Mazankowski
McCain
McDermid
McGrath
McKenzie
McKinnon
McLean
McRae
Mitges
Munro
(Esquimalt-Saanich)
Murta
Nicholson
(Miss)
Nickerson
Nielsen
Nowlan
Oberle
Ouellet
Paproski
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid
(St. Catharines)
Reid
(Kenora-Rainy River)
Roberts
Schroder
Scott
(Hamilton-Wentworth)
Simmons
Smith
Speyer
Stewart
Taylor
Thacker
Thomson
Towers
Trudeau
Turner
Vankoughnet
Watson
Wenman
Whelan
Wilson
Wright
Yanakis—140.

● (1640)

Madam Speaker: I declare the motion lost.

Motion No. 14 (Mr. Kristiansen) negatived.

[*Translation*]

Madam Speaker: The question is now on Motion No. 19 (Mr. Kristiansen).

The House divided on motion No. 19 (Mr. Kristiansen), which was negatived on the following division:

(*Division No. 150*)

YEAS

Messrs.

Althouse
Anguish
Benjamin
Broadbent
Deans
Fulton
Hovdebo
Ittinuar
Jewett (Miss)
Kristiansen
Manly
Miller
Murphy
Nystrom
Parker
Robinson
(Burnaby)
Sargeant
Skelly
Waddell—19.

NAYS

Messrs.

Allmand
Appolloni
(Mrs.)
Bachand
Baker
(Nepean-Carleton)
Beatty
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Blenkarn
Bloomfield
Bockstael
Bosley
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell
(Cardigan)
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Coates
Collenette
Cooper
Corbin
Cosgrove
Côté (Mrs.)
Cousineau
Crosbie
(St. John's West)
Cyr
Dantzer
Darling
Dawson
De Bané
Deniger
Desmarais
Dingwall
Dinsdale
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-Miramichi)
Ellis
Ethier
Ferguson
Fleming
Flis
Foster
Francis
Fretz
Friesen
Gauthier
Gourd
(Argenteuil-Papineau)
Gray
Greenaway
Guilbault
Gustafson
Hamilton
(Qu'Appelle-Moose Mountain)
Harquail
Hawkes
Hees
Herbert
Hnatyshyn
Hopkins
Huntington
Irwin
Isabelle
Jarvis
Johnston
Joyal
Kaplan
Kelly
King
Lachance
Lalonde
Lambert
Lamontagne
Lang
Lapointe
(Charlevoix)
La Salle
LeBlanc
Lewis
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
MacKay
MacLaren
MacLellan
Malone
Marceau
Masters
Mazankowski
McCain
McDermid
McGrath
McKenzie
McKinnon
McLean
McRae
Mitges
Munro
(Esquimalt-Saanich)
Murta
Nicholson
(Miss)
Nickerson
Nielsen
Nowlan
Oberle
Ouellet
Paproski
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid
(St. Catharines)
Reid
(Kenora-Rainy River)
Roberts
Schroder
Scott
(Hamilton-Wentworth)
Simmons
Smith
Speyer
Stewart
Taylor
Thacker
Thomson
Towers
Trudeau
Turner
Vankoughnet
Watson
Wenman
Whelan
Wilson
Wright
Yanakis—139.

Madam Speaker: I declare the motion lost.

[*English*]

Motion No. 19 (Mr. Kristiansen) negatived.

Madam Speaker: The next question is on Motion No. 21.

The House divided on Motion No. 21 (Mr. Kristiansen), which was negatived on the following division:

(*Division No. 151*)

YEAS

Messrs.

Althouse
Anguish
Benjamin
Broadbent
Deans
Fulton
Hovdebo
Ittinuar
Jewett (Miss)
Kristiansen
Manly
Miller
Murphy
Nystrom
Parker
Robinson
(Burnaby)
Sargeant
Skelly
Waddell—19.

NAYS

Messrs.

Allmand
Appolloni
(Mrs.)
Bachand
Baker
(Nepean-Carleton)
Beatty
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Blenkarn
Bloomfield
Bockstael
Bosley
Breau
Bujold
Burghardt
Bussières

Messrs.

Caccia
Campbell (Cardigan)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Collenette
Cooper
Corbin
Cosgrove
Côté (Mrs.)
Cousineau
Crosbie (St. John's West)
Cyr
Dantzer
Darling
Dawson
De Bané
Deniger
Desmarais
Dingwall
Dinsdale
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Ellis
Ethier
Ferguson
Fleming
Flis
Foster
Francis
Fretz
Friesen
Gauthier
Gourd (Argenteuil-Papineau)
Gray
Greenaway
Guilbault
Gustafson
Hamilton (Qu'Appelle-Moose Mountain)
Harquail
Hawkes
Hees
Herbert
Hnatyshyn
Hopkins
Huntington
Irwin
Isabelle
Jarvis
Johnston
Joyal
Kaplan
Kelly
King
Lachance
Lalonde
Lambert
Lamontagne
Lang
Lapointe (Charlevoix)
La Salle
LeBlanc
Lewis
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
MacKay
MacLaren
MacLellan
Malone
Marceau
Masters
Mazankowski
McCain
McDermid
McGrath
McKenzie
McKinnon
McLean
McRae
Mitges
Munro (Esquimalt-Saanich)
Murta
Nicholson (Miss)
Nickerson
Nielsen
Nowlan
Oberle
Ouellet
Paproski
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (St. Catharines)
Reid (Kenora-Rainy River)
Roberts
Schroder
Scott (Hamilton-Wentworth)
Simmons
Smith
Speyer
Stewart
Taylor
Thacker
Thomson
Towers
Trudeau
Turner
Vankoughnet
Watson
Wenman
Whelan
Wilson
Wright
Yanakis—139.

• (1650)

Madam Speaker: I declare the motion lost.

Motion No. 21 (Mr. Kristiansen) negatived.

[*Translation*]

Hon. Chas. L. Caccia (Minister of Labour) moved that Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be concurred in as amended.

Motion agreed to.

[*English*]

Mr. Pinard: Madam Speaker, I have had consultations with my colleagues in the opposition parties. It seems there is unanimous consent to deal with third reading this afternoon.

Madam Speaker: Is there unanimous consent that we proceed to third reading?

Some hon. Members: Agreed.

Mr. Caccia moved that the bill be read the third time and do pass.

He said: Madam Speaker, at this point of third reading of Bill C-78, I would like to thank hon. members for their collaboration. The experience we had in committee where views were exchanged and constructive criticism given was a very valuable one. The result is a much improved labour adjustment benefits act. I think we can all be proud of our collective effort.

I hope this bill will get through the House today and will go on to speedy passage through the Senate so that older workers whom this bill is designed to help can begin to receive early retirement benefits without further delay. It is of the utmost importance that this bill be enacted as soon as possible because the burden of unemployment on older workers is too often more devastating than for younger workers. That is because alternatives such as relocation and retraining often are not solutions for the older worker.

As members who have been involved in the passage of this bill know, Bill C-78 is Labour Canada's contribution to the broader idea known as the industrial labour adjustment program. Bill C-78 provides a safety net for older workers in designated communities or industries suffering from industrial dislocation because of import competition, technological or structural change. In other words, it supports older workers who have not benefited from other programs promoting retraining, relocation and work sharing.

Bill C-78 also includes amendments to the Canada Labour Code. The general thrust of these amendments is to reduce the adverse effects of redundancies and lay-offs on employees by requiring employers to undertake more orderly manpower adjustments through negotiation and, if necessary, arbitration of lay-off plans, longer notification of terminations and improvements to severance pay benefits. Over all, these modifications to the Canada Labour Code place greater responsibility on employers for the protection of their employees in cases of redundancy and lay-off.

In conclusion, I am convinced that Bill C-78 will help these difficulties facing older workers affected by certain economic conditions and serve to supplement the extensive array of federal industrial assistance and labour market programs already in place.

• (1700)

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, I also rise to speak on this bill. We on this side of the House will support this bill in the belief that it is a step forward. It is a small recognition of a problem which exists in Canada but is a very progressive piece of legislation. Although this bill will affect only about 850 people at the present time, with the current economic conditions being experienced in Canada today we maintain that this number will expand.

As we reviewed this bill, the official opposition attempted to include technological change in the definition of industrial restructuring within the act. The majority of the witnesses who appeared before us in committee were concerned that technological change might not be included under industrial restructuring. For that reason we supported their representations and

the government accepted them. We were therefore able to obtain a definition of technological change within the bill. We think that is a very positive step.

Another concern which we raised during the committee stage was the problem of duplication; first, an area is designated by orders in council, by the cabinet—which we support because cabinet must answer to the electorate—but then there must be a board or commission set up to which applications must be made to receive benefits and further applications have to be made to the Unemployment Insurance Commission. We strongly feel that the board could be eliminated and the entire process handled by the Unemployment Insurance Commission.

It is our understanding that the budget comes under the Department of Labour, which may be the reason the board is established there. We have not been convinced of the need for a board and have attempted to get an amendment. We have cautioned the minister and the people that this could be a bureaucratic nightmare when applying for these benefits. Since we do not want to see this happen—I know the minister does not want to see this happen—it is my hope that he would give a commitment to come back to the House to suggest some amendments to speed up the process if this were to happen. I believe we would support that commitment.

As I have mentioned, the board or commission causes us some concern. We suggested that either the Canadian Employment Commission or the adjustment board handle applications, but not both. We did not succeed in getting that amendment.

Another matter which I initially raised in committee was that of the board's authority to enter premises. The five-member board was to be made up of one employee representative, one employer representative and three representatives which could be politically appointed. This make-up was proposed by the NDP and supported by us. We feel it is an important step except that those three representatives who can be appointed by the minister could be political appointments, which has been a habit with the Liberal Party. Our concern relates to the fact that these three members of the board would have the power to enter private premises under the provisions of the act. We feel they should not have that power and we raised this concern. The government brought in an amendment and we thank the minister for that. The amendment assures the privacy of individuals and does not give the board that authority.

Briefly, we supported the membership of the labour adjustment review board being more representative, with one representative from employees and one representative from employers. We supported the more strict administration and the enforcement of the act, the broadening of the mandate of the joint planning committees and the clarification of the application procedure to obtain an arbitrator to resolve disputes in the joint planning committees.

We did not support what we were voting on today, which was the measure to lengthen the notice of termination from 16 weeks. I believe the present notice of termination is a standard which is fair and has been set for all employers across the board.

We did not support another NDP proposal to allow the board to designate areas or industries. We felt very strongly that this had to be done by the cabinet and orders in council. The reason for this is that the government must answer to the public while the bureaucrats do not. If cabinet makes poor decisions on designations, it will have to answer to the electorate. This is the proper procedure. For that reason we did not support that amendment.

I would like to illustrate some of the overlaps among many of these boards and commissions which give us concern about the board and UIC being involved. There is the industrial and labour adjustment program, the Canadian Industrial Renewal Board, the old DREE boards—wherever they are now—and the Textile and Clothing Board, which I assume will be brought under the umbrella of this act through the amendments. We now have the labour adjustment review board. We want to make sure those programs dovetail and are not in conflict with one another.

The people who appeared before the committee to discuss these programs appeared to be as confused about them as we were. They were not sure about how these programs functioned. These are some of the questions which concerned us and we are cautioning the government about them at this time.

One of the most significant problems which has been overcome in this bill was that it did not cover technological change. This appeared to be the greatest concern of the workers and all those who heard their representations in committee would admit that it was probably the main theme. Workers are concerned about losing their jobs as a result of technological change. This is especially true of those who are older and live in industry towns where they may not have the opportunity to sell their homes because no one is moving there and because of technological change they may not be able to switch employment. For example, in some small towns where new automatic equipment is being installed in paper mills, much employment is being eliminated. It is an understandable concern and with today's rapid advancement in technology we have no idea what will happen in five years or ten years from now.

Although we support this bill, we feel it is a small step in the right direction. It is a step which indicates that the government is willing to accept that there are certain areas of Canada which have unique problems. We are not all the same from coast to coast and must take care of some of those people who do not have the same opportunities as those who live in urban areas. I refer to diversity of industry and opportunity for employment.

Some members from my own party have expressed some concerns to me. For example, my colleague from Moose Jaw (Mr. Neil) quite rightly asked, "What about a small industry in Moose Jaw where they have to close down because of economic conditions?". The industry there is not designated, but a few older workers there would fall within the category if the area was designated. That is a very real and genuine concern. It is something about which all members of the House

are concerned, but our attitude is that at least we have taken the first step. The government has now at least admitted that there is a problem and is trying to do something to overcome it, although only some 850 workers will be affected.

• (1710)

My colleague, the hon. member for Carleton-Charlotte (Mr. McCain)—as a matter of fact, our party—supported the New Democratic Party amendment on which members of the New Democratic Party felt we should not vote. That amendment would have changed the terminology in the bill from "may" to "shall". Members of the NDP quite rightly argued—as did my colleague, the hon. member for Bow River (Mr. Taylor), in a very clear manner—that "may" should be "shall" once all the conditions are met. We agreed with that. The NDP did not force a vote on that change, but we would have supported the NDP on that proposal.

In closing, I would like to say a couple of kind words about the minister. Not many kind words are spoken about the government these days, and rightfully so. I do not argue about that at all. This government deserves to catch hell, and it is catching it throughout the country. However, when there is a bright light or a little glimmer like this, I think the minister should be congratulated, and I do so. The minister has been flexible. He has listened to the arguments and amended the legislation in certain areas where we felt it necessary, and I thank the minister for that.

The second thing for which I want to thank the minister is that he has seen this bill through. Often ministers disappear. They introduce bills, and someone at the back carries the bills through. I want to thank the minister for staying here and listening to all the representations. I understand and appreciate that at times it can be very boring, but I thank the minister for staying with us.

I want also to thank him for introducing such a bill as this. I hope he will continue to introduce such positive legislation. This is legislation we can get our teeth into and amend to make better. We on this side of the House will support this legislation.

ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Vancouver South (Mr. Fraser)—(a) Fisheries—Condition of Atlantic fishing industry. (b) Reported proposal to reduce number of exporters. (c) Pre-budget discussions; the hon. member for Bow River (Mr. Taylor)—Agriculture—Cost of fuel used in production of food; the hon. member for Burnaby (Mr. Robinson)—Canadian Human Rights Commission—Recommendation concerning sexual harassment of women.

GOVERNMENT ORDERS

[*English*]

LABOUR ADJUSTMENT BENEFITS ACT

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Caccia that Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be read the third time and do pass.

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, I am pleased to rise on behalf of the New Democratic Party to speak on Bill C-78, which would provide for the payment of benefits to laid-off employees and amend the Canada Labour Code.

I wish to start by saying that the title of the bill is, indeed, a fraud on the Canadian people. It certainly does not indicate the provisions which are in the bill. I think it is wrong that the bill should be entitled "an act to provide for payment of benefits to laid-off employees and to amend the Canada Labour Code" because there are many, many employees who will not qualify and who will not receive benefits under this bill.

Over and over again in committee we asked how many people would receive benefits, but we received no answer. Over and over again we asked how much money would be made available, but we received no answers. The Canadian Labour Congress came before the committee, as did the United Steelworkers of America, the communications workers of Canada, the Council of Regional Development, the Canadian Manufacturers' Association, the Canadian Construction Association, the ministry of labour of the province of New Brunswick and the Railway Association of Canada. Each of them expressed concerns about the bill and about the number of people who would qualify under it.

Where is the labour critic of the Conservative Party? He knew on Thursday that this bill would come before the House today. Where was the Conservative Party with regard to amendments to this bill? Members of the Conservative Party heard representations time after time. The Canadian Labour Congress called it a death bill. This bill is not a prescription for aid but a prescription for death. Where was the Conservative Party when amendments were put forward to try to improve the bill? We in this party sought amendment after amendment.

Mr. McDermid: We accepted them.

Mr. Parker: Members of the Conservative Party accepted the proposals of the government but not programs which would provide employment. It is a band-aid solution we have before us today. Hon. members on the government side of the House signed a petition urging the government to put some employment programs before this House, not band-aid programs which would provide benefits only to some people.

We did receive some answers from the trade union movement. We were told in committee that in Schefferville only about 30 of the 900 laid-off workers were eligible for benefits. Mere basic mathematics will show what a phony piece of penny-ante window dressing this bill is. Under the best of circumstances the maximum which would be available under this bill would mean that only about 3,500 workers a year would receive benefits, and there are already 500 workers covered under the old clothing, textile and shoe and tanning legislation. That is the kind of information we tried to bring forward at the committee stage. We were told there could be an additional 350 now receiving benefits on top of that. That means this bill could cover a maximum of only approximately 3,000 workers a year. Three thousand workers a day were laid off in Ontario alone in the month of December.

Mr. McDermid: Some were put into early retirement, but not all.

Mr. Parker: That is what the bill is trying to suggest: early retirement and work sharing. The bill refers to designated areas. We had a discussion about that in committee and about how the cabinet or the Ministry of Labour would designate areas. It is no wonder that when the CLC appeared before the committee studying Bill C-78 it said only that half a loaf is better than none. The CLC did not ask for this bill. The CLC said this bill would better be compared to a dry crust of bread. The Canadian Labour Congress has been given little or no opportunity to help solve the problem the minister has identified. Time after time in committee hearing after committee hearing we were told this, but no real or constructive effort put forward was accepted by the minister.

The minister even admitted in the committee that the bill would not do very much, but that is not how the bill will be advertised throughout the country. It is a limited bill and will serve only a very limited number of people.

Mr. McDermid: Agreed.

Mr. Parker: There will be discrimination because some people in some areas will be designated and others will not. When the government begins to run short of funds, certain areas will not be designated. If that is not discrimination, I do not know what is. There is serious potential here for discrimination.

Then there are the Conservatives. Why did they not bring forward any amendments? This bill was before the House for a few days. The Conservative Party is the party which agrees with the Liberals about high interest rates. It is no wonder they do not have much to say about phony programs such as this one. One of the most disgusting things about the bill is that the government tried to fob it off as being the product of consultation. I ask the minister why the government did not consult with the labour organizations. They know the problems that face the workers and have to deal with them. When the bill was in committee we asked various witnesses if there had been such discussions. The CLC said there had not, the Canadian Manufacturers' Association said there had not and the New Brunswick labour department also said there had not. That is a funny kind of consultation, Mr. Speaker.

• (1720)

A presentation made by one employer group, the Railway Association, made the point that any worker who received a pension of $10,000 a year would probably never want to work again. Mr. Speaker, can anyone honestly claim in this age that anyone can live on $10,000 per year? Can anyone honestly say that some of those older workers would consider giving up their regular employment and letting the workers who have been laid off take their place for $10,000 per year? When an employee reaches the age of 54, that is when he starts paying contributions to the pension schemes in the various industries. They rely on their earnings for the last five years to determine the pension that they have worked and strived for and I do not think they are going to take a step backwards. Many will say that they have seniority and will keep on working, so the situation will not change, Mr. Speaker.

The fact is that the government does not have the will to reduce unemployment and it does not have the guts to face employees on the question of lay-offs. Our amendments have asked that not only the employees be investigated but also the employers. It is they who have a responsibility not only to employees in the community but to the community itself which will feel the effects of any lay-offs. While this patchwork legislation may help a few people, what will it do for those communities whose payroll is severely reduced? The ripple effect will be felt throughout the community, Mr. Speaker. It has become clear to many backbenchers of the Liberal Party—and to some on the front benches as well, I think—that a different approach must be taken to this kind of legislation and these programs.

I asked the Railway Association about the hours of work of its employees and I asked the truck drivers' association the same question. It seems that some truckers who drive across Canada do not have to keep a logbook now because the Department of Transport has done away with that requirement. That logbook was an important element of safety on the highway, Mr. Speaker. Drivers were required to enter the hours on the highway each day but that is not required any more. In committee we were told that some people drive as much as 260 hours per month. Surely, when there are over one million people unemployed in the country, that industry has a responsibility to pay its drivers a fair wage so that they can make a decent living by working a normal number of hours per month.

The railways are just as bad as the truckers, Mr. Speaker, because they require their employees to work 11 hours at a

stretch. The government should bring in legislation governing hours of work as this is a very significant factor in any industry when it comes to the health and safety of the workers.

I should like to mention legislation which is planned by the government of Quebec, Mr. Speaker. This will demand full disclosure of the reasons for a lay-off. That is a good idea and I wonder why the bill before us does not contain such a measure.

Some people have expressed surprise that the president of the Canadian Labour Congress was impolite to cabinet ministers. But Mr. Speaker, how could a man representing working Canadians, many of whom have lost their jobs or stand to lose them, behave otherwise? This government treats working Canadians with complete contempt. First of all, it introduces economic policies that destroy hundreds of thousands of jobs, then it brings in a penny ante fraud piece of legislation like this one and pretends it is doing something about unemployment. Mr. McDermott has not been excessive, Mr. Speaker; the government has been excessive in the way it has treated Canadians.

I should like to express my appreciation to the Minister of Labour (Mr. Caccia) for being available to the committee on this his first piece of legislation, and for listening to the concerns of each group. I must also express disappointment, however, at the firmness of his opposition to even the simplest changes. We wanted to amend the legislation to read that the minister "shall" do certain things after an investigation. If an employee had less than 1,000 hours of work in a particular year because he happened to be laid off, or if he was sick and could prove it and had close to the 1,000 hours, as the legislation now reads the minister "may" allow him the average. We asked that the word "may" be amended to "shall". That is a simple change, Mr. Speaker. I as a trade unionist know and the deputy minister also knows that the word "may" is a very important word in union agreements.

Mr. Berger: You called it simple a few seconds ago.

Mr. Parker: It is simple for this reason, Mr. Speaker. We are dealing with one simple piece of legislation which governs hours of work—1,000 hours of work per year for ten years. We asked for a simple change, and the minister could have made it, which would have ensured that if one worker were sick and another was not, there would be no appearance of discrimination. If the word "may" is retained, then the minister may make a decision which one employee may regard as discriminating against him, so I am disappointed that the minister does not consent to change that word to "shall".

Mr. Caccia: You know it is not correct.

Mr. Parker: The minister says that I know it is not correct. I want to say to him that in committee we fought to have that portion of the bill changed to provide for an average of 1,000 hours per year during that ten-year period, but he would not accept the proposed change.

I admit that the minister's amendments did improve the bill but he did not give us the change that we wanted, the word "shall" instead of "may". I want to make that point very clear for the benefit of the Conservative Party critic who sat on the committee and heard representations from these various groups. He and the Conservative Party should be ashamed that he is not here to speak on the bill and to represent those people who appeared before the committee to express their concerns as to why they felt the bill was meaningless and limited.

• (1730)

Who is the official opposition in the House? There were four amendments upon which we voted this afternoon. Many more amendments were drafted and put before the committee. Some were ruled out because it was said that they dealt with money matters and could not be accepted. Where were Conservative Party members after hearing from these groups and companies which came forward? They did not have the courage to bring one amendment before the House of Commons. They did not have the courage to rise in the House to tell Canadians how limited and poorly drafted is the bill.

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, we will do what we can to ensure that the bill is disposed of prior to the end of the session this afternoon, so that we can move on to the other business. We have no intention or desire to delay unduly this piece of legislation. Although we regard it as inadequate, it will be of minimal benefit to some people at least.

In commencing my remarks this afternoon, let me say that nothing more than this debate exemplifies the feeling among many people in the work force across the country that there are too many academics, idealists and lawyers in the House of Commons. I am referring to those who are out of touch and floating on cloud nine and to the legal minds which think that because some wording is in a piece of legislation it will mean something. It will not mean a darn thing out on the factory floor or to the people who are used to dealing with bureaucracy. They are not accustomed to winning decisions where flexibility is the rule, in terms of awarding benefits to which they are properly entitled. They are uncertain as to whether these words will be interpreted to their benefit. While many people benefit from legislation, there are many others who should benefit from such and such a scheme if they fulfil this or that requirement. As long as the word "may" continues to creep into administrative tribunals with the interpretation often given it, there are people who find themselves left out in the cold, even though they have gone as far as they can in meeting various requirements.

I am not trying to suggest that blue collar or industrial workers are superior to others. The problem is that there is no balance either in this assembly or in any legislative assembly across the country. The suspicions and experiences of the workers on a factory floor indicate that what is in a contract does not mean a damn, unless they have the means to enforce it. They think that what is contained in legislation does not matter if the enforcers or the enforcement mechanisms are not

in place to ensure that the legislation accomplishes its purposes.

I thank the minister once again, as I did in the earlier debate, for having demonstrated some reason and openness, particularly in committee. Many hon. members over here wish the bill were divided into two parts—one dealing with labour adjustment benefits, and the other dealing strictly with amendments to the Canada Labour Code. While there are some limitations to the Labour Code amendments in place, certainly one relates to the other. While there are some limitations to the progress made in these amendments, in substance they are forward-looking and will be of some benefit to people across the country, as distinct from those few people who may benefit from the labour adjustments clause of the bill.

There is something in the Labour Code amendments, not to mention the rest of the bill, which spells out a double standard that many of us find very upsetting—one law for the employee and one law for the employer. The specified powers of the board make it very clear that the government agency will have the power to snoop into the records of companies to find out the details of the lives of employees as they affect their work record and their eligibility for benefits.

But, when it comes to the question of joint committees, charged with the responsibility of developing adjustment programs to mitigate the effect of terminations, to reduce the number of terminations or perhaps to cancel terminations, they are expressly denied the authority or power to obtain the facts. In other words, they are being told to go out and do a job, but they are not given the tools with which to do it. That is manifestly stupid.

Clause 32 refers to Section 60 of the original act. It reads:

60.13(3) A joint planning committee may not

(a) review the decision of the employer to terminate the employment of the redundant employees; or

(b) delay the termination of employment of the redundant employees.

This was struck out in committee, for which we are all thankful. In order to take advantage of having eliminated the restriction on what joint committees could do, we expanded the object of a joint planning committee to indicate that it was its object:

—to develop an adjustment program to eliminate the necessity for the termination of employment or to minimize the impact of such termination on redundant employees and to assist those employees in obtaining other employment.

In some senses it was a very new and revolutionary concept. All parties within the committee—perhaps there were one or two individuals who objected to the change—agreed with the change and with this new concept in Canadian law.

The vote of a few minutes ago rejected an amendment which would allow joint committees access to information to develop adjustment programs in a realistic manner. We are leaving them to operate in the dark. Much has been said in the House from time to time about freedom of information. Again the double standard; apparently it is all right to have freedom of information with respect to the actions of the public sector and of government, but when it comes to the actions of the private corporate sector, which decisions have gross impact upon thousands if not hundreds of thousands of Canadians, there is no freedom of information. That is interference with free enterprise; "—the enterprise which really matters—" as I think one poet called it at one time.

If we want to let the sunshine into government decisions, why do we refuse to allow the sunshine into the dark corporate boardrooms where decisions are made, which result in the termination and the wrecking of lives of thousands of people? How do we justify that? Surely we have reached a point in the development of society and a modern economy where it is not too much to expect that representatives of employees, of governments and of communities, whether civic, regional or whatever, should be able to obtain information to allow them to fulfil their responsibilities to their various electorates.

• (1740)

The divine right of kings that still exists in the corporate sector has been allowed to go on for much too long. We seem to pretend that what they do is just part of some grand imperial design, that it really does not matter when it comes to laws, and that we should not have anything to say nor be able to do anything about it. Surely that day is over, Mr. Speaker. Surely the minister and other members of the committee, in fact, all other members of the House if they think about it and give it some consideration, would realize that that day is over. Just as the divine right of kings has been taken away, the divine right of corporate kings should also end, especially when their decisions have such horrific effect on so many people.

Once upon a time private employers in small communities had a sense of social responsibility. Many small private employers in small communities still show that social responsibility. But the multinational conglomerates, whose head offices are God knows where, do not have any of that kind of social responsibility that comes with living and working in a community with real people as neighbours. Surely it is about time that this government—that any government worthy of its name believing in democracy—recognized that, through some kind of institutionalization, through some reform in law, through the opening up of avenues of information, must begin to make up for that important socioeconomic change that has taken place over the last number of decades. We have to bring back some measure of social and community responsibility to the corporate sector.

There are problems in accountability when it comes to government. We all recognize that. As socialists, we perhaps feel the need to develop real accountability within public sector corporations more than others. But that responsibility still has to be instilled in both the private sector and the corporate sector, which is still the dominant force in this society making most of the decisions which affect people, whether for good or for evil.

I was stunned by the result of a vote taken in the House not long ago. The official opposition voted against each and every one of the four amendments which this party put forward, including the first motion that was put. What they did was totally contrary to the position which that party took in

committee. If I may, I will read from the proceedings and evidence of the meeting of the Standing Committee on Labour, Manpower and Immigration, and at page 19:4 for February 2, 1982, we find the following:

Mr. Kristiansen moved,—That Clause 3 be amended by striking out lines 37 to 40 on page 2 and substituting the following therefor:

"trial restructuring; and"

Afer debate thereon, the question being put on the amendment, it was by a show of hands, negatived:

Yeas: 6; Nays: 8.

I am not aware that the NDP had six members on that committee and I do recall very clearly that the official opposition voted in favour of that amendment at that time. I wonder what happened to make them reverse their position so suddenly. But that sort of thing shows the same degree of inconsistency, I would suggest, as that party has shown on the question of interest rates and God knows how many other issues during the course of this session of Parliament to date. What they have done is totally irresponsible. it shows they are confused.

Mr. McDermid: How are you going to vote?

Mr. Kristiansen: We will be consistent, Mr. Speaker. We ask every member of the House of Commons to be consistent. If hon. members believe in freedom of information and believe in letting the sun shine in, then let us see some concept of that here. Let hon. members put their votes where their mouths are. If they believe in freedom, let them vote for it. If hon. members believe that important decisions ought to be made in some secret, dark corridor, let them do that too, but let us hear them announce it at the same time.

I commenced my remarks by saying that I wished this piece of legislation were two separate bills. We have achieved some progress since this bill has been in committee and by one or two of the amendments put forward by the government since it has been in the House. There is expanded notice for laid-off employees. The principle and the idea that representatives of employers and employees, and perhaps communities, may have some say is entertained. We think that is a welcome development. In fact, it is a revolutionary development. But having given the power, I would plead with the government to think again and, at some future point, to provide these joint committees and the communities with the tools to do the job that we all know has to be done.

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: On division.

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

Housing

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed from Thursday, February 11, 1982, consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I was tingling with excitement earlier in the day when I was asked by the hon. member for St. John's East (Mr. McGrath) to speak for a few moments on this bill. I thought first that I would speak to you and remind you, Sir, of the contribution made by the hon. member for St. John's East on housing. I think it important that the House and the country remember that in the period of time prior to 1979 it was the hon. member for St. John's East who headed the task force in our party that led to the ultimate introduction, during the period of the Clark government, of the property tax credit legislation, which unfortunately was not passed. I say unfortunately because there was a housing problem during that period of time in terms of interest rates that we were trying to meet and a problem in terms of supply as well. But that problem is nothing compared to the problem that we face today in this country. It is important that we remember that this bill calls for an infusion into the housing market of about $50 million—

Mr. Cosgrove: Rental housing.

Mr. Baker (Nepean-Carleton): The rental housing market. The contribution, which could have been made by our bill, thus far would have been worth about $3 billion to home ownership. It would have encouraged the construction of single family homes, made housing less expensive, freed up the rental housing vacancy rate and could have gone much further than does the minister's bill in terms of creating what this bill has as its objective, namely, some market for rental housing and some availability of stock for rental housing. I say that just to set the proper tone for the debate.

• (1750)

Now what does this bill do? In terms of rental housing it provides interest-free loans of $7,500 per unit to a maximum of 15,000 units. In terms of the larger centres and some smaller centres, Mr. Speaker, this bill is merely a blemish on the neck of an immense problem. According to CMHC, as many as 40,000 Canadian families may lose their homes this year because of high interest rates. On the average, a $45,000 a year income is needed for a person to be able to afford an average priced home in Canada. Members know this, but I am going to repeat it anyway, that serious shortages are developing in many centres. Housing starts in 1981, particularly in the last half, were barely one half the level needed to keep up with

our housing requirements. The average vacancy rate across Canada last fall was 1.2 per cent. It was as low as zero in Oshawa, the home of the Leader of the New Democratic Party (Mr. Broadbent), and about 0.3 per cent in Toronto, the home of the minister responsible for housing. That is the problem we have. It is more acute in other places. In Ottawa the vacancy rate has fallen from 4.2 per cent in April 1980, to 0.6 per cent in 1981. The major reason for that is the sharp decline in housing starts, that is clear. Why? Because of high interest rates. Surely there should be some substantial and meaningful program to meet the problem.

CMHC has told us, Mr. Speaker, that in the Ottawa-Hull area there is a need for 7,800 new units each year. In 1980, only 2,600 were built, and the data for the first ten months of 1981 would suggest that no more than 3,200 units will be built this year. Now the minister said earlier there were going to be 500 new units in this area. That would bring us up to 3,700, which is exactly half of the necessary requirement. That is the problem we face. What has the government done in the face of that? Well, the MURB program was cancelled in the budget, a program which increased our housing stock by approximately 25,000 units.

Mr. Cosgrove: We were following your example.

Mr. Baker (Nepean-Carleton): The minister says he was following our example. He speaks very well from his seat. The fact of the matter is, when we created that example the situation was not nearly as bad as it is today, and this is an indication of the lack of influence that he and other ministers had with the Minister of Finance (Mr. MacEachen) in that the MURB provision was removed. The fact of the matter is there will be 5,000 fewer social housing units created this year over last year. That is the housing program of a country in trouble.

Now, Mr. Speaker, interest rates have raised the cost of rental housing. I have figures here which indicate that, at current interest rates, a landlord in the Ottawa-Carleton area would have to charge in excess of $800 per month for a new one-bedroom apartment just to break even. Until vacancy rates are either non-existent or rents go up, private-sector builders will not build, given the fact most people are unwilling to pay that much. At the same time, high interest rates affect the ability and desire of younger couples now renting to buy housing. The prospect of paying $1,000 a month on the mortgage is not an attractive one to a couple now paying $300 rent. Yet if that couple had purchased a home, their apartment would have been available to someone else. The reason the property tax credit was a good thing was that it encouraged home ownership. In the third quarter of 1981 the average cost of a home in Ottawa was $69,000, which means a family income of about $40,000 is needed for a person to be able to afford an average priced home here in Ottawa, given the 30 per cent income requirement.

What the $7,500 per unit in this bill would mean is that an $800 a month unit would be reduced to $700. That is no inducement to build and no answer to the housing requirements in this area. The 15,000 unit figure across the country does not attack the problem at all. That would not take care of metropolitan Toronto, and would not make a dent in the difficulties in metropolitan Vancouver. It would not even touch the problems in Montreal. So, Mr. Speaker, in terms of need, this is a baby step, a small move in the direction of addressing the problems affecting this country.

Finally, the mortgage deferral scheme means that what you do not pay today, you will pay tomorrow, with interest. Interest upon interest. When I was practising law we used to have professional bondsmen around the country who put up bail bonds for people at exorbitant interest rates. Before the people of this country look to this scheme as their salvation they should know what is going to happen. Interest upon interest.

The minister responsible for housing may be right when he says to himself, as I am sure he does when he shaves in the morning. "Well, I will not be here to see that." He is right, likely he will not be here to see what happens. But, that is what is going to happen, and many people who will get over this today by the deferral scheme, are going to see it added. I want to say, Mr. Speaker, that this program is so totally inadequate for the problems facing Canadians that no minister and no member of Parliament could feel proud of having advanced it. Thank you, Mr. Speaker.

Mr. Cosgrove: Complete nonsense.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock.

At six o'clock, the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): Order, please. When the House rose at six o'clock for the dinner hour, the hon. member for Nepean-Carleton (Mr. Baker) had completed his remarks, I believe. The Chair will now recognize the hon. member for Hamilton Mountain (Mr. Deans).

Some hon. Members: Hear, hear!

Mr. Ian Deans (Hamilton Mountain): Thank you very much. That is very kind. It is always nice to have a cheering section. I have a little problem with my voice tonight as I have a bit of a cold, so I do not want to strain it too much. I would appreciate it if hon. members would not interject.

I do not intend to speak at any great length on the bill, but I did think it would be important to put on the record some thoughts that I have with regard to this legislation as it affects housing for people all across the country, simply because of the fact that over the course of the last week and a half, I have been given the responsibility to keep an eye on the ministry of

housing, if not on the minister responsible for housing, to see whether they are fulfilling their mandate to the public of Canada.

I want to begin by saying that I have a very definite position with regard to accommodation. I have never been quite able to understand how it happened that the provision of accomodation became a matter which was viewed in almost the same way as luxuries are viewed. It was left to the whim of the marketplace, to the decisions of the individual private investor and, to a large extent, to the decisions of the financial community to decide whether people could or could not have housing at a price they could afford. I have never in my life been able to understand the rationale for putting housing in other than a priority position in terms of guaranteeing people from all walks of life the opportunity to have decent accommodation within their capacity to pay.

• (2010)

I remember the time when I was a younger man, not so many years ago, fairly recently married, and we were looking for a home. In those days we calculated that if we were to spend between 25 and 28 per cent of our income on accommodation costs, that was principal, interest and taxes included, that was considered by most to be the maximum we could afford. I am sure you, Mr. Speaker, and also the minister of housing went through a similar situation where you were likely the only breadwinner in the family, the only one working. I was the only one who was working. In my case, I had a wife and three small children at home. I was working in a fairly average kind of job earning what was an average wage. In fact, I will tell you, because it may interest you, why I feel so badly about what has occurred.

In 1963 we were not long married, maybe four years, and we had three small children. I recognize that that was no one's fault but our own, but nevertheless, that is one of the facts. We had those three small children and we were looking for a home.

After having looked at a fairly large number of homes, we struck upon a three-bedroom bungalow. It had 1,160 or 1,180 square feet. I am sure you know the kind I mean. A lot of them were built during that period. It was a white brick house, full basement, one-floor plan, single bathroom, small rooms, the usual kind.

When we bought it, it cost $14,880. We had managed to scrounge together, with the aid of my father, something in the order of $2,000. That left us with a mortgage of about $13,000. We took it on. In 1963, it cost us $88.60 per month for the principal and interest. In cost an additional $25 per month for taxes.

I was working in the fire department, earning $5,200 a year. I assure you, Mr. Speaker, the story has relevance. I had to go to the chief of the fire department to get a letter to prove that within a few short weeks I would actually get to the lofty heights of making $5,200 a year. I took on that responsibility, and I was the only person in that house who was working. Remember the figures, because they are quite important to my story. The house was worth $14,880, the principal and interest $88.60 a month, and I was earning $5,200 a year. I could afford it. Not only could I afford it, but every second week I could buy a 90 cent pizza and half a dozen beer.

I tell this story because if my older son, who would now be of age to work for the Hamilton fire department, were to go there and get a job today, he would earn about $28,000 a year. That would be five and a half times as much as I was earning.

We have lived in this house since he was a baby. We still own it. My family are still there. If he were to buy that house today, it would cost him between $50,000 and $60,000 to purchase it. What worries me is that today on that income he would not qualify for the mortgage on that same house.

I tell this story because it is with that as a backdrop that I want to speak about housing. What has happened in this country is that we have allowed housing to become a luxury. I could make comparisons in any situation, not only 1963 to 1982. We would find, almost without exception, that, taking average-income people in both periods of time and house prices in both periods of time, that they could afford to buy a house in 1963 on the income they were earning and cannot afford to buy a house in 1982 on the income they can earn doing the same job some 20 years later.

That is the major problem with the housing situation. We have allowed, for any number of reasons, none of them good in my opinion, housing to reach a point as far as cost is concerned where the average individual no longer has a fair shot at buying a home of his own within his ability to pay for it in his lifetime.

The house that I talk about which we bought will be paid off in a maximum 25 years. Sometime in 1988 that home will be fully paid. From 1988 on I will not have to pay anything. Even if my son were to assume responsibility for the mortgage, if he were able to raise the down payment to allow him to make the payments today, he would never pay it off. He would retire long before he ever reached the final payment.

I tell the story because I believe it is indicative of the problem which confronts many Canadians as they try to find a place to live. Rent controls may have been a problem for some people. However, it is only because of rent controls, at least in the province of Ontario, that rental accommodation has not skyrocketed in the same way as housing prices have. It is only because those controls were put in place.

It worries me every time I hear or read about the minister speaking about removing rent controls. You cannot remove rent controls until there is a sufficient number of units available to hold the price down by virtue of the ability of people to move from one place to another and leave where they are if the rent is too high. You cannot take off rent controls unless you are prepared to take those necessary steps.

I will get on to the situation as I see it. Inflation is a worldwide problem. The other day I questioned the Minister of Finance (Mr. MacEachen) about the possibility of some measures to deal specifically with mortgage interest rates. He responded by saying that he too was worried about it. I must

confess I appreciated that. He went on to say we are facing a worldwide problem in terms of inflation. We could not really come to grips with the housing crisis because of world inflation. I put to you, Mr. Speaker, and to other interested members of the House that worldwide inflation has virtually no impact on housing or mortage rates. It need not have an impact and it does not have an impact.

• (2020)

There may be a few dollars but there is very little money that flows into Canada from outside which goes into mortgages. I admit that there is money that goes into the acquisition of property, but that is not what we are discussing. There is very little money which comes into Canada to be used for lending purposes for mortgages alone.

Bearing this in mind, it is quite clear to me that we could and, if we had the will, should direct those people who invest the public's money to invest it, or a reasonable portion of their portfolio capital, in mortgages at a predetermined interest rate which is within the ability of Canadians to pay. By "those people" I am talking about a number of different institutions ranging from life insurance companies to banks and credit unions, with all other forms of financial institutions in between, including the government. As a matter of course, those institutions should be required to invest in mortgages at a predetermined interest rate.

This does not begin to consider risk capital or investment for other purposes and the interest rates which may or may not be charged in that area. What it allows for is a blended return, or a blended interest rate in the end, if I may use the term. The interest rate which would come back from savings and investments would be, on balance, somewhat less than it is today. Nevertheless, it would be a blend of moneys loaned out for all other purposes and moneys which are required by law to be lent as mortgages for home ownership.

I suggest that there is nothing particularly wrong with that, but what worries me about today's market is that if I were to invest money, I could get a better return from a mortgage certificate which is absolutely guaranteed than I could if I were to invest in something with an element of risk attached to it. To me, there is something backwards about that system under which a person can obtain a better rate of return from a guaranteed investment situation than an investment in a risk-related situation.

I put forward that the first premise on which we start a housing policy is, first, that housing for people at an affordable price is a right and, second, that we must be able to raise the necessary capital from all those institutions, governments included, which are in the business of handling the public's funds. A significant proportion of that money must be made available to provide affordable mortgages for people all across the country.

We would be able to see the tremendous benefits which would result if we commenced on a premise such as that. If the government showed that kind of will, we could begin to build the required number of houses for people in every community where housing is needed. This does not involve just the construction of houses. I am probably not telling the minister anything he does not know. I am sure he is as familiar with housing, if not more, as I am and I am sure he knows that, according to almost all calculations, we need something in excess of 200,000 housing units per year for at least five years in order to meet the backlog in the present demand for housing if we were to start building in the price range which people can afford.

I am sure that the minister also knows that HUDAC recently reduced its estimate of housing needs from 220,000 a year to 200,000. The reason for this is not that there are fewer people who need accommodation but that there are fewer people who can afford it. The rationale of HUDAC is that it might as well build houses because people cannot afford them. I suggest, for that very bad reason, that we ignore the estimate of 220,000 and proceed with the estimate of 200,000 and start building those homes.

When we begin building those homes, every time we dig the foundation we begin a process which creates 2.2 man-years of work in Canada. If we build 220,000 housing units, we would create $2.2 \times 220{,}000$ housing units, which would equal approximately something over 400,000 man-years of work, without going into the calculation. Those 400,000 man-years of work do not only take into account the construction of a home. It includes the making of the copper pipes, ceramic tile, bathroom fixtures, the shingles for the roof, the windows and doors. These items would be manufactured in Canada from coast to coast, whether it be in the lumber industry in British Columbia, the manufacturing sector in Ontario or another portion of the manufacturing sector on the east coast. Every part of Canada would benefit from those approximately 460,000 man years of work, which would be created as a result of building the homes which people need.

I believe that if the provision of accommodation was the only reason for the construction of houses, that would be reason enough because it would be providing people with accommodation which is needed. However, at a time when we have unemployment, which is close to 1,500,000, and we consider the fact that we could create twice as many, or more, jobs than are now being created by meeting the housing need, I cannot understand why the government has steadfastly refused to go ahead with the development and construction of housing.

This does not only involve accommodation for home owners. Although it is part of the Canadian way that a person wishes to save in order ultimately to own his own home, which should be encouraged, we also have a responsibility to build rental accommodation at present. There is a serious accommodation problem in most metropolitan areas, of which I am sure the minister is well aware. I know he is well aware of this because from statistics in his own ministry it is quite plain to see. Whether we are speaking of Ottawa, which has a virtual zero percentage vacancy rate, or Hamilton, with a virtually zero percentage vacancy rate, or Vancouver, which again has a virtually zero percentage rate, there is an obvious need in

almost every major metropolitan centre to build rental accommodation.

Some might argue that we cannot afford this, but we must realize that what we are talking about is an investment. It is not the purchase of something which will disappear over two or three years. It is not the acquisition or building of a product which will become obsolete. It is not like building a bomb that will blow up and be gone. It is building a home which will last for 50 or more years, and during the lifetime of that house every single year there will be a financial return in terms either of rental or of the repayment of the mortgage. What we are talking about is an investment now with a guaranteed return on that investment over a period of time. Every single dollar put into it comes back with interest. Every single dollar put into it creates jobs now and jobs in the future. Every single dollar put into it, as opposed to many other places where dollars might be put, creates not only the jobs we must have now in order to make the economy work again, but also an accommodation which will last not just for the family which moves into it when it is new but for a succession of other families which will ultimately live in that accommodation over many, many years.

• (2030)

I think we are being very shortsighted. I think it was last year we gave—and I am not suggesting the figures are particularly significant—to one company which wanted to locate in an area in eastern Canada something in the order of $60 million to locate there. It was going to locate there anyway, and we got nothing in return for the $60 million, but somehow or other, because that would create a couple hundred jobs—not even permanent jobs—we could find $60 million to give. In the case of the auto industry, together with the Ontario government we gave to Ford of Canada many millions of dollars, but did not get any jobs in return.

Mr. Pepin: We have not given them anything yet.

Mr. Deans: We gave a guarantee. We might as well have spent the money.

Mr. Pepin: You said we gave it to them.

Mr. Deans: The minister quite rightly points out that no money has changed hands, but we are committed to making a payment. We are committed already.

Mr. Pepin: I was just toning down the emphasis.

Mr. Deans: That is fine. I never mind an interjection as sensible as that. I think it was worthy of the minister to interject that because it allows me to point out the fallacy in the government's position. The government seems to feel that unless it is actually handing over a cheque, there is no commitment from the public treasury. Has the minister ever co-signed for a loan? No money changes hands, but if the other fellow does not pay, you have to come up with the bucks. The co-signer must have the capacity to produce that amount of capital at a given moment in time, and that is the same situation into which the federal and provincial governments have put themselves with regard to loan guarantees.

What I am really pointing out is that we seem to be able, for reasons I have never quite understood, to find ways to give money away without any guaranteed return, but here we have an opportunity to invest both for today's needs and for future needs, and we cannot find the money to do it.

Mr. Cosgrove: We have $350 million for 70,000 jobs, but you will not let us spend it.

Mr. Deans: I would be happy to let the minister spend $350 million. In fact, I made an offer to the minister the other day, and I know he can hardly wait to act on it. If he will guarantee that we will build the 70,000 housing units that make up the difference between the 140,000 to 150,000 which most experts agree will be built in this current year and the 220,000 that most people agree constitutes the need in Canada, and if the government will guarantee to undertake to begin the process of building those 70,000 additional housing units, at 8.36 the bill will pass and the minister will be able to spend the money.

Mr. Cosgrove: Would you half pass it for 30,000 units?

Mr. Deans: No, I will not half pass the bill for 30,000 units.

Mr. Cosgrove: So it is nothing or 70,000?

Mr. Deans: No, it is not nothing or 70,000. The minister must surely know that there can be no more compelling argument made than an argument for meeting an immediate and long-term need with regard to accommodation and meeting an immediate and long-term need with regard to job creation. There can be no more compelling argument than an argument for putting to work the raw materials which are in Canada for Canadian use and for mobilizing the financial resources of a very privileged financial sector in Canada for the use of Canadians over a long period of time. There can be no more compelling argument than an argument for living up to one of the few commitments the government surely must make if it is to be a government worth the name, and that commitment is to guarantee that, in addition to providing people with the opportunity to eat reasonably well, they be provided the opportunity to be sheltered in the same way.

Mr. Cosgrove: Perhaps the carpenters' union would appreciate 30,000 jobs.

Mr. Deans: Perhaps the carpenters' union would appreciate 30,000, although I am sure the minister knows—and then again perhaps he does not, and it is strange, but I suspect he probably does not because he lives in a somewhat cloistered world—that very few of the people who build houses are unionized. Most of the people who build houses are not unionized, so I am not arguing on behalf of a particular interest; I am arguing on behalf of people. Carpenters' unions, generally speaking, are not involved in the building of private accommodation.

Mr. Cosgrove: We are talking about rental accommodation.

Mr. Deans: That is fine. I am talking about rental accommodation too, and they are not even in that. It is a sad situation when the minister does not know that, but I will accept it as simply an oversight on his part.

Of all the things we have the ability to do in this country and of all the undertakings we have the ability to undertake, without any outside help at all, I suspect, we could, if we had to, feed ourselves, house ourselves and, if we wanted to, meet our energy requirements. Those are the things we have the ability to do in this country, and we have the ability to do them because this country is inherently rich in all of the necessities to provide for those three things.

There are many other things we can do, and I admit that. There are many other services we can provide. We can provide a better level of health care. We can provide a better level of education. We can do all those things, but in terms of the fundamental needs of people, we can heat them in the winter, we can house them year round and we can feed them year round, because in this country there is everything needed to do those things. A government which cannot mobilize those resources in such a way as to guarantee that the public of the country can have access to all three within their ability to pay does not deserve the name of a government. That is what I find so distressing about the attitude this government takes. That is what I find so upsetting about the attitude this government takes.

When I started out I told the story of how things have deteriorated from 1963 to 1982. I explained—I think in the most lucid terms—what has occurred in the country during that period. It is not that wages have not risen by a reasonable amount, because I think by any standard wages have risen—at least in the occupation I was speaking about—by far more than any single individual living and working in 1963 would have anticipated. However, the price of accommodation and the financial burden of carrying it have risen far beyond what anyone, no matter who, could ever have anticipated. They have risen far beyond what anyone in the country can afford, far beyond what anyone in the country should be asked to tolerate and far beyond what anyone in the House of Commons could ever explain to the electorate which sent him or her here.

My attitude in this matter is simple, and I will put it to the minister quite frankly. The bill he has put before us is another step along the way to a further deterioration of the housing situation in the country. It is another stopgap measure, another attempt to fill a hole with a small peg. It may stem the tide a little, it may keep the water back for a moment or two, but the problem is the government's fundamental attitude toward accommodation—its unwillingness to commit itself to accommodation for people at a price they can afford. There can only be one answer to that, Mr. Speaker, and it cannot possibly be that the banks reduce their interest rates from 19.5 per cent to 17.5 per cent over five years if they feel they will make enough money at that level. Dammit, man, no one should be asked to pay the price people are being asked to pay today by the financial institutions of this country!

• (2040)

At some point in the near future—and you can see it happening now; you do not have to be a mathematical genius either—the only people able to buy homes will be the very, very wealthy. As far as the rest of the population is concerned, it will mean doubling up, tripling up, quadrupling up—it will mean living in basements and attics. Those conditions existed years ago but were eliminated as a result of the systematic efforts of a large cross-section of the population. We built a better and more suitable society of communities where people could live with a sense that they were going to grow together, provide for their families, and have the amenities of social services, educational facilities and health care facilities. We built a society where people would be able to work and live together and acquire for themselves—for their old age, if you like—the security that they would not be required to earn at the level of their working years forever.

I say to any hon. member who cares to listen that it is very frightening to think that today a young person can buy a home, enter into an agreement and then, at the time of resigning the mortgage, find—as was the case with the Royal Bank—that the lender has brought in a scheme to reduce his payments to the point where, at the end of the year he owes more than he did at the beginning of the year. Yet the Minister of Finance had the gall to rise in his place and commend the bank for finding a way to put people even further into debt.

What possible hope is there for that young family, with the parents at age 26, 27 or 28, which decides to buy a home? When they reach about 70 years of age and no longer can find jobs, they will still owe half as much as they did when they first bought the home 40 years ago. How will they ever be able to set money aside for the time when they can no longer work? How will they ever be able to set aside the capital that will allow them to make the payments on the mortgage which are rising at the whim of the people in the financial institutions in Toronto, Montreal, Vancouver and other parts of the country? The more you think about it the more depressing it becomes, Mr. Speaker—the more agonizing it is and the more difficult it is to understand.

I say to the minister, and through you to the government, Mr. Speaker, that if there is one area in which they have a prime responsibility to act, this must surely be it. Can the minister not find it in his heart to understand that accommodation for people is not something to be played around with or left to the whim of a few investors and their advisers—that it is not something that can be left to chance? In a modern, sensitive, sophisticated society it is not only possible but necessary that government set the guidelines to guarantee that people will be able to find accommodation and pay for it in their working lifetime.

Mr. Benjamin: And not just to make a buck.

Mr. Deans: And not, as my colleague says, just to make a buck.

Investment in a home is the biggest investment a person ever makes. It takes more of an individual's income than any other single item. It becomes the cornerstone of his life. He buys it because he believes it gives him stability. The government has systematically eroded that belief, however. Over the past three or four years the government has allowed what was once a legitimate aspiration, attainable after a reasonable amount of hard work, to become nothing more than a dream, and in some cases a nightmare!

I want to suggest to the minister that of all the responsibilities he could have been given, this is the single most important responsibility in government today. The minister has an opportunity to rise above the stupidity of petty politics and show that he is capable of giving leadership. He can provide the people of Canada with some hope for the future; he can assume responsibility that neither he nor any predecessor has shown any willingness or ability to assume. He can state clearly that it is a principle of the government—which I think is supported by everyone in the House—that during the next 12 months we will find a way to return to the people of Canada the opportunity to acquire a home that they can afford and pay for during their lives.

Some hon. Members: Hear, hear!

Hon. Ron Huntington (Capilano): Mr. Speaker, I am rather pleased to follow the hon. member for Hamilton Mountain (Mr. Deans) whose oratory and humane views deserve great attention.

A dilemma faces the Canadian people, particularly new family units and people coming out of school, who are looking for work and dreaming of raising a family in the comfortable environs of a private home. All this is at stake in this debate.

I was fascinated by the hon. member's remarks. This past year I have spent many hours wondering why the way I want to see the problem solved is so different from the way members of the New Democratic Party want to solve it.

The more we go to a structure in our state; the more we remove the incentives and initiatives that are magic for making people work and dream and take risks, the more we become stuck in the swamps of inactivity and bureaucratic disinitiative. I think these are the things we are concerned with when we debate Bill C-89.

In his early remarks the hon. member for Hamilton Mountain spoke of his and his wife's early struggles to create a home for their three young children. I think most of us have a similar story to tell. Mine is rather different and it predates his by some years. I came out of the war married, with a child, and pretty soon there was another one. In those days things were hard. One had to finish an education to enable one to earn some level of income beyond that allowed by the Department of Veterans Affairs. In those days the government had some very desirable programs of which we seem to have lost sight. There was the Veterans' Land Act for returning veterans who were trying to resettle in private homes. In addition, the central mortgage and housing corporation was a Crown corporation of which every person could be proud.

• (2050)

Today, after a decade of total, arrogant mismanagement of the corporation and of the resources of Canadians, we are dealing with an absolute national disaster. The incentive has been removed from the system. Any desire or initiative to save or create for oneself has been removed from the system. Any fiscal policy which would allow a person to be self-reliant and proud of his own creation or of the fact that he acquired and built, in one way or another, a home on a piece of property, was able to afford it and to provide his spouse, family and himself with security and self-respect, is gone because of the fiscal policies the Liberal government has delivered to Canadians. Professor Flores of England made a statement which I think applies to the debate on this housing bill. After years of socialist and labour governments in Britain, he said that the private sector could be defined as the part of the economy which the government controls, and that the public sector is the part which nobody controls. This is the dilemma which Canada is in today. They mushroom our Crown corporations, take away tax points from the private sector and force everyone to come cap in hand to rows and rows of desks with bureaucrats sitting at them, to ask for permission to do this and to ask for a grant to do it.

Mr. Benjamin: And bank managers.

Mr. Huntington: If bank managers and the system were left alone, with the correct fiscal policies they can serve and deliver a degree of self-reliance which no government bureaucrat or government minister can deliver to anybody in any country anywhere at any time. The incentive system is the magic which makes people work. Hon. members shake their heads and shout "dinosaur". They just have to look at the history of Britain during the post-war years to see its dilemma. Its state-owned industries are collapsing. Most of them cannot even cover through revenues their wage costs. They have forgotten that the welfare state which they build and demand to have must come from the creation of wealth. We cannot sustain the very enviable social programs of this country very much longer unless we direct our efforts and our minds back to the creation of wealth so that we do not lose what we have. The pension system is not funded properly. It is at risk. Just about everything we have is at risk. We have a government which spends so much in non-wealth creating activities and in social programs that it has to borrow to pay interest on the loans it borrowed last year. It is like a cancer which grows and grows and destroys the spirit of the nation.

As the hon. member for Hamilton Mountain said, Bill C-89 is a stopgap measure. It does not resolve existing housing problems in Canada. It does not get to the heart of the problem. Canada needs some 220,000 new housing units each year, and we are discussing a bill which will give $7,500, interest free, for 15,000 units across the country. This will not even resolve the existing housing shortage problem in the city of Vancouver from which I come. In 1980, only 159,000 units were built under the government's policies. In 1981, only 178,000 units were built. The latest Conference Board forecast

of November 1981 predicted that only 180,000 units will be built in 1982, and now it looks as though that goal will not be attained. The shortage is 143,000 units over a three-year period, and we are discussing a bill which talks about $7,500, interest free, per unit for 15,000 units in a nation which, as the previous speaker to me said, has close to zero vacancy rate across the land. Vacancy rates in most markets will approach zero by 1983 under the government's policies. This can only lead to a black market and to human tragedy and suffering on a scale which I never thought I would live to see.

Turning to the area of mortgage rates, I can remember back in the Thirtieth Parliament when the borrower's and depositor's bill was brought in. At that time the government tried to move term lending into medium-term lending. I remember the bill was withdrawn because we warned the government at that time that it was not matching things, that things had to have a match and a balance to sustain the system. We have seen a situation develop where the entire Canadian housing industry, the whole right to private property, was predicated on 25-year term money. This is what built it and gave everyone the right and the ability to afford homes. In the last five years that has been absolutely destroyed by the policies the government has allowed to creep into the system. Now the situation is such that employees, young people and middle-aged people across the land find themselves with a need to renew their mortgages every five years. Many of them are on a one-year basis, and some are on a three-year basis. The tragedy, worry and concern out there indeed are serious. I have had people come to me in our family business who are facing mortgage renewals and something like an additional $280 to $440 per month requirement from their income. Indeed this is serious. It is something that not even the business which provides their basic income can cover and handle. Yet there are innovative ways in which this dilemma could be resolved for the benefit of Canadians.

I should like to make a few remarks on interest rates. We are trapped in an inflationary condition, much of which is our own doing. Much of it also comes from elements offshore or cost-pushed elements offshore from Canada, but no one can tell me that the monetarist policies of the United States, as struck by the U.S. Federal reserve, to handle the interest rate, monetary and demand call problems of the United States, are the policies which we should be following in Canada; no way. The United States, through the Marshall plan following World War II, made a tremendous investment in Eurodollars into the reconstruction of Europe and of Japan. That foresightedness, which was predicted by John Maynard Keynes after World War I and was adopted in the Marshall plan after World War II, probably prevented another world clash as a result of the lack of ability to distribute equitably among the nations the raw materials and resources of the world. The monetarist policies of the United States, with its high interest rates, were designed for a United States need, not a Canadian need, yet the Bank of Canada and the Liberal federal government parrot that need, not understanding what is our problem in Canada.

Mr. Benjamin: But Wilson agrees with it.

Mr. Huntington: I hear from another economist in the NDP ranks who has all the answers. Perhaps the hon. member would be good enough to allow me to follow through with my thoughts because we might be able to make a breakthrough some day and resolve our Canadian dilemma without having to get into a lot of cheap shots and politics. The issue should be beyond any political barrier, it is that serious.

• (2100)

In Canada we do not have the call of the Eurodollar on our treasury. What we do have is mobility of money through our foreign exchange reserve account. Canadian government policies have been aggravating that mobility, maybe knowingly or unknowingly. Canada has been going through an unbelievable concentration of ownership. Since February, 1980, we have been moving into a high degree of nationalization because of an insane desire to own everything in this country. This nationalization is being done at the expense of creating meaningful jobs within the Canadian system. That is the tragedy and the delivery which the government is giving the people of Canada. That is the tragedy which all young people coming into the work force are facing in this hour. Nowhere do we find the megaprojects started. Nowhere do we find the modernization of the transportation system being started. Nowhere do we find a "starting-to-move" with any degree of realism on that marvellous heritage that was ours by luck, by birth and by geography. Here we are, all snarled up by inflation and an interest rate that is just strangling the country. I am searching and trying to create some awareness of what our dilemma and problem is.

I personally believe that we can have low interest rates in Canada if we were to cool the call or liquidity on our foreign exchange reserves. We have high interest rates because we think we are competing with interest rates in the U.S. European markets. If that follows, why is it that interest rates in Switzerland are so much lower than in any other country in the world? The reason is Switzerland controls the movement of money in and out of its country.

Over the last year, the nationalization programs of Petro-Canada buying Petrofina for $1.2 billion, Canadian Pacific Investments buying International Paper for over $1 billion, and of buying this in Europe and buying Husky Oil in the United States, all of this corporate concentration and desire to have the ownership in the hands of the state has placed a demand of about $20 billion and a call on our foreign exchange reserves account.

In Canada today we could have interest rates at or below the inflation rate with no liquidity in international movement if we addressed the problem of our international reserves. It would take something like $60 billion to do so, but if we had $60 billion added to our foreign reserve account, we could control our own destiny in Canada. From where are we going to get $60 billion? I think hon. members across the way have a right to frown. But all we have to do is to is to take the heat and the

liquidity off the day to day demand call on our international reserve account. As I pointed out, we have created a $20 billion charge and deficit in that account through the nationalization program and the degree of corporate concentration that has taken place in Canada. Perhaps we could do something new, for instance, such as adopting a Canadian-made policy. We could say, "Look, we will take the demand off that call on our international reserve account by returning to a tax deduction." In the last year, somehow or other we have got away from the 15 per cent holdback. Suppose we removed the demand call on our international reserve account by increasing the tax holdback to, say, 30 per cent on anything under a 60-month call. We would immediately have all that demand paper move to a 60-month call or term.

I hear people say I am dreaming, but the idea comes from debates and arguments with people in the banking industry who have had experience in international banking and know how the Swiss system works. I have also been made aware of what happened in the United States. In order to take the demand off the U.S. system by all the Eurodollars, which were placing a demand and call on the U.S. treasury, the Americans went to Europe with a Roosa bond. They converted the demand call on a good percentage of the Eurodollars. They converted enough into term and futures so that the reserve board was relieved of this day to day pressure.

I have listened to formal economists. I have read books until I am almost blind and need another pair of glasses. I have been privileged to have been in Oxford, England, attending a conference dealing with the implications of low growth for the western world. I have listened to the debates and I have read debates between formal economists. Believe me, Mr. Speaker, they do not have the answers. They are a debating society. They are trying to score points one against the other. We, the politicians, are relying on them to come up with something. We in the political process seem to be waiting for a 1980 or a 1990 John Maynard Keynes who is just not there. Therefore, we will have to open up our minds and take ourselves out of the doctrinaire debate in which the western world is engaging, and start to act on our own to control the Canadian destiny.

I would suggest to the government that it is time it started to look at cooling the immediacy of the call on our foreign exchange reserves. It is time those who borrow heavily abroad were told to convert their call on the Canadian people to 60-month term in order to give us a breathing spell so as to lower interest rates, make the housing in Canada affordable again to the majority of its people, and get our industry working. Coupled with that, it is absolutely essential that somehow or other the people of Canada put enough pressure on the Liberal government to move away from its desire and ability to deliver everything from insulation in your home, to $7,500 interest free on a rental housing unit, to a grant to industry, the corporate bums who feed from this public trough, from this structure, and have control over the lives of people in our society. Let them cease to suffocate the magic that innovates, creates and allows people to win occasionally with a risk, this risk that creates the jobs and wealth and the ability to compete with other nations.

Until the government moves back to a fiscal policy that delivers rewards and incentives, until it stops spending all its research and development dollars inhouse with universities and the National Research Council, and until the government starts to loosen up and deliver some of that money into the private sector with enough of a tax incentive on incremental increases in research spending, this country will slowly retire, just like the ocean going out at a very low tide. My goodness, the things we were blessed with as we came back from World War II and built this country, the right to a home, to rear and to educate a family, a job if you wanted to work. However, slowly but surely self-reliance was removed from the individual, and government became more and more important in the minds of people who were no longer prepared to work that extra hour, walk that extra mile in order to acquire and protect their right to property. What a tragedy, Mr. Speaker. That is the heart of the housing dilemma in Canada today. The self-reliance of the Canadian people has been taken away by more and more cradle-to-grave care, and people do not discipline themselves to deliver that extra hour or shift of work in order to acquire things.

• (2110)

Another thing which has happened to Canada in this last decade and a half of Liberal rule is that it has lost its desire for excellence. At one time we had a high standard; our engineering was the best in the world. It might still be today. However, we could start from scratch and build ships, build an army and a navy. We could play our part in the world with our heads high and be proud of Canada. The feeling in our hearts, our minds, our spirit and our outlook was just go, go. Canada, over the last 12 years, has slowly but surely and methodically lost its standard of and desire for excellence. We have moved from a standard of living which was the envy of the world, Mr. Speaker. We used to be number three; we are now 13 and sliding fast. You can feel it every day. We changed a simple and basic taxation system, Mr. Speaker, into a complicated monster which threatens us with arbitrary interference in our lives by civil servants and bureaucrats. We have government interference, we have confusion. We have had the decision-making base removed from us in a budget, which was an absolute disaster for the country and the creative elements within it. It has all but removed any chance we had of swinging back and creating jobs. That was it; November 12 did it.

I guess the biggest mistake was when we let them start talking about tax points as being in the possession of the bureaucrat, Mr. Speaker, because now those tax points are theirs. They do not think they should be delivered out so that you and I and others working in widely diverse activities under the rule of law should have the right to take a chance and use that tax point to build wealth, create jobs and do something useful. They think that they, with their desks and their books, have a more divine right to that than I have, and as long as that attitude prevails, I say to you, Mr. Speaker, that this country is at risk because it will deliver us into social unrest.

Along with the regional tensions they have allowed to develop over the last decade and a half, the country is increasingly at risk because of our inability to manage one of the most blessed nations and peoples God ever gave this earth. We have thrown away one magnificient opportunity after another to become energy self-sufficient by 1990. All of this, Mr. Speaker, relates to the attitude and type of legislation we are debating in Bill C-89, which again gives more and more power to some faceless bureaucrat to say, "Yes, you may have $7,500 to build a rental unit here". Let them build one there, instead of just putting out something in law and policy which says to the entrepreneurs and the business sector of the country: "Go, make a buck". Let them provide housing for people within their means.

One day it is MURBs, and in the next budget, no MURBs. We have removed all the elements of fiscal policy which at one time encouraged a wide decision-making base in Canada, and now this November 12 budget attacks property and privacy. Was it any accident, Mr. Speaker, that the constitutional debate saw the right to property removed from the new Constitution we are about to receive. Why? Just look at what has happened since February, 1980. The National Energy Program has backed in with confiscation of rights and property. Not only that, we had the constitutional package, and now we have the November 12 budget along with the legislation in Bill C-89. All of this shows a pattern of interference with and suffocation of a free marketplace. When people lose that freedom of the marketplace, Mr. Speaker, freedom itself is at risk.

As I come to the end of my time, Mr. Speaker, let me return to this statement, "The private sector can be defined as the part of the economy that the government controls: the public sector is the part that nobody controls." At one time some years ago when CMHC was a corporation of which we were all proud and which was providing a wonderful mortgage service in the marketplace in a highly professional and skilled manner, it also went into the business of insuring mortgage risks. Over the years, Mr. Speaker, I think that program built up something like a $600 million reserve fund. Then along came this Liberal government with the AHOP program which, we all remember, was just a total disaster. It was the bureaucrat at his worst. That program, along with others, just totally wiped out the insurance fund which CMHC had built up over many years. At a recent committee meeting on May 19, 1981, I asked the deputy minister responsible for CMHC about the condition of that fund. He reported that it had projected future losses of $400 million due to the AHOP program. Well, in addition to wiping out that fund, CMHC had to go to the government to borrow another $231 million to cover their cash obligations under that insurance fund. That is the kind of thing which is happening to all of the assets under the control of our Crown corporations and this Liberal government. To me that is inexcusable and a scandal of some magnitude.

Let us look, Mr. Speaker, at one other recent program which this department is responsible for, the UFFI program. It is utterly amazing how that came about because scientists in the employ of this government at the NRC warned against the use of urea formaldehyde foam insulation. Here is what happens as a result of this incestuous ability to lobby the policy-making centres through our Crown corporations. I repeat: Incestuous, disgustingly incestuous. A company called Rapco Foam Incorporated was purchased. It was not successful at the urethane formaldehyde foam business. Therefore, it was purchased in 1976 by Innocan Investments, which was 37 per cent owned by Canada Development Corporation. As soon as it had control over this foam process, it claimed that the shrinkage problem had been solved and that the problem was over. In September of 1977, UFFI was approved by Canada Mortgage and Housing Corporation for use in its CHIP program. This was over the objections of the National Research Council, and of Dr. Richard Viau, acting head of the chemical and fire safety program of Consumer and Corporate Affairs, who, in an interview, warned:

• (2120)

> People should think quite carefully before installing this product in their homes . . . Formaldehyde is a very irritating chemical and exposure can lead to headaches, allergies and a whole gamut of other problems.

Canada Mortgage and Housing, before it launched its CHIP program, was fully aware of the objections of the scientific community, inhouse, in government, and were fully aware of the recommendations of Dr. Viau in Consumer and Corporate Affairs. Yet the power of lobby through Crown corporations to the policy sector of CMHC overruled any common sense, and away went urea formaldehyde foam insulation to the benefit of Innocan and its shareholders, because its sales went up about 12 times a month.

That is the type of thing that is going on, and that is the type of thing that is in this warning. No one controls the public sector and, in Canada, it is totally out of control. That is why I stand here tonight with a rather poorly prepared presentation which, nevertheless, contains some original thought—

An hon. Member: Occasionally.

Mr. Huntington: —and put up with some smart remarks from a minister who obviously does not know what he is doing.

Mr. Cosgrove: What did you do with UFFI when you were in government?

Mr. Huntington: I have no apologies to make, Mr. Minister, for what I did in the short period I was in government, because I served the constituency I was appointed to serve very well. I have no apologies for what I did. Had some of the programs and plans which were in place been given just a chance to live, you guys would be over here for the next 30 years.

We are dealing with the heart of the young people and the emerging family units in Canada when we deal with legislation like this. They do not have a chance. This kind of legislation, with the policies that we have had for the last two years of this government, will deliver us into an egalitarian state, and will remove the most precious commodity we inherited, that is our freedom, as it removes freedom from the marketplace and

delivers more and more control and arbitrary decisions to friendly people of the Liberal government and bureaucrats who interfere with our lives.

I would urge the government to pay attention to some of the suggestions that I have made tonight concerning interest rates, for somewhere there must be a solution crossing political boundaries that will deliver this country out of the nightmare it is facing. Productivity will resolve inflation, as the Minister of Finance (Mr. MacEachen) has told us so many times. However, there has been no legislation in the last two budgets of this government which would give us the magic factor of creating the wealth and turning loose the energy which is lying dormant out there in Canada.

I say to hon. members opposite: Please, for goodness sake, back off from the approach you are taking before you remove completely any chance for this country to regain pride in itself, and give people the right to own their own homes and to rear their families there. Maybe that is at the heart of this kind of legislation. Maybe the government just does not want families to have roots.

Some hon. Members: Hear, hear!

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, it is rare, indeed, that the House of Commons has the privilege of hearing two speeches, the likes of which we have just heard, one from the hon. member for Hamilton Mountain (Mr. Deans) and the other from the hon. member for Capilano (Mr. Huntington). These men were putting forward, in different ways, a common denominator that is true, I hope, for much of the world. I will be coming back to that common denominator almost immediately, but first I wanted to make a comment concerning this bill which would amend a long-standing piece of legislation, namely, the National Housing Act. I think it is the judgment of the House on all sides that this bill is inadequate to meet the needs to which we are all referring.

Mr. Cosgrove: Not on this side!

Mr. Hamilton (Qu'Appelle-Moose Mountain): I deplore the interjection of the minister, because I was hoping he would accept the remarks I will make from an all-party, all-Canadian point of view. We have heard the hon. member for Hamilton Mountain speaking from a humanitarian point of view. He stated the case of almost 100 per cent of the Canadian people who instinctively, as well as from reason and logic, want to own their own homes. Then we heard the remarks of the hon. member for Capilano. Until the last few sentences, he was searching through all the cloud of doubt we have had in this country over the last ten or 15 years as to why we were going the way we were, and he was trying to come up with a carefully thought out type of direction. I will try to keep my remarks in the same mood.

It is my honest conviction that all parties in the House, regardless of any partisanship that may exist, accepted long ago that the right to own a home and raise a family in that home, along with all of the rights of that family, is now a mandatory right. I do not think there is a Liberal in this country who does not agree with that statement. I am sure that every Canadian agrees. If we can work from that premise, I would think that we should carefully consider the two speeches delivered tonight, and even my remarks, because this right to own property, to own one's own home, is a right which has been slowly accepted in the western world, a right which I am sure has been accepted in Canada and all of northern America for many years.

What we should be doing with this National Housing Act, is perfecting that right and making it work. We may quarrel over the way we approach it, but we should not quarrel on the fundamental purpose. At this stage of our development in the world, not only should a human being have the right to have food, but he should also have the right to have shelter of some reasonable variety, as the hon. member for Hamilton Mountain stated. If we can accept that principle, I think that the slightly partisan remarks which I will make can be taken in reasonably good grace.

It is my judgment, even though the minister has refused my judgment, that this minister really came into the House with a desire to help concerning the housing field. I have said this in the House before. However, when that terrible budget of November 12 came in, to use an expression which is now popular on national TV, at least in the United States, the minister was "hosed". There are other words I could use to describe what happened. The hon. member for Capilano stated it very clearly. A few people are going to get a little relief of a temporary nature from this bill. That relief takes the form of extending the period of their debt. Instead of being in debt for 20 years, they are now going to be in debt indefinitely. That is all it is. Without going into the details, that can be accepted.

• (2130)

The minister told us before the budget came out, "Just wait for the budget". The minister took some pains to see that the news about the housing policy in the budget was in the hands of the people the next day after the budgt was announced. He got into serious trouble with the customs of the House when his staff finally confessed to him they had done something that really was a little irregular.

Basically, this bill is inadequate in meeting this problem of providing shelter as a right. The fact is, and everyone admits it, that the government just does not have the money to provide all the things the hon. member for Hamilton Mountain and the hon. member for Capilano suggest we should do. This bill is based on the precedent that much of the starting place of backing up these loans, which is the insurance principle, and even direct loans, is that the government is the source of the revenue to get these programs started.

I simply say that with the government, having gone out last fall and borrowed nearly $13 billion at 19½ per cent, cannot be blamed for not wanting to turn billions of that over to the housing industry, a billion to the farm industry, a bunch more to export industries and another couple of billion to the small businessmen of this country to go out and produce the wealth

the hon. member for Capilano talked about. With the philosophy of this bill, the government cannot provide the money which starts the machine going.

Just to make certain that everyone in the country understands what I mean when I say that the minister got hosed, I am going to read to him, not from the bill before the House, Bill C-89, the National Housing Act, but rather I will read two sections in the previous bill, Bill C-88. I am going to read the first section rapidly because it is pretty well known and not relevant to the point I am making. Under Amendment 12 at page four of the bill, the Farm Credit Act, it reads:

At the request of the corporation the Minister of Finance may, with the approval of the governor in council, pay to the corporation, out of the Consolidated Revenue Fund, amounts not exceeding in the aggregate two hundred and twenty-five million dollars—

I will stop there. That is the capital structure of the Farm Credit Corporation. What is not mentioned is that once you give the extra $75 million, from $150 million up to $225 million, as capital into the Farm Credit Corporation, that corporation can turn around and lend to farmers 25 times the amount of capital it has. Therefore, the extra $75 million that is allowed under Bill C-88 in theory allows the Farm Credit Corporation to lend about $3.5 billion more to agriculture.

As I say, that is in theory. The fact is that the Farm Credit Corporation under the old terms of the act would have to get the money from the government. Since the government does not have it or cannot afford too much of that 19½ per cent money it borrowed, not much is going to go to the Farm Credit Corporation and, therefore, not very much to the farmers. That is the bad news.

I want the minister to listen to the next clause. It is almost revolutionary in Parliament. I quote Clause 13(1):

The corporation may, with the approval of the Minister of Finance, borrow money by any means, including issuing and selling bonds, debentures, notes and other evidences of indebtedness of the corporation.

Imagine the minister bringing into the House, not just the old bill which goes back to 1958, but bringing amendments that take him out of the dependence of government money or getting money from the Consolidated Revenue Fund. Parliament passed second reading of that bill and it is now before a committee. This minister can go out and, if the government cannot or will not give him money, he can raise unlimited amounts by any means.

I am suggesting that something we should do when the House goes into committee on this bill is to insist that the minister, if he is defending the housing industry, the people who want houses, homes and shelter, either ownership or rental, should ask for equal treatment from Parliament and give to the millions of people who live in the villages, towns and cities in every part of Canada equal rights to the farmer in getting access to all this money that is available in Canada.

When a clause reads "by any means" you can become almost independent from the Consolidated Revenue Fund. True, you have to get the consent of the Minister of Finance (Mr. MacEachen), but no minister of finance, even one from Cape Breton, would turn down a minister who could get $100 million from sources other than the Consolidated Revenue Fund at no cost to the treasury. He could not get that type of stand accepted by any normal cabinet. You need to have a monster policing the cabinet to discriminate between one section of Canadians and another.

Since the Minister of Agriculture (Mr. Whelan) has this, with the support of every member on both sides of the House, the Minister of Public Works (Mr. Cosgrove) owes it to himself, his party, and the people of Canada to get an equal right in this legislation. It will not work as simply under the National Housing Act because it does not have, as far as I know, a clause that allows it to lend more than it has.

Let me follow this up. Suppose the minister got into the housing bill, Bill C-89, in the committee reading stage, the same clause as exists in Bill C-88, and suppose he or the corporation could use the principle of the small business development bond. It was introduced originally in the Crosbie budget and has been restored year by year under the present Minister of Finance. There are many precedents for it, but if this principle was used, people who have money to invest could be encouraged perhaps to lend money to this corporation at 8 per cent. They could turn around and lend it at 9 per cent, which would give them 1 per cent to pay their costs.

• (2140)

I doubt if there is a member on the government side who does not support this amendment which we put through for farmers. Why should this same justice and equity not be given to people who should not only have the right to own their farm but to own or rent their own home? It is my suggestion that the minister, by simply amending each of those sections so people can get their money, could get out of the great dilemma, which the Minister of Finance is in, of only having money that he borrowed at 19½ per cent to spread out. He cannot distribute too much because he does not have it.

The minister can get him off the hook by telling people that if they lend money at 8 per cent to one of these agencies listed in the bill or the Canada Mortgage and Housing Corporation itself, he is prepared to put that money out at 9 per cent.

The gimmick of the small business development bond dates back to the First World War. Its principle was that when you do something for your country and your fellow citizens, the government occasionally gives you the incentive of not having to pay tax, just as in 1917 when people lent money to the Canadian government to fight the war. They did not have to pay income tax on these bonds.

Similarly, as it is applied to small business and farmers under the Small Business Development Bond, institutions which lend money under the Small Business Development Bond, that is mostly banks, credit unions and trust companies, do not have to pay tax on the amount of money they receive, that 8 per cent from the Farm Credit Corporation or the small business which borrows this money. To balance the scale, the man who borrows money at 8 per cent or 9 per cent loses the right to claim that interest as a deduction. What the government will lose on one hand, it will get back on the other. The

government cannot claim that there is any change in the balance of ways and means.

This would make it reasonably and humanely possible for thousands of people to expand their farm and small business operations and, hopefully, through this bill, the right to own a home and purchase it at a reasonable rate of interest. This would dispel the allegation made again and again in the House that $45,000 a year is needed to be able to buy an average home. I believe that this proposal, with the precedent which has been set by the Minister of Agriculture when both opposition parties made a proposal almost a year ago, which the minister finally got in the bill, should be accepted by the minister of housing.

We offered the same proposal that we made to the minister of housing and to the export agency, to farmers. We see that the Minister of Agriculture introduced it, had it passed through cabinet and the House in second reading and, hopefully, it will survive the committee stage and, finally, third reading.

I believe, Mr. Speaker, that I have made a reasonable, objective and fair case for equity for people who live in homes to be treated as are those who have access to the Small Business Development Bond.

I know that the banks and credit unions are somewhat disturbed about the instability of this government and welsh on their responsibility under the Small Business Development Bond. However, they will certainly move into high speed action and real competition when the housing people lend money at 8 and 9 per cent, the Farm Credit Corporation lends money at 8 or 9 per cent and the export companies which lend at 8 or 9 per cent and are doing it for less in some cases, as we know.

The small businessman, exporter, farmer and those who want to live in their own homes, when given this incentive, will pay for their homes and put people to work. Taxes will be collected on it and the government will be better off. It will be able to achieve the objective of the Minister of Finance, not by reducing incentives or following an antique mythology such as the tax expenditure theory where a percentage of nothing is still nothing, but by an old-fashioned, simple way that achieves all our objectives.

I should also add that some of my colleagues hope to add amendments to the bill on the Farm Credit Corporation, not only using the principle of the Small Business Development Bond, but also to work out a plan under this "any means" wording to let people use capital gains for some relief as they used to have by putting it to worth-while social purposes. This relieves them of being taxed all in one year.

Those who want to retire and give a reasonable price to their sons to buy their businesses or farms can use this principle by putting their money into a useful social purpose and accepting half the interest rate because they will also be able to avoid the tremendous smashing which they were given by the November 12 budget when it took away the income averaging annuity, and so on.

In the time I have remaining I would like to try in a small way to match what the member for Capilano has been doing by discussing principles and philosophies. This bill, that is the national housing statute, has been in existence for approximately 50 years. Tremendously good work has been done with it but there have also been great mistakes. Not utilizing the land bank idea 50 years ago is one example. Other mistakes have been made, but it has been mostly a question of reorganization in such a complex way that nothing is accomplished. That has been the basic difficulty, as I see it.

The last speaker was much more brutal in his remarks. He put his finger directly on the difficulty of there being no clear line of responsibility. He called it the dictatorship of a few bureaucrats who have so often been organized and reorganized that there is no way an idea can evolve quickly. They have to spend 95 per cent of their time fighting for their territory within this complex organization. I will not give a political science talk. I am simply saying that I agree with the hon. member for Capilano. However, I believe we should go one step further, as he did, and that is to see what is happening behind the scenes. For the last 30 years it has become clear to those of us who had responsibility in government, as well as to people outside government, that something is dreadfully wrong in all our western governments.

I have said this before and I repeat it again, we have not had in Canada the opportunity to debate in the press, radio, television or in debates in the House, in any kind of forum, two fundamental subjects. One is the international monetary policy. We have shied away from that in the 30 years I have been aware of what happens here. We have very few debates on domestic monetary policy. We tried hard two years ago in the period of the Clark government when the rank and file of the party simply insisted that we accept the idea—which came from the Liberal side of the House, actually—for this matter to be put before the Standing Committee on Finance, Trade and Economic Affairs. All we asked of the Governor of the Bank of Canada and the then minister of finance was that they listen to us as laymen. We wanted to put forward questions to get at the facts. Second, as laymen we wanted the right to put forward practical and common sense ideas about how they could get around the difficulties facing them. Both those gentlemen, the Governor of the Bank of Canada and the then minister of finance, agreed to do that.

• (2150)

Our questions as laymen Members of Parliament brought from the Governor of the Bank of Canada the admission that the three reasons he had for a high interest rate policy were not achieving the results he had hoped for. He advanced three reasons, and I questioned him about them. I asked what evidence he had that his policies, which had been in effect since 1975, were working. In every case he said he did not have evidence that they were working. I think he knew I was sitting there with charts on my desk which showed they were not, but he said he could hope, and he prayed, his policies would be right.

That policy was the last gasp of the Keynesian consensus. We were asking questions and putting forward ideas, the like of which we have heard tonight from the hon. member for Capilano and me. We talked frankly about how we could get around the danger of the tremendous amount of floating money available in the world. It used to be $300 billion or $400 billion in Eurodollars; now it is $600 billion or $900 billion. We do not know how many Eurodollars and petrodollars. This money was described in the committee as the biggest crap game in the world, and little Canada, with a few billion dollars in the reserve account, just cannot cope with that type of crap game. These people are constantly searching to make a quick buck, and they hope to find some country out of line with the realities of its country's economics.

The floating dollar we fought so hard to get in 1960—we finally got it in 1961—was being endangered because the bank was coming in and playing with borrowed money to try to hold its account. There is no way enough money can be borrowed by one country to hold that amount of money in check. The hon. member for Capilano mentioned that we would have to have $60 billion to free us from this type of attack. I will not quarrel with that. I do not know how much we would need, but if we go back to that committee we would find that one of the suggestions was that we should make an alliance with all the countries in our commercial area of operation with which we share a certain amount of trust, such as Japan, the United States and Europe, and build up a big fund of $60 billion or $100 billion; we would all move to aid any country under attack by gambling and speculating groups, and then would be very reluctant to take on a $60 billion or $100 billion reserve which would move under one control.

Other ideas were put forward too. I think it would be a waste of time to repeat all those ideas which came out of that committee. I will just leave it this way: when that committee was in session for four months, interest rates did not move one iota. Terror must have existed among those people who dealt in financial theories going back 50 years to Keynes as they realized that there was an awakening and an intelligent type of criticism coming from common sense laymen—and that is how we can describe ourselves in the House. They did not want to face up to the public opinion we could command. We had the support of a man from Windsor who is now a minister in the government. We had the support of the New Democratic Party. One of our colleagues in the New Democratic Party has now gone on to higher things, to Ontario politics. And we certainly had the support of the Conservatives. Here was an all-party group freeing itself from partisanship and trying to get at the difficult question of domestic monetary policy.

I will not say anything more about that at this stage except to mention that when the government changed in 1980, we were refused the right in Parliament to carry out the idea—which had originally been proposed by a Liberal—that we have this committee offer its common sense to the Minister of Finance and to the Governor of the Bank of Canada. We Canadians have paid an awful price for not having that group of people asking simple and common sense questions, because interest rates have gone crazy this last year, and there has been tremendous suffering among every class of people.

My final point is that there has been a debate on international monetary matters in the world, and there has been a debate on domestic monetary and fiscal matters, but not in Canada. The place that is closest is the United States, and they now call this type of economics Reaganomics. It is not Reaganomics. The economics of that really belongs to a Canadian by the name of Robert Mundell, who tried for years to apply the common sense test of quantitative analysis to all the great truths Keynes put forward. Mundell was joined by a mathematician by the name of Arthur Laffer, and later on one of the editors of the *Wall Street Journal,* Jude Wanniski, picked it up and put it into language we could understand. More recently a man named Harold Gilder attempted it, and others have been trying. Why is there not this debate in Canada? Is it because the newspaper editors are frightened to touch something about which they know nothing? I do not know. They certainly touch upon many subjects about which they know nothing. Is it because the politicians are frightened to discuss it because it would show their ignorance? Once again I do not know, because there was quite a number of politicians in that committee putting forward ideas, and they did not seem to be too terrified.

Let us look at the act we are now amending as an opportunity to apply the common sense I talk about based upon some understanding, small though it may be, of the quantitative analysis of our international monetary situation and our domestic situation and see if we cannot, in isolated segments of the economy—farmers, home owners, small businessmen and the man who is trying to export—bring interest rates down to a more humane level without any cost to the government. If we did that, the situation would not be perfect, but at least it would show the people of Canada that there are some of us here—I hope all of us—who are a little tired of the low opinion people have of us. The people's opinion of the press, radio, television and politicians is just thumbs down, and the result is that we just turn ourselves over to demagogues who have nothing but destruction in their minds.

I hope the minister will take seriously the proposals I have made here tonight and amend this bill. I hope he will be equal to the Minister of Agriculture in cabinet. If he has any trouble, he can bring this matter back to the House, and we will certainly straighten it out for him. Every member of the Liberal party will back him. Every member on this side of the House will back him because it is not right that people should have to endure what they have to endure to get homes today.

Some hon. Members: Hear, hear!

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

FISHERIES—(A) CONDITION OF ATLANTIC FISHING INDUSTRY (B) REPORTED PROPOSAL TO REDUCE NUMBER OF EXPORTERS (C) PRE-BUDGET DISCUSSIONS

Hon. John A. Fraser (Vancouver South): Mr. Speaker, as my hon. colleagues will remember, on January 26, as reported at page 14319 of *Hansard*, I asked questions, first of the Minister of National Revenue (Mr. Rompkey) and then of the Minister of Fisheries and Oceans (Mr. LeBlanc) with respect to what was going to happen in the town of St. Anthony in Newfoundland in view of the closing of the plant which Fishery Products Limited said was unavoidable. It is common knowledge, Mr. Speaker, especially to members on the other side of the House from Newfoundland and Labrador, that the fishery industry is in very great difficulty, not just in Newfoundland but on the whole Atlantic coast.

When the news came that Fishery Products Limited would have to close the plant at St. Anthony, it was very bad news, indeed; not just to members of this House and people concerned about the situation in the Atlantic fishery, but, of course, to the people in St. Anthony.

In that small town the company employs 950 people at peak season and over the season buys from approximately 3,000 fishermen. The 950 people employed in the plant at peak season represent about one fifth of the population of the town. It goes without saying that all members of the House are and must be concerned about the situation.

When I put these questions in the House, first of all to the Minister of National Revenue in whose riding St. Anthony lies, he demurred that it was not a proper question to put to him. When I asked what he was going to do about it he said, and I quote:

> Madam Speaker, if you intend to allow that question I will simply say that I have represented St. Anthony for ten years and I do not intend to stand by and see the people of St. Anthony suffer in any way.

That is the retort of the minister to my question on January 26, 1982, about the future of the people of St. Anthony.

When I asked the Minister of Fisheries and Oceans if he was going to solve the problem with money and, if so, how much he was going to spend and what his plans were, he said:

> Madam Speaker, the hon. member's rhetoric should remind the House that he has discovered Newfoundland in the last month.

That is a comment that the hon. minister could only make once; it would not be accepted twice. I have to ask if the Minister of Fisheries and Oceans has discovered St. Anthony.

We are faced with a very serious situation. On January 30 the minister of fisheries for Newfoundland and Labrador was reported in the press as saying that the matter would be referred to Mr. Michael Kirby who is heading a task force to inquire into the difficulties on the Atlantic coast. Before that the Minister of National Revenue had said that some high level meetings would have to be held to see what could be done. How long can the people in St. Anthony—or any other place—wait for the government, which knew full well that the problems which now face the Atlantic fishery were on their way, to take action. As others have asked, well-intentioned though the terms of reference of Mr. Kirby's task force are, can he act in time?

Statements have been issued by officials of Fishery Products Limited to the effect that not only can the plant not continue for the winter months but it may not be able to open for the summer fishery. When I asked the question on January 26, I was not just indulging in political rhetoric, as the two ministers apparently believed. I asked a serious question; what will be done? I remind the House that the hon. Minister of Fisheries and Oceans went on to say, after he had gone through the motions of rebuking me for having the nerve to ask what would happen to the people of St. Anthony, and after he spelled out a few things which had been done by way of vague promises with respect to other problems in Newfoundland:

• (2205)

> The matter of St. Anthony is more recent. We are looking at this subject, and I might tell the hon. member that he really should go to Newfoundland again. He might learn something else.

I see a distinguished member of the House from the province of Newfoundland here tonight. I want to say that I am still asking my question, and that I would like someone on the government side to tell us just exactly what is going on. Does the Kirby task force have this problem? Is it seized with the obligation to bring about an answer? Has the hon. Minister of National Revenue come up with an answer? Has the hon. Minister of Fisheries and Oceans come up with an answer? If hon. members opposite tell us tonight that they have an answer, that these people will not be unemployed and that these fishermen will have a place to sell their fish, I will be the first to commend them. I think we are entitled to an answer, and we are entitled to an answer tonight.

Mr. Brian Tobin (Parliamentary Secretary to Minister of Fisheries and Oceans): Mr. Speaker, at the outset, and in reply to the questions of the hon. member for Vancouver South (Mr. Fraser), it is important that it be noted that the problems of St. Anthony did not evolve or develop in the last few months. I had an opportunity to speak to the president of the company. He informed me that we should take into account the cost of capital expenditure, which is the cost of improving or moving new technology into the plant over the past four or five years and add to it the net loss since 1977, giving us a total loss of nearly $10 million. This problem has not dropped out of nowhere, at the last second, as a result of any changes or lack of administration in the last few months, on the part of the Department of Fisheries. It involves a very fundamental investment decision and marketing approach by a company and the subsequent results. I say on behalf of the Minister of National Revenue (Mr. Rompkey) and on behalf of a local

member, Mr. Roberts, that these two gentlemen have been in consultation with the company, the union, the provincial government and the Department of Fisheries.

The hon. member opposite would no doubt agree, and I say this sincerely, that when a very large company with that kind of investment, with a web and network of processing plants around Newfoundland, announces out of the blue, without prior consultation with governments, or with anyone else, for that matter, that it plans to close down a fish plant, certainly we cannot be blamed. On the other hand, given the free enterprise system within which we live, the one that this party supports, we cannot expect, without consulting with all involved parties, to simply dictate a solution to the kind of drastic measure which was announced. All parties are very much involve in the process of consultation, with a view to doing everything possible, within reason. The key words are "responsibility" and "accountability" for taxpayers' dollars. We will ensure, within reason, that this plant and others in Newfoundland and elsewhere in Atlantic Canada are able to operate to full capacity in the year ahead.

Dr. Michael Kirby has been appointed to undertake a full review of the measures critical to ensuring the long-term viability of the fisheries. To this end he is consulting with all sectors of the industry; with the company, the union, fishermen, processors, traders and provincial governments. He will be presenting his recommendations some time in the early summer.

The hon. member across the way noted that the minister of fisheries for the province of Newfoundland asked that the question of St. Anthony be referred to the agenda of the task force. Notwithstanding the work of the task force, I assure the hon. member that the Government of Canada, through its Department of Fisheries and its minister, continues to be actively and intensively involved in the problems of the Atlantic fishery and that we seek solutions. We do not pretend for a second that these problems have not resulted in a poor market approach, or poor marketing generally. We have not been competitive. We have seen the example of companies undercutting each other in the market. The kinds of problems that have evolved from that kind of situation and others cannot be solved overnight. We recognize that this is very serious and we have a sober responsibility toward it. We intend to approach it from that point of view. We appreciate whatever advice and recommendations that come from members opposite. We only ask that the advice be given in good faith. If it is given in that way, I can assure the hon. member it will be received and considered in good faith.

• (2210)

AGRICULTURE—COST OF FUEL USED IN PRODUCTION OF FOOD

Mr. Gordon Taylor (Bow River): Mr. Speaker, why is the fedreal Liberal government considered anti-farmer and anti-agriculture? The glib answer of the minister the other day illustrates some of the reasons why this is so. Interest costs to farmers since 1956 have increased about fivefold, but farmers' income have increased by only 10 per cent. High interest rates, the cost of machinery, the cost of help, increased costs of transportation and the cost of fuel are among the factors that worry farmers.

The federal government must certainly take the responsibility for high interest rates. The interest rate for Farm Credit Corporation loans was raised to 16.75 per cent by the federal government—these are loans, not grants. The Alberta government has been much more agricultural-minded. The agriculture development corporation of Alberta lends money at 12 per cent to farmers, 15 per cent to agricultural processors and I believe 6 per cent to young beginning farmers.

Machinery costs are another factor. These machinery costs were partially offset by the capital cost allowance, but the recent budget of November 12 even sliced this to one half for the year of purchase. A combine is used in the fall of the year and cutting the capital cost allowance is simply putting another financial burden, another unexpected expense on farmers. It is not reasonable or sensible to cut the allowance by one half or only for the three or four months during harvest. This is another increased cost on the production of food which farmers will have to pay. Farmers cannot pass this on, they have to absorb it.

Farm help is almost impossible to get. The employment branch of the federal government insists that there is help available among Canada's unemployed, but try to find it. Some applicants last one day, some a week. Many do not know a combine from a binder, let alone know how to drive either one. Some people want to be paid to do one thing all day and quit when they are required to do the multiple chores that have to be done. But will the government let farmers bring young farmers from Denmark, Norway, Sweden or Germany, those men and women who proved their worth through the international exchange program? No, it will not. The employment branch people say there are Canadians who can do the job. But when you ask people at the employment branch where these people are, they shrug their shoulders. This is the situation in spite of the fact that labour costs on farms have increased by probably 100 per cent during the last five years.

What about the federal government's claim that it is improving transportation for the farmers? There are boxcars lined up at the coast waiting to be unloaded and there are no boats available. The barley producers are unable to get producer cars on the prairies. The prairie farmers are paying demurrage because ships are waiting in lineups. I believe some $18 million last year was taken out of the pockets of the prairie producers via demurrage charges.

What about the abandonment program of the Department of Transport? On the average there are rail lines being abandoned which carry a half a million bushels of grain a year. The CPR, with concurrence from the Canadian Transport Commission, is refusing to give enough time to properly clean out the elevators. Every line abandoned means increased costs of hauling grain by truck to elevators farther away. But the Government of Canada and the CTC pay no attention to the

increased costs to the farmers. However, both are very concerned about railway expenses and let the CPR off the hook with regard to gifts of land and resources given it when original contracts and agreements were made. The farmer pays.

The time allotted permits me to mention only one other area where the farmer, the producer of our food, gets the dirty end of the stick from this government. During the last federal election the Liberal Party promised farmers low prices for fuel used to produce food. During its two years in office, since the 1980 election, fuel prices have increased at least 67 per cent.

The Clark budget in 1979 provided a tax shelter in the form of a rebate to farmers on at least a portion of the gasoline taxes. The MacEachen budget makes no such provision and all the Minister of Agriculture (Mr. Whelan) can say is, "Canadians farmers do not pay as much for their fuel as do United States farmers". With this general statement he sweeps the matter under the rug and makes no mention of other factors that U.S. farmers are not subjected to, such as imposed metric, demurrage charges, lack of boxcars, capital gains taxes, cancellation of IAACs, and the increased cost of machinery. This government would not even give consideration to helping the rural gas co-ops of Alberta to keep their administrative overhead down by increasing the number of days. Nor would it consider withholding or reducing taxes on natural gas used in the production of food.

• (2215)

The Progressive Conservative Party has urged that capital gains taxes be eliminated on land producing food; the Liberal government said no. The Progressive Conservative Party has urged that the capital cost allowance and income averaging annuity contracts be left as they were before November 12; so far the Liberals say no. This party asks for a rebate to food producers for high fuel costs and the Liberal minister's answer is something about being at the wrong end of a bull.

The farmers of Canada are becoming increasingly angry. They ask only for fair prices and fair treatment, and they are getting neither from this federal government.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, in response to the hon. member for Bow River (Mr. Taylor) I should like to point out that the massive program of upgrading the railway system in Canada is well known to most Canadians, and consequently we are looking forward to the best possible utilization of hopper cars and rail lines. However, I also want to point out that we have an excellent network of highways and roads across this country which can be used all year round by trucks and other vehicles in a better way than we can use some of our rail lines. In other words, the highways can be utilized in a much more diversified way.

The hon. member mentions the metric system. I suppose we should remind him that metric legislation was originally brought in back in 1871 by, I think, Sir John A. Macdonald. Now we have a Conservative complaining about it.

Mr. Taylor: It was voluntary then, not imposed.

Mr. Ferguson: I would also like to point out that in the 1980 campaign we said we would set a made-in-Canada energy pricing policy to secure adequate supplies at reasonable prices. We achieved this last September.

Mr. Taylor: And it went up 67 per cent.

Mr. Ferguson: The hon. member went on to point out that natural gas prices constitute a big component of the cost of producing food. I would like to point out to him that, under their budget, natural gas in 1984 would be $11 per thousand cubic feet. Under our agreement it will be $7.90, a saving to the farmer of $3.10.

Mr. Taylor: Nonsense.

Mr. Ferguson: Certainly that is substantial evidence of itself, when you consider that natural gas is a big component of nitrogen-based fertilizer. I think the Liberal government and the Minister of Agriculture (Mr. Whelan) have done extremely well in fulfilling the commitments made during those exciting days two years ago, and it was of extreme interest to me when my opponent in that election divorced himself from the budget put forward by the hon. member for St. John's West (Mr. Crosbie). He realized what it would have done to us. We had to set about to correct the situation, and I want to commend our government for doing so. Thank you, Mr. Speaker.

• (2220)

CANADIAN HUMAN RIGHTS COMMISSION—RECOMMENDATION CONCERNING SEXUAL HARASSMENT OF WOMEN

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I rise this evening to take a few moments to bring before all hon. members of this House a matter of very great concern to all Canadians, and particularly to millions of Canadian women. Recent studies have shown that, depending upon the job sector and the age grouping, some 70 per cent to 90 per cent of working women experience some form of sexual harassment on the job.

What is sexual harassment? It is difficult to define. It can range from sexual innuendo, perhaps in the guise of humour, to coerced sexual relations. It can include a variety of behaviour, such as verbal harassment or abuse, sexist jokes, subtle pressure for sexual activity, sexist remarks about a woman's clothing, body or sexual activities, unnecessary touching, patting or pinching, such as a casual pat on the backside, leering at a woman's body, constant brushing against a woman's body, demanding sexual favours accompanied by implied or overt threats concerning one's job, or physical assault. Ultimately, although it is very difficult to define, sexual harassment is a coercive relationship.

On April 8, last, I asked the Minister of Justice (Mr. Chrétien) what action the Liberal government was prepared to take on the recommendations of the Canadian Human Rights Commission in its 1980 annual report, which stated:

—it has now become urgent for Parliament to make it clear that sexual harassment constitutes discrimination on the grounds of sex and will not be tolerated.—

The commission pointed out that public perception of sexual harassment, as a major barrier to equality of employment for women, has greatly increased. That was the second year in a row the Canadian Human Rights Commission made that important recommendation; but, to this date, the Liberal government has ignored any suggestions for change in this area.

The commission specifically recommended that a definition of sexual harassment be added to Section 20 of the Canadian Human Rights Act, specifying that the problem of sexual harassment and discrimination because of pregnancy should be included in the prohibition of discrimination based on sex. Since that recommendation there have been a number of developments outside the realm of the federal government which demonstrate the truth of this statement. I will give a few examples.

Last fall, the Ontario human rights code was passed with a variety of amendments, including provisions to protect students from advances by their professors, just as female workers are protected under the legislation from advances by their employers. Last summer, York University established a grievance procedure to handle student complaints of sexual harassment. In March, 1981, the Alberta human rights commission adopted new guidelines, including a definition of sexual harassment as unwanted sexual solicitation by an employer, landlord, a person in a position of authority, a co-worker or someone providing a service. If a complaint is confirmed, this commission has the power to order compensation for insult, pain and suffering, in addition to lost wages. In May of 1981, the Canadian Association of University Teachers agreed upon guidelines to deal with student charges of sexual harassment. The association defined sexual harassment as an incident when "conduct is made explicitly or implicitly a term or condition of an individual's employment, academic status or academic accreditation". The guidelines include a variety of behaviour by professors toward their students.

What has the federal government done? Last spring, the government stated it was considering new labour laws which would bar sexual harassment in the work place. The Women's Bureau of Labour of Canada produced some specific amendments which were approved by the federal Department of Labour as long ago as last April—almost a year. The bureau proposed a definition of sexual harassment which was very sweeping: "Any persistent conduct, comment, gesture or contact of a sexual nature which might reasonably be perceived by the employee as being a condition of a sexual nature on employment, or any persistent conduct, comment, gesture, display of literature or contact of a sexual natural which is likely to cause offence, embarrassment or humiliation to any employee".

At present, as the government knows, complaints of sexual harassment are referred to Labour Canada, trade unions or civil court. Under these proposed amendments, employers would be obliged to form an anti-harassment policy. There are a number of other provisions I will not elaborate upon concerning these particular proposed amendments to labour legislation at the federal level. However, suffice it to say that the federal government has taken no action, whatsoever.

These amendments would cover workers in federally regulated industries such as Bell Canada, Air Canada, CP, CN and the chartered banks. Unfortunately, there is still no protection for employees on Parliament Hill. I strongly urge that we extend collective bargaining rights to all employees on Parliament Hill, or, at the very least, that a grievance procedure be established. It is not good enough to tell employees of senators, Members of Parliament and cabinet ministers that they can appeal to the senator, to the Member of Parliament or to the cabinet minister in question if they believe they have been harassed. That is not good enough in this day and age. As I say, those provisions languish on the back burner. The proposals were well received by employers, unions and women's rights organizations after a long series of consultations. In particular, I wish to commend the National Union of Provincial Government Employees, representing 210,000 provincial government employees, particularly Susan Attenborough, for outstanding work in this area.

• (2225)

When is this government going to act? There has been no action taken on the recommendation of the Canadian Human Rights Commission. It sat on this issue for almost a year. All of the interested groups, organizations, and the Department of Labour itself, have approved of this reform. Naturally, individuals and unions must act as well. The country awaits the minister's decision. It is time the Minister of Justice and the Liberal government took seriously the recommendations of the Canadian Human Rights Commission on this important question of sexual harassment. Canadian women have waited far too long for this basic protection. Now is surely the time to act.

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Mr. Speaker, in response to the question raised by the hon. member for Burnaby (Mr. Robinson), who is a lawyer, he is quite aware that under the Canadian Human Rights Act discrimination on the basis of sex is prohibited. There are four different bodies of law and jurisprudence which have been brought to bear to define what discrimination based on sex means. Those four bodies of jurisprudence have indicated that discrimination based on sex also includes a prohibition against sexual harassment. I would like to quote those four provisions. The first is under provincial human rights codes.

The hon. member for Burnaby referred to the Ontario law, the Ontario human rights code. Under a law similar to what we have, in the case of *Bell v. Ladas*, in 1980, the Ontario Human Rights Commission ruled that sexual harassment was an offence under the provisions prohibiting discrimination based on sex.

Second, under U.S. jurisprudence, the equal employment opportunities commission in its final amendment to guidelines on discrimination because of sex has included a number of guidelines dealing with sexual harassment. Therefore, sexual harassment is included within the discrimination based on sex.

Third, the Canadian Human Rights Commission in its newsletter of autumn, 1981, has underlined that under Part VII it does have the ability to deal with sexual harassment. The commission used a page and a half to define what is sexual harassment, and it feels it has the power to deal with it.

Last, the opinion of the Department of Justice is and has been that sexual harassment is already prohibited under the Canadian Human Rights Code. Nevertheless, sexual harassment is abhorrent conduct. It is, unfortunately, too widespread. Women are the principal victims of this offence. We agree that they must be protected against it.

In addition, it must be realized there are other groups in our society who are protected by the human rights code against discrimination based on race, colour, religion, ethnic or national origin. The members of this government, like all right-thinking Canadians, are opposed to sexual and, indeed, to any form of harassment. That is why the Department of Justice is presently examining the impact of all forms of harassment. I expect that very soon its recommendations will go to cabinet making sexual harassment an explicit offence, as opposed to just an implicit offence, as it now is, even though it is still prohibited under the Canadian Human Rights Code. Making it explicit will create an even greater awareness on the part of all Canadians of this degrading, discriminatory offence against women.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to be adopted. Accordingly, this House stands adjourned until two o'clock.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, February 23, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*Translation*]

THE ECONOMY

CONDEMNATION OF GOVERNMENT'S ECONOMIC POLICY—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Whereas the Right Hon. Prime Minister's (Mr. Trudeau) election promise to ensure that Canada would be self-sufficient in energy by 1990 will not be kept, and that starting in 1987, Canada will have to import nearly one-half million barrels of oil per day; whereas the budget deficit for each of the two past years has been $3 billion, in other words almost 30 per cent more than what it would have been under a Progressive Conservative government; whereas the Right Hon. Prime Minister and his Minister of Finance (Mr. MacEachen) have lost control of the economy, I move, seconded by the member for Assiniboia (Mr. Gustafson):

That this House unanimously condemn the government's economic policies, and that it adopt a motion to censure the Prime Minister for his abysmal economic performance.

Madam Speaker: The House has heard the motion moved by the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Yes.

Some hon. Members: No.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

DELAY IN PROCESSING APPLICATIONS FROM UNEMPLOYED IN ST. CATHARINES, ONT.—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, almost 5,000 laid off auto workers in St. Catharines have been waiting since January 10 for their unemployment insurance cards of entitlement which must come from Belleville. Local unemployment insurance personnel are working 20 to 40 hours overtime per week trying to cope with a record number of applications. I therefore move, seconded by the hon. member for Hamilton-Wentworth (Mr. Scott):

That the Minister of Employment and Immigration take immediate steps to eliminate this time delay by either adding sufficient staff to do the job required, or by eliminating this unnecessary bureaucratic bottleneck of requiring the applications processed in St. Catharines be routed through Belleville.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

METRIC CONVERSION

APPLICATION TO CANADIAN FOOTBALL LEAGUE—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, in view of a statement on CBC Radio by an official of the Metric Commission that metric is coming to Canadian football in five years' time, when the regulation Canadian Football League field will be transformed to 100 metres long by 40 metres wide, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the minister responsible for the Metric Commission issue a statement at once saying how and when the Metric Commission will touch down on Canada's football fields, and further, how this conversion will affect the records of Hamilton's Football Hall of Fame.

Mr. Nielsen: Metreball.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

POSITION OF MEMBER FOR ST. JOHN'S WEST ON HARVESTING OF HARP SEALS—MOTION UNDER S.O. 43

Mr. Dave Dingwall (Cape Breton-East Richmond): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact

that the House of Commons passed a unanimous resolution on February 9, 1982, confirming its support for the harvesting of harp seals in the province of Newfoundland, and furthermore, on Friday, February 19, 1982, the hon. member for St. John's West (Mr. Crosbie), in the company of other Canadian parliamentarians, had an opportunity to discuss, promote and defend the harvesting of harp seals by fishermen of Newfoundland before members of the European Parliament in Strasbourg, France, and that instead that hon. member and his Conservative colleagues chose to partake in blatant and partisan political mischief by secretly leaving their hotel rooms in the middle of the night—

Some hon. Members: Shame, shame!

Some hon. Members: Hear, hear!

Mr. Dingwall: —to return to Canada, thereby failing to stay and defend the seal hunters of Newfoundland, Madam Speaker, I move, seconded by the hon. member for Mississauga North (Mr. Fisher):

That this House condemn such grade school behaviour, that the hon. member for St. John's West resign as external affairs critic for the Progressive Conservative Party—

An hon. Member: If you cannot stand the heat, get out of the kitchen.

Mr. Dingwall:

—and either apologize to the people of Newfoundland, particularly the fishermen, or tender his resignation forthwith.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

TRANSPORTATION OF DANGEROUS GOODS ON PUBLIC HIGHWAYS—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of a recent accident in Kamloops, British Columbia, when a semi-trailer truck transporting sodium cyanide lost its brakes, killed one person, injured others, and threatened the lives of many more with cyanide gas when it overturned near a large hospital, I move, seconded by the hon. member for Spadina (Mr. Heap):

That this House express its concern for the inadequacy of federal and provincial regulations governing the movement of dangerous goods on public highways, and calls for immediate action to prevent any similar accidents.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE SECRETARY OF STATE

DEMAND FOR RESIGNATION—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, in the *Toronto Star* of February 22, with respect to transfer payments, the Secretary of State (Mr. Regan) is quoted as follows:

The question is whether Ontario's priority is education or operating an office so that Chinese girl can be in Paris. What's her name? Adrienne Clarkson.

• (1410)

The comments of the minister show him to be sexist, racist and dangerously ignorant of the importance of exports to Canada and to Ontario. I move, seconded by the hon. member for Waterloo (Mr. McLean):

That the Prime Minister immediately demand the resignation of the Secretary of State, since his remarks show him to be very clearly unfit for his office.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

BOATS LEASED BY NON-NATIVE FISHERMEN IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, whereas the government plans to purchase 287 fishing vessels from British Columbia Packers Limited for $10 million, and to give these vessels to the native bands of British Columbia in spite of the fact that one third of these boats have been leased for years by non-native fishermen who would lose their livelihood by this plan, I therefore move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That the Minister of Indian Affairs and Northern Development immediately suspend any plan which would deny non-native fishermen, including many of Japanese ancestry, living in the Richmond-Delta area, the access to fishing boats which they have leased for many years, and that he assure these fishermen of their continued right to operate said vessels until their retirement.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

THE SECRETARY OF STATE

CONDEMNATION OF MINISTER'S INVOLVEMENT IN ACFO AFFAIRS—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

In view of the decision by the Department of the Secretary of State to no longer recognize the Association canadienne-française de l'Ontario as the main pressure group for cultural and economic development of Franco-Ontarians, I move, seconded by the hon. member for Burnaby (Mr. Robinson):

That this House condemn the Secretary of State for his interference and for the economic blackmail being used on the ACFO.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

POLITICAL PARTIES

CALL FOR EXPULSION OF MEMBER FOR WINNIPEG-ASSINIBOINE FROM PROGRESSIVE CONSERVATIVE CAUCUS—MOTION UNDER S.O. 43

Mr. Jack Burghardt (London West): Madam Speaker, I rise pursuant to the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the controversy surrounding recent remarks by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie) continues to reflect adversely on the dignity and the honour of the House of Commons as a whole, and whereas there are reports of an occurence of a brawl at the member's constituency meeting last weekend and the riding association's president resigned, I move, seconded by the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand):

That the House call upon the hon. member to apologize for his racist remarks which lend support to the apartheid policies of South Africa, and failing that, that the Leader of the Opposition confirm his party's opposition to the policy of apartheid and expel the hon. member from the Progressive Conservative caucus.

Mr. Mazankowski: Mind your own business!

Mr. Andre: We will do that if you do the same thing about martial law in Poland!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, a front page story today in the Montreal *Gazette* quotes the Prime Minister (Mr. Trudeau) as saying that he hopes to be remembered as "having won the economic Olympics for job creation".

Some hon. Members: Oh, oh!

Mr. Jarvis: Say it ain't true!

Mr. Taylor: Canada today has some 1,096,000 unemployed, amounting to about 7.5 per cent, while the unemployment rate for Italy is 7.4 per cent; for the United Kingdom, 7 per cent; for the U.S.A., 6.3 per cent; and for France, 3.1 per cent; but, on the other hand, when the Prime Minister took over in 1969 the number of jobs in the Public Service was 369,000 and today it is 510,000.

Some hon. Members: Oh, oh!

Mr. Taylor: Therefore I move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House place the Olympic crown on the head of the Prime Minister for: (1) having more unemployed in Canada than any other industrial country; and, (2) for increasing the Public Service by some 140,000 jobs, more than most, if not all other prime ministers of Canada all added together; and for this terrible—

Some hon. Members: Oh, oh!

Mr. Paproski: Go ahead!

Mr. Taylor: —I mean terrific record.

—the House presents the Prime Minister with a pair of celluloid shoe laces.

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

FINANCE

EFFECT OF SALES TAX PROPOSAL ON PRODUCTION OF BUSINESS CATALOGUES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the Minister of Finance. The minister will realize that uncertainty is probably the greatest danger to business, particularly the uncertainty surrounding

the sales tax provisions that were alluded to in the minister's budget of November 12. One particular company, for example, that normally produces a catalogue on July 1 must put that catalogue to bed for some 745 items. The items have to be quoted as tax included. Will the minister tell this House, and perhaps give that particular manufacturer some idea whether he should produce a catalogue including sales tax or not including sales tax. What should that particular manufacturer/distributor do?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe the hon. member would find it unusual for me to give advice to individual businessmen on the orders of the day. That has never been the purpose of the question period, nor has it ever been used in that way.

I would tell the hon. member that it is my intention, as I indicated in the budget speech, to release draft legislation on the sales tax, hopefully within a short period of time. At that time, as I indicated earlier to the hon. member for Edmonton who asked a similar question, I will indicate whether there will be a change in the implementation date. As was indicated on that occasion, quite a number of businessmen and persons potentially affected by the sales tax have asked for additional time to consider the provisions, and I will give careful consideration to those representations.

Mr. Clark: Cut and run MacEachen.

ANNOUNCEMENT OF IMPLEMENTATION DATE

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the minister knows that he has left the business community out to dry for over two and a half months with respect to this issue and a whole host of other issues. To suggest that he may make a change in the date only adds to the confusion. The rumours abound of September 1, January 1, maybe July 1 next year—

Madam Speaker: Order. I can see the hon. member is launching into a speech. I would like him to stick to a question.

Mr. Blenkarn: With due apology, Madam Speaker, I was as short as I could be. When is the minister going to come clean with the business community? He has left it hanging out to dry on July 1 perhaps, September 1 perhaps, January 1 perhaps. When is he going to come clean with this House? When is he going to say it is going to be January 1, or July 1, 1984, or what is he going to do? When is he going to do these things? He has promised them for weeks now. When is he going to come forward with an announcement?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member misstates the situation completely. There have been considerable consultations between businessmen and officials of the department. The business community has a much better understanding of the potential effect of these proposed changes than the hon. member would indicate in his question. When the draft legislation is made public, if at that time any change is made in the implementation date it will be to accommodate the request of the business community which would like more time. I am quite prepared to proceed, but I am ready to give consideration to legitimate requests along those lines.

QUERY RESPECTING INTRODUCTION OF LEGISLATION

Mr. Don Blenkarn (Mississauga South): The answers are not satisfactory, Madam Speaker, but we cannot account for that. The minister ought to know that the uncertainty, as well as the uncertainty in his answers today, are leading to a loss of jobs. When businessmen do not know what is going on with respect to taxes, they do not employ people and they do not expand. Yet the minister continues to make statements that he will some day do something, perhaps. When will the minister give us a date? Will he give us a date today, a week today, Friday, next Friday, a week Friday, or March 1, on which he will produce the legislation so that we know where we are going?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there is no doubt about the dates. The dates with respect to the implementation have been announced in the budget. That is the certainty that exists. If there has been any uncertainty brought into the situation it has been as a result of the question that was asked by a member of his own party, suggesting that there might be need for some delay in the implementation date.

• (1420)

I would suggest that hon. members on the other side get together and decide whether they want to assist certainty or create uncertainty.

Mr. Wilson: You have created it.

* * *

AIR SAFETY

IMPLEMENTATION OF RECOMMENDATIONS IN DUBIN REPORT

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, in the absence of the Minister of Transport I would like to direct my question to the Prime Minister. It may very well have to do with uncertainty about a matter which is very vital and fundamental. I am sure the Prime Minister has not had a chance to assess and digest Mr. Justice Dubin's report on aviation safety which was filed yesterday, but since the matter involves aviation safety at airports now and there are important recommendations in that report on search and rescue changes to help consolidate and co-ordinate activity, would the Prime Minister assure the House in a very serious way that whenever the Minister of Transport comes back—because he will be out quite often as he charges across the country on issues that he has created—he will give top priority to the question of air safety affecting Canadians travelling in the air,

and also to the search and rescue provisions so that the recommendations of Mr. Justice Dubin that do not require legislation can be acted upon immediately and those that do require legislation can be introduced before the Easter recess?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Madam Speaker, in response to the hon. member, the Minister of Transport is taking the recommendations of Mr. Justice Dubin very seriously and has already acted on Volumes I and II and has already taken steps in proposed Volume III. When it comes to search and rescue, he has every intention of abiding by the recommendations. There is a task force already working at co-ordinating search and rescue to transport and they are studying this in the administration and will be coming forward with a report.

Mr. Nowlan: Madam Speaker, that is an incredible answer from the Parliamentary Secretary to the Minister of Transport and reflects what little priority the Prime Minister has on something so fundamental like air safety and/or co-ordination of search and rescue facilities in Canada. I will calm down like the Prime Minister asks, Madam Speaker, when he takes an interest in aviation safety.

Madam Speaker: Order. The hon. member simply must ask a question and not make speeches.

Mr. Nowlan: The fact of the matter is that it is very difficult to ask a short, succinct question when the Parliamentary Secretary has misstated the facts.

Some hon. Members: Oh, oh! Order!

Mr. Nowlan: My question, Madam Speaker—

Madam Speaker: If the hon. member continues I will not recognize him for a supplementary question. Some order must exist in the House. When I feel questions are too long and make remarks to that effect, I would appreciate it if hon. members would co-operate.

An hon. Member: How about the answers?

Mr. Nowlan: Madam Speaker, I think the record will show that you have been on your feet almost as long as I have during this question.

Madam Speaker: Order. The hon. member for Comox-Powell River.

Some hon. Members: Hear, hear!

MANAGEMENT OF AVIATION SAFETY BOARD

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, maybe it is appropriate that the Minister of Transport is away today, but the important issue today is in terms of the Dubin report in which there are three important aspects. Could the Prime Minister pick up on a couple of these aspects? In terms of the departmental reorganization recommended by Mr. Justice Dubin, independent bodies have been recommended for departmental reorganization replacing search and rescue.

Is there any indication that as one of the procedures in departmental reorganization we will see the removal of the senior management of that department whom, I think, Mr. Justice Dubin identifies implicitly as part of the problem?

An hon. Member: Say yes.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Madam Speaker, the Minister of Transport had reported earlier that he is preparing legislation to have an independent commission examine aviation safety and accidents. He is busy and he has submitted a compliance—

Mr. Crosbie: Don Quixote.

Mr. Bockstael: —an enforcement manual that has been published for safety in the air.

Mr. Crosbie: What about the radar? Never mind the manuals.

Mr. Bockstael: Emergency locators are being made mandatory by April 1, 1982. Radar systems are being upgraded in a program. Under search and rescue there is an interdepartmental task force—

Some hon. Members: Order, order.

Mr. Bockstael: —studying search and rescue. They abide by the recommendations and should be co-ordinated by transport.

Some hon. Members: Order, order!

Some hon. Members: Hear, hear!

• (1425)

REQUEST FOR EARLY INTRODUCTION OF LEGISLATION

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, we do need information on that Canadian aviation safety board and a new and vigorous enforcement procedure quickly.

There is a second aspect to this very important piece of legislation, and my question is directed to the Prime Minister once again, since ultimately, I suppose, he will direct the course of legislation in this House. Will there be very quick action on this and separate pieces of legislation implementing such recommendations as a Canadian aviation safety board and new delegated authority with respect to enforcement, or will we have to wait forever and a day until some comprehensive piece of legislation is developed in the future and brought before Parliament when the schedule permits?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Madam Speaker, the Canadian aviation safety legislation is expected to be ready later in the spring.

Mr. Epp: Just pick it up and read it, Bob.

Mr. Bockstael: The enforcement manual and legislation are being developed under the Aeronautics Act and will be brought forward in the next session of Parliament.

FUNDS FOR EQUIPMENT AND FACILITIES

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, in the desperate hope for a satisfactory answer I will ask one last question of the Prime Minister. It involves the tremendous financial implications for taxpayers, small aviation operators and the private aviation community, of the safety recommendations of Dubin. There will need to be very large increases in expenditures of capital funds, training programs and person-year allocations. Is the government prepared to move forward in order to right this system by allocating the resources necessary, and will the government provide us with some kind of plan for the next five years which shows that those expenditures are committed to this very important aspect of aviation safety?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Madam Speaker, the Minister of Transport is committed to aviation safety and expending money for that purpose. In the next few weeks there will be tenders called for $217 million of expenditures to improve radar in Canada.

Some hon. Members: Hear, hear!

* * *

FINANCE

TAXABLE EMPLOYEE BENEFITS—REQUEST THAT MINISTER REVIEW BUDGET MEASURE

Hon. Ron Huntington (Capilano): Madam Speaker, my question is directed to the Minister of Finance. Despite assurances to the contrary from the Minister of State for Small Businesses and Tourism, the effect of the combined increase in taxable benefits for employees is not offset by the lower marginal tax rate. Figures show that the budget measures concerning taxable employee benefits have a progressively negative impact on employees earning less than $40,000. The lower and middle-income wage earners in the work force are the ones who are feeling the impact. Would the Minister of Finance give serious review to the taxable benefit issue in his budget and bring this measure into line with his stated objective of equity and fairness?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe the comments made by the Minister of State are fully justified. The total new liability on taxpayers as a result of the tax on these benefits in the range, for example, of the average industrial wage in Canada, is more than offset by the other tax benefits flowing from the budget, and I believe when we get into committee we will be able to demonstrate that to the satisfaction of the hon. member.

REQUEST THAT MEASURE BE REMOVED

Hon. Ron Huntington (Capilano): Madam Speaker, the average industrial wage has nothing to do with the fairness and equity I am talking about with regard to employees who need their taxable benefits.

It will take a pay increase of at least 4 per cent to maintain the pre-November 12 spending power of employees affected by the taxable benefit rules in the minister's budget. At a time when the Prime Minister is asking us to restrain wages and tighten our belts, the Minister of Finance is forcing employees to demand more from employers. Will the Minister of Finance remove this inflationary and counterproductive measure which hits employees least able to afford it?

• (1430)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has made another error in asserting that these particular benefits are applied basically to low-income employees. The fact of the matter is that the higher their income the greater will be the taxable benefit flowing from this particular provision of the tax system. The hon. member will have an opportunity to examine the details of this and other tax measures when they are dealt with in the ordinary way in the House of Commons.

IMPACT OF TAX ON SALESMEN

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is directed to the Minister of National Revenue and it pertains to the increased taxation of employees who utilize a company car. The minister is aware that what is known as the standby charge, that is, the value of benefit added to a taxpayer's income, has increased by a whopping 150 per cent. For an Ontario salesman who earns $22,000 per year, will the minister confirm that it is going to mean about $1,000 in additional taxes for him?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, it is true that the standby charge was increased but for those people in that situation who feel that the benefit to them is less than the standby charge, there are alternative arrangements that can be made. My department has been working with the business community and a statement on that will be issued in the very near future. There are alternatives for people who feel that the standby charge is more than is their due.

REASONS FOR MEASURE

Mr. Chris Speyer (Cambridge): Madam Speaker, my supplementary question is for the same minister. The minister continues to exhibit his vast ignorance of the implications of this budget. Why does the Liberal government continue to punish the salesmen and women of this country with this disastrous tax measure?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the answer is partly, why does the opposition try to raise questions based on false premises?

Some hon. Members: Hear, hear!

Mr. Rompkey: I repeat my answer, that for those businessmen who feel the standby charge is more than they should be paying, there are alternative arrangements that can be made with my department so that they can be treated fairly.

* * *

ENERGY

PROGRAM TO EXPAND DISTRIBUTION OF NATURAL GAS

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources and it concerns government assistance for the extension of natural gas pipelines into communities that do not have this service now. This distribution system expansion program was to be launched early this year. Natural gas companies and municipalities are anxiously awaiting the announced beginning of the program for this much needed extension. Will the minister tell the House the exact date when this program will begin?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the utilities have already been advised of the amount of money that each would be entitled to and they are now in the process of examining which extension they would like to propose with the additional money that would be provided by the federal government. That program is due to start on April 1.

AMOUNT OF GOVERNMENT FUNDING

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I have a supplementary question for the minister. There was indication from the government last year, and the minister will be aware of this, that the amount set aside for this program was $300 million. Will the minister confirm that funds in that amount will be made available this year and, if not, will there be any reduction? There should be an increase because of inflation. If there is to be a reduction will it be significant?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would refer the hon. member to the National Energy Program in which we indicated that $300 million would be allocated for extension lines for gas consumers over the period of the National Energy Program, until 1986. That budget remains the same. I hope there will be enough demand from utilities to meet the budget that has been allocated for this particular purpose as this is quite useful.

* * *

DISASTERS

INVESTIGATION OF "OCEAN RANGER" SINKING

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I have a question for the Minister of Energy, Mines and Resources on a matter which is of great concern to the country, that is, the disaster that took place with the *Ocean Ranger*. I think there is a great deal of sympathy all over the country for the people of Newfoundland. Perhaps the minister or even the Solicitor General could answer my question.

There have been reports from Newfoundland this morning that a man identifying himself as an RCMP officer has been investigating the disaster. Can either minister confirm that there is an RCMP investigation in progress and that it is of a criminal nature?

If the Minister of Energy, Mines and Resources answers the question, could he give the House any information he may have about a report—a secret Mobil report, apparently—that the supply ship of the *Ocean Ranger* may have rammed one of the life boats which had live men inside it?

Could either minister answer the first part of the question, and could the Minister of Energy, Mines and Resources give us any facts he might have on the second part?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have just checked with the Solicitor General and neither of us is aware of any investigation being carried on by the RCMP at the present time.

As far as the second point is concerned, I am sure many rumours will be circulating. Indeed, there have been plenty of rumours in the last week, and there will be more in the future.

I hope that the inquiry we are trying to set up jointly with Newfoundland will start very soon and that all those allegations will be fully investigated. In the meantime I do not intend to discuss or speculate on all the rumours that will be circulating in the days and weeks to come. I think the best way of resolving those issues is through the inquiry that we have set up. I hope it will be a joint inquiry by Newfoundland and Canada.

POSSIBILITY OF JOINT INQUIRY

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I think there is great concern that a joint inquiry be set up and get under way soon. In a rather cooler manner than the shouting match that took place in the House yesterday, could the minister tell us what is happening in regard to that joint inquiry? When does he expect that it will be set up? This is a matter that falls under his responsibility, as he indicated when he tabled what I call those conservation reports made by his inspectors on the *Ocean Ranger*.

Could the minister also table a report on the safety meeting held on the deck of the *Ocean Ranger* on February 6? I brought this matter up in the House last week when he was away. I believe the minister is required to do this and that, under the oil and gas regulations, Mobil is required to file it.

Therefore, can the minister tell the House what stage arrangements for setting up the joint inquiry have reached and when he expects it to get under way? Also, is he prepared to table further reports under the oil and gas regulations?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I appreciate the sermon given by the hon. member. I would also have appreciated it had he used cooler language in the House last week in my absence when he referred to criminal responsibility in this particular case. I welcome his more responsible attitude today and I can assure you, Madam Speaker, that I am ready to co-operate with him in all respects.

As far as the allegation about a possible report is concerned, I must say that all reports will be submitted to the inquiry and examined by it. Regarding the possibility of a joint inquiry, I have to inform the House that I sent a telex today to my colleague in Newfoundland indicating that the government welcomes the principle of a joint inquiry. We will try to work out an arrangement satisfactory to both governments in the shortest possible time. I would remind the hon. member, however, that in the meantime the two governments have set up commissions of investigation or commissions of inquiry. I hope they will be joint, and we should know about that very shortly.

ROLE OF HALIFAX AIR-SEA RESCUE CENTRE

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a supplementary question for the Minister of National Defence. According to the same leaked Mobil report of the series of events on the radio transmissions, the rig *Ocean Ranger* was able to accept a helicopter at 2.55 a.m., almost two hours after the Mayday signal was received from the rig and more than an hour after evacuation. Furthermore, there is evidence that at 3.30 a.m. Mobil was giving instructions that the helicopter should not land on the *Ocean Ranger*.

Since the Mayday signal was received by the air-sea rescue unit in Halifax, and since at that time it was assumed to have taken responsibility for the air-sea rescue operation, why did it not take command of this rescue operation and all ships in the area? According to the evidence, instructions were being given by Mobil and not by the air-sea rescue unit in Halifax.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think the hon. member should know that the co-ordination of all air-sea rescue is done by our co-ordination centre in Halifax, by both the Department of Transport and the Department of National Defence. As far as the detail of this particular incident is concerned, I think that the inquiry or the investigation will show who was wrong, and who was right, and only then will we have the answer to the hon. member's question.

* * *

CANADIAN NATIONAL RAILWAYS

LAY-OFFS IN NEW BRUNSWICK

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is directed to the Parliamentary Secretary to the Minister of Transport. It concerns recent Canadian National lay-offs in the northern New Brunswick area that used to be known as the Chaleur area. Could the parliamentary secretary inform the House of any further moves? They have taken out the accounting division and now they are moving the engineering division to the Atlantic region office.

• (1440)

Could he also inform us as to the status of the replacement for the president of CN who indicated his resignation, and also of the retirement of the vice-president of the Atlantic region, Mr. David Blair, of Moncton? Could he give us some assurance that some decisions will be taken to protect jobs in northern New Brunswick and to protect the area, so that we will not see an even greater loss of jobs in Campbellton, New Brunswick?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Madam Speaker, I should like to tell the hon. member for Restigouche that I am certainly sympathetic to his question and to the employment of people by CNR in the maritimes. I will have the Ministry of Transport make inquiries of CNR as to its future plans in the maritimes.

* * *

PUBLIC SERVICE

FIRING OF KINGSTON CIVIL SERVANT—GROUNDS FOR DISMISSAL

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, my question is directed to the Minister of National Revenue. A constituent of mine, Mr. Neil Fraser, of Revenue Canada in Kingston, has been fired after being harassed for several weeks by the federal government for speaking out against the mandatory introduction of the metric system. This is a serious matter of which Canadians should be made aware, when the muzzling of public employees takes away their freedom of speech, making them second-class citizens. On what grounds is an off-duty public servant being deprived of freedom of speech or rights which have been taken for granted by fellow Canadians?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, Mr. Fraser is a relatively senior official with the Department of National Revenue.

Some hon. Members: He was!

Mr. Rompkey: First of all, he publicly spoke against the metric system.

Some hon. Members: Hear, hear!

Mr. Rompkey: I hope, if hon. members opposite treat this matter seriously, that they will try to listen to my answer. He was suspended; he was counselled.

Mr. Clark: Counselled!

Mr. Rompkey: He persisted in his actions by then criticizing the Constitution and official bilingualism.

Some hon. Members: Hear, hear!

Mr. Rompkey: It is quite obvious that Mr. Fraser did not want to desist from that course of action. It seems to me, particularly in this department where we collect taxes which fund all government programs, that a particular sensitivity is required. It seems to be ironic that a man would collect taxes on the one hand, and criticize the programs on which those taxes are spent, on the other.

Some hon. Members: Oh, oh!

Mr. Rompkey: It seems to me that there is a particular sensitivity to be maintained here. In view of that, Mr. Fraser was dismissed this morning.

Mr. Hnatyshyn: Would you call him a traitor?

POSITION OF GOVERNMENT

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, my question does not concern the collection of taxes; it is a matter of freedom of speech.

Some hon. Members: Hear, hear!

Mr. Vankoughnet: I think this is a precedent which could reflect upon the rights of all public servants—federal, provincial, municipal, Crown corporations, people on government pensions such as the Canada pension, veterans and so on. Where does the government consider that it should draw the line?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, there is another principle to be remembered here, that is, the right of an employer to fire an employee who publicly speaks against the organization—

Some hon. Members: Oh, oh!

Mr. Deans: What is the matter with you?

Mr. Rompkey: —whether that organization is public or private. There seems to be an adequate body of evidence in law to support that position. It was based on that position that Mr. Fraser was dismissed.

QUERY RESPECTING RIGHT TO FREEDOM OF EXPRESSION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Prime Minister on this firing of a public servant. My first question concerns the answer just given by the Minister of National Revenue when he said that because an official of the Department of National Revenue is involved in collecting taxes, that official should be deprived of the right to criticize any program on which taxes are spent. Is that the position of government and, consequently, is every employee of the Department of National Revenue from this point forward to be deprived of his or her rights as a free Canadian citizen to express himself or herself on questions of national policy?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I must confess that I do not know the details of this particular case, but I certainly support the position the minister took in the House in his answer just now. It seems to me a pretty well-established principle of government that public servants working for that government are not free to espouse publicly a political situation which is contrary to government policy.

Mr. Hnatyshyn: It had nothing to do with his job.

Mr. Crosbie: What about cabinet ministers? They can do it.

Mr. Trudeau: That is a well-established principle of democratic and parliamentary government, and we do not propose to change it.

QUERY RESPECTING ORGANIZATION'S RIGHT TO DISMISS EMPLOYEE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Prime Minister has already changed it, because the rule has not been that a public servant was denied the right as a free citizen to speak on matters outside his responsibility as a public servant and to speak on his own time. The rules have already been changed, and democracy has suffered as a consequence.

Some hon. Members: Hear, hear!

Mr. Clark: The Minister of National Revenue just said that any organization, public or private, has the right to fire any individual who speaks publicly against that organization, including the Government of Canada. Is that the official position of the Government of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, just a few days ago the Leader of the Opposition was criticizing what he alleged to be division within cabinet. I believe he recognizes that cabinet government operates as a whole and that officials who work for a government—

An hon. Member: What about Monique?

Mr. Trudeau: —are not free to enter into political actions critical of established policy of that government.

Mr. Beatty: There are two standards—one for politicians and one for everyone else.

REQUEST THAT PRIME MINISTER TABLE RULES GOVERNING SPEAKING RIGHTS OF PUBLIC SERVANTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, this is a very important principle. We clearly have a

double standard here—one which applies to the Minister of National Health and Welfare and the Minister of State from Quebec who are able to criticize freely public policy and suffer no consequences, and the other which applies to at least one public servant, and perhaps to all public servants who, if they speak critically of a public policy outside their responsibilities, and on private time, will be fired from their jobs. That is the principle which has just been established and articulated by the Minister of National Revenue.

Will the Prime Minister of Canada interest himself in this case of public servants being fired for their private views? Will he table in the House a detailed statement of the rules which will henceforth govern the rights of public servants in their capacity as free and private citizens of the country to express their views on questions outside their official responsibilities as public servants?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would be happy to remind the Right Hon. Leader of the Opposition that these rules are established and are well known, particularly as they apply to the rule which permits officials during election periods to detach themselves from their roles as officials, to espouse contraviews to those of the government, and indeed to run for opposition parties. But apart from election periods I know of no rule which permits officials, particularly high ranking ones, to espouse positions which are contrary to those of the government they serve.

An hon. Member: What about freedom of speech?

* * *

INDUSTRY

EFFECT OF IMPORTS ON SHOE INDUSTRY

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. In response to a question by the hon. member for Yorkton-Melville last Friday, the minister stated words to the effect that because of the findings of the Anti-Dumping Tribunal our Canadian shoe industry is not seriously affected by imports from offshore countries. This position is directly opposed by the Canadian shoe industry which has come out publicly stating that indeed this policy is killing its industry and has directly contributed to the loss of some 6,400 jobs. How can the minister equate the claim that by raising the quotas of imported shoes and imposing no quota on others this is not adversely affecting our ailing Canadian shoe industry?

• (1450)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I believe I said last week that the policy announced by the government for the footwear industry was consistent with the findings of the Anti-Dumping Tribunal which concluded that our footwear industry was able to meet competition from developed countries, including state trading countries, these being the main source of imports of leather footwear. Therefore the government's policy was that the quota would not continue on footwear. The existing quota on non-leather footwear would continue, and we would extend that quota to cover the kinds of non-leather footwear that were not previously covered. In addition, we created a fund of $17 million to aid our industry to restructure and modernize. We are certainly concerned about the prospects of the industry and we are acting in a way that is intended to serve the best interests of the industry and its workers.

* * *

EXTERNAL AFFAIRS

HEARINGS INTO ALLEGED DUMPING OF CANADIAN LUMBER IN UNITED STATES MARKET

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, my question is for the Secretary of State for External Affairs, although he may want to defer the answer to the Minister of State for International Trade. New and alarming developments in the United States international trade commission investigation into alleged dumping by Canadian lumber exporters constitute a serious and growing threat to our number one export industry.

Two U.S. forestry giants, International Pulp and Paper, and Louisiana Pacific, have now joined the list of western politicians and independent companies arraigned against us at the ITC hearings which are slated for one week from tomorrow in Portland, Oregon. Is the minister, on behalf of the government, planning to intervene in these hearings, or will the minister make direct representations to Washington in view of the escalating danger of the situation?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, we have already made representations to Washington with respect to this situation. We also made representations to the state governments on the west coast. I have personally visited the state of Washington, because the west coasts of Canada and the United States are experiencing similar problems in the forest industry and we do not think resorting to protectionist measures is in the best interests of the forest products industry in North America, either in Canada or in the United States.

Mr. Kristiansen: Madam Speaker, I know that was the prevailing view, but the rules of the game have now changed since the intervention of two of the majors in the international industry. Now anything goes.

Madam Speaker, my supplementary question is directed to the minister responsible for the Canadian forest service. Would the minister give a short lesson to his colleagues in the Department of External Affairs on the impact on the Canadian lumber industry if tariffs were to be imposed as a result of next week's hearings in Portland, Oregon, and the possible loss of Canadian lumber exports, or a large portion of them, to the

United States which would flow from such a regrettable step and which we hope will not be the decision to which they will come.

To clarify perhaps, Madam Speaker—

Madam Speaker: Order, please.

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, I would be happy to have the question clarified, but I can report to the hon. gentleman that we will be following these meetings very closely which will take place next week. There will be observers from the Canadian forestry service at those hearings, so we will be fully informed as to what is said. We will take appropriate action to support the representations being made by the lumber industry.

* * *

[*Translation*]

THE ECONOMY

INQUIRY WHETHER MINISTER WILL MEET PROVINCIAL MINISTERS TO ESTABLISH PROGRAM TO STIMULATE ECONOMIC RECOVERY

Mr. Marcel Roy (Laval): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. In view of the economic situation in Quebec, a situation that has become alarming in the areas of job creation and investment, and in view of the unwillingness of the sovereignist government to take advantage of various federal programs, and its habit of boycotting federal-provincial conferences since November 5 and of referring to sovereignty as its priority since the Parti Québécois' referendum—although the House is aware that Quebecers much prefer to discuss jobs and investment instead of sovereignty—my question is as follows: Does the minister intend to meet with his provincial colleagues in order to establish an economic recovery program as soon as possible, so as to meet the objectives of Quebecers which centre on getting the Quebec economy out of its recession?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I am pleased to inform the House that I intend to go to Quebec next Monday with my colleagues, the Minister of Industry and the Minister of State (Small Businesses and Tourism), for meetings with some of our provincial counterparts, and we intend to discuss various ways of working together to help stimulate the province's economy. We in the federal government have a real interest in assisting this recovery and in creating more jobs for workers in the province of Quebec.

INDUSTRY

FOOTWEAR—INCLUSION OF LEATHER FOOTWEAR IN OPEN MARKET

Hon. Roch La Salle (Joliette): Madam Speaker, after listening to the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion who is prepared to go to Quebec next week, my question deals with the footwear industry. Industry representatives have made a very clear recommendation—I feel that the minister's answer should be at least as clear—the association recommends that leather footwear be included in the over-all quota. In view of the fact that the association has proved that his policy is incapable of correcting the present situation, is the minister prepared to reassess his decision and to include leather footwear in the over-all quota?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, our policy is the result of a government decision which I announced a few months ago. My colleagues from Quebec, in caucus and in the cabinet, have had very useful discussions with spokesmen for the footwear industry, and I shall be happy to receive their advice on this matter, to find out whether it will be helpful in implementing the policy we announced a few months ago.

Mr. La Salle: Madam Speaker, I have a supplementary. It is of course very useful to know that the association met with ministers and members from Quebec, but I doubt their recommendations will be made public after our recent experience; can the minister give us the assurance today that he will make public the recommendations made by the Quebec caucus, and once again, is he himself willing to reassess his decision, in other words, to include leather footwear in the over-all quota? The association is anxious to know whether or not the minister is prepared to negotiate reinclusion of this item.

Mr. Gray: Madam Speaker, of course we can consider the suggestions made by the footwear industry, but I have no policy announcement to make in this regard today.

* * *

[*English*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—MINISTER'S STATEMENT ON COMPENSATION TO HOME OWNERS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, last night the United States government issued a nation-wide ban on urea formaldehyde foam insulation, which raises anew the health concerns of UFFI home owners in this country. My question is for the Minister of Consumer and Corporate Affairs who said in Montreal on the weekend that UFFI victims have not heard the last word from the federal government in terms of compensation. Will the minister be specific

on what this means in dollars and cents terms of compensation, or is the minister still simply trying to pry money out of the provinces? Is compensation dependent upon the minister and the federal government getting the provinces to agree to compensation?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, clearly the decision made yesterday by the American authorities shows that the Canadian government acted wisely in prohibiting sales here in Canada a few months ago before any other country did so. It is true that I announced yesterday that we were awaiting recommendations from the Canadian Review Board before considering other alternatives for providing more direct assistance to home owners and victims of this product. I wish to emphasize today the importance of greater co-operation and more generous assistance by the provinces. I hope that the provincial authorities will show as much concern for assisting UFFI victims as the federal government has done by announcing a program with a budget of over $110 million for UFFI victims.

* * *

• (1500)

[*English*]

BUSINESS OF THE HOUSE

Mr. Nielsen: Madam Speaker, last Thursday the government House leader announced the business of the House up until today and made passing reference to the possibility of an allotted day on Thursday or Friday. Would he tell us what the business of the House will be for tomorrow, Thursday and Friday of this week, please?

Mr. Pinard: Madam Speaker, it will all depend on the progress we make later today on the National Housing Act. Whether or not we vote today on second reading of that bill will influence the order of business for the remainder of the week. In any case, I intend to invite the House leaders to a meeting tomorrow or Thursday to discuss the calendar of business for the coming days and weeks.

* * *

FINANCE, TRADE AND ECONOMIC AFFAIRS

PROPOSED REFERENCE TO STANDING COMMITTEE

On the order: Government Notices of Motions:

February 19, 1982—The Minister of Finance:

That the Standing Committee on Finance, Trade and Economic Affairs be empowered to review the profit situation of the chartered banks.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I wonder if I might return to a question I asked yesterday. I provided the government and opposition House leaders with the terms of reference which we felt would be more appropriate for the reference of the question of bank profits to the standing committee. Contained within those terms are a number of standard clauses which will guarantee that the committee will be able to pursue its work both diligently and expeditiously.

I wonder if the two House leaders might be in a position to indicate whether those terms of reference would be acceptable. If they are, I would be quite happy to give the necessary unanimous consent to proceed with the establishing of the committee and reference of the subject matter.

Hon. Erik Nielsen (Yukon): Madam Speaker, I think it might be best to leave that for the meeting of House leaders which the government House leader has indicated he is prepared to have. I might indicate to my friend that some of the matters he has listed in his suggested terms of reference are not necessary because they are already in the Standing Orders. Those matters can be straightened out at the House leaders' meeting.

Hon. Yvon Pinard (President of the Privy Council): Under the circumstances, Madam Speaker, since there is a notice of motion on the Order Paper we will ask that it be stood until we have our meeting, probably on Thursday. I agree with the opposition House leader that we should discuss that in our meeting because most of what is proposed by the hon. member for Hamilton Mountain (Mr. Deans) is already provided for in Standing Orders and is covered by the broad terms which appear in the motion, notice of which we have put on the Order Paper, except for the right to travel. I do not see why the committee should travel, but I have an open mind on the matter and we will discuss it.

* * *

POINT OF ORDER

MR. DOMM—METRIC CONVERSION—REQUEST FOR RETRACTION OF STATEMENT BY MR. OUELLET

Mr. Bill Domm (Peterborough): Madam Speaker, I rise on a point of order arising out of question period on February 1, 1982. I would appreciate it very much if you would consider asking for a retraction of the statement made by the Minister of Consumer and Corporate Affairs (Mr. Ouellet) on page 14505, where he said that I have:

—apparently urged Canadians to disobey the law.

This concerned the implementation of the metric system.

Madam Speaker: No, I am afraid I cannot oblige the hon. member. The Speaker has no authority and no desire to ask any member in this House to retract a statement. Hon. members have to stand by their statements and are responsible for them.

ROUTINE PROCEEDINGS

[*English*]

MAIN ESTIMATES, 1982-83

A message from His Excellency the Governor General transmitting estimates for the financial year ending March 31, 1983 was presented by Hon. Donald J. Johnston (President of the Treasury Board) and read by Madam Speaker to the House.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I would also like to table on behalf of my colleagues and in support of the estimates, Part I of the government expenditure plan, ten booklets on Part III, and a "Guide to the Estimates" of the Government of Canada.

EXPLANATORY STATEMENT BY PRESIDENT OF TREASURY BOARD

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, as hon. members are aware, the review and scrutiny by Parliament of the government's expenditure plans is one of the fundamental responsibilities of the parliamentary system. Thus, as the plans which are being tabled, and for which authorization is requested, are within the expenditure framework tabled by the Minister of Finance (Mr. MacEachen) in his budget of November 12, I invite all hon. members to devote their efforts to a full and complete examination of these estimates.

Before highlighting some of the content of this year's estimates I would like to say a few words about the presentation itself.

Last year this government tabled for the first time a Part I to the estimates to provide hon. members with a context for reviewing the estimates, or Blue Book, which contains both the statutory expenditures and the voted items for which parliamentary authority is sought for expenditures to be incurred during the coming fiscal year. It has been agreed by all concerned, I believe, that Part I serves a very useful purpose as it allows for an explanation of forward multiyear plans which could not be incorporated in the Blue Book, and provides a variety of analysis and explanation in a form which is more easily assimilated than that of the formal estimates.

I am tabling Part I, the government expenditure plan, again this year. This volume shows the five-year expenditure plan of the government, including the breakdown by ten "spending envelopes". In addition, considerable analysis and explanation is provided to give members a better understanding of the content of the plan and the 1982-83 estimates.

[*Translation*]

Further, as part of my project to improve reporting to parliament, I am pleased to table, on behalf of the responsible ministers, ten program expenditure plans, or separate volumes of a new Part III of the Estimates. Members will recall that it was my intention to table nine such plans this year, but in fact ten are available. This is the first time that these program expenditure plans have been tabled with the Main Estimates, although last year I tabled a number of pilot projects based on the Estimates for 1980-81, simply to serve as examples and to invite comment from members. The purpose of the Part III booklets is to provide members with a much more detailed explanation of the management plans and systems of individual departments than is presented in the Blue Book. These program expenditure plans are prepared by and are the responsibility of the individual departments and are intended to provide members with additional assistance in their scrutiny of individual programs. The tables repeated in these volumes from the Blue Book have been verified by the Treasury Board Secretariat. I am working to a schedule which will see all departments submit their expenditure plans for the year 1985-86; in the interim, there will be an increase in the number tabled each year.

There has been considerable discussion in this House and in committees of the difficulties that members have in understanding the expenditure proposals of the government through reviews of the content of the Blue Book. As a former member of the Public Accounts Committee, I fully appreciate the problems involved. The Public Accounts Committee has conducted a thorough review of the government's proposals on the Estimates. As well, discussions on these documents took place with some 25 individual Members of Parliament. The recommendations of the Public Accounts Committee and the members have resulted in a number of changes to enable these expenditure plans to better meet Parliament's needs. In addition to these consultations and recommendations three distinguished former parliamentarians, the Hon. Otto Lang, James Gillies and Douglas Fisher, were invited to review last year's pilot projects and to offer their comments. I am most grateful for their co-operation. I would also like to thank all members of the House and others who have made such a constructive contribution to the development of these departmental expenditure plans. The tabling of the first ten plans today is indeed a landmark in the evolution of the accountability of government to Parliament, and as members will know, in keeping with the recommendations of the Lambert commission and the Auditor General, as well as the Public Accounts Committee itself. I believe that these program expenditure plans go far toward fulfilling the information needs of Parliament. As a cautionary point, it is also important that Members of Parliament recognize that additional improvements in the expenditure plans will occur over time. This is a major undertaking by individual departments, and thus will be developed over the next few years as underlying information systems and procedures are expanded or improved.

• (1510)

[*English*]

In the context of our consultation with hon. members, other options were explored for providing additional assistance in

reviewing the estimates. Therefore, today I have also made available to hon. members a short "Guide to the Estimates". This document explains the nature of the current revisions to the estimates and briefly outlines the manner in which hon. members can obtain information through the various estimates documents.

I do want to emphasize the importance which this government attaches to the project being managed by the Comptroller General to improve the presentation of estimates to Parliament. This will help each and every hon. member of this House to carry out his or her fundamental and democratic responsibility of ensuring that taxes paid by Canadians will be used for the benefit of all Canadians. The preparation and tabling of Part I and a further stage of Part III, plus the "Guide to the Estimates", I believe, is tangible evidence of the effort this government is making to facilitate the carrying out of our parliamentary responsibilities. Our purpose is to provide full disclosure and to encourage rigorous scrutiny by all hon. members on behalf of the people of Canada.

I would now like to describe certain specific aspects of the information in these documents. First of all, may I point out that the updated expenditure plan to 1985-86, set out in Part I of the estimates, provides for the same total spending level in 1982-83 and future years as was envisaged by my colleague the Minister of Finance when he tabled his budget on November 12 last year. In other words, the estimates are entirely compatible with the information tabled by the Minister of Finance. The numbers set forth in the estimates are destined and designed to proceed upon the presumptions underlying that budget.

I would like to draw the attention of hon. members to two adjustments which must be made in reconciling the total estimates to the planned total spending level of $76.3 billion as set forth in the material of the Minister of Finance; that is to say, as set forth in the budget.

First, total estimates must be adjusted downward for repayment of loans from previous years which are not offset by new loans. The current estimate of these repayments is $480 million.

Second, since the government cannot legally spend more money than Parliament authorizes, and in fact always spends less, an adjustment for this lapse of expenditure authority must be made. The current projection of the lapse for the year 1982-83 is $1.23 billion.

[*Translation*]

I wish to emphasize to members that the expenditure plan reflects our intention to continue imposing a high degree of restraint on spending for the currently approved programs of the government. While recognizing the difficulties involved in making precise forecasts of costs for more than a year ahead, the Treasury Board's most recent review tends to indicate that it will take careful planning and determined management by all ministers and departments to carry out the operations of government within the limits of these envelopes. My colleagues are aware of the need for continued prudence and restraint in light of the particular difficulties and uncertainties facing us in the planning years beyond 1982-83.

And now, Madam Speaker, I would like to comment on the result of the $100 million reduction in overhead expenses of the government which was included as an item in the November budget. As part of the review leading up to these Main Estimates, every program of government was required to substantiate the price increases it has experienced over the past year. In many cases, these numbers were based on actual invoices or contracts for the provision of goods and services. However, it was felt that the operating costs of government should not be fully protected from the effects of inflation, and as a result, the price increases included in these Estimates have been substantially reduced from the levels that would otherwise have been allocated to departments. These reductions were applied to virtually all programs of government in order to effect savings in areas such as transportation and communication expenditures and in the purchase of materials and supplies. While these savings may not be significant in terms of total government spending, they are substantial in relation to those expenditures related to the overhead of government and reflect one additional measure in the continued struggle for efficiency and restraint.

[*English*]

The creation of the Canada Post Corporation has also had a significant impact on the level of resources that are being requested in the 1982-83 Main Estimates. As a department, the post office required appropriations in order to finance all of its operating and capital requirements with most of its revenue not being used to offset its expenditures. The 1981-82 Main Estimates included over $1.7 billion for this purpose. The government is only required to provide for Canada Post's net operating deficit, now that it is a Crown corporation and retains the postal revenues, and consequently no appropriation requirements are included in the 1982-83 Main Estimates. However, the total spending levels for 1982-83 included in the budget have a provision for a $400 million deficit, and Parliament will be asked to approve an item for this purpose through a supplementary estimate in 1982-83.

The comparisons between fiscal years included in Part I of the estimates have been adjusted to treat Canada Post as if it had always been a Crown corporation. The conversion to a Crown corporation has also had an effect on other aspects of the Main Estimates. As a Crown corporation, Canada Post is now required to pay for certain services which were previously provided without charge by other departments and, conversely, departmental appropriations must now include provision for services provided by the new corporation. The most significant example of this arrangement is the inclusion of $220 million in the arts and culture program of the Department of Communications for postal subsidies on cultural-related mailings that were previously calculated as part of the operating requirements of the old post office department.

• (1520)

In addition, the size of the public service has come to be measured by the number of person-years subject to Treasury Board control, and with the conversion to Crown corporation status the person-years of Canada Post are no longer considered in this category.

I would like to turn for a moment to this question of person-years. After making the adjustment for Canada Post and another similar technical modification, I am once again pleased to announce that, despite the continued pressure in the system for the provision of more and more services, growth in the size of the public service has been kept to less than 1 per cent. The 1982-83 Main Estimates provide for 255,322 person-years, which represents an increase of 2,152 or .8 per cent over the comparable figure for 1981-82.

[*Translation*]

One important perspective related to the growth in person-years that is often overlooked involves the fact that many of the government's services provided to the public are actually cost-recovered. The total direct costs associated with over 19,000 person-years are completely paid for by fees and charges resulting from activities provided to the public. Obviously, increased resources, including person-years, for services that are essentially cost-recoverable, should be treated differently from those that merely increase the general overhead of the government. In fact, a significant portion of some of the largest cost increases over the 1981-82 levels is recovered through the provision of services. Many of the 434 additional person-years for the RCMP will be used for policing at the detachment level which is recoverable through the recently renegotiated contracts with the provinces and municipalities. In the Department of Transport, almost one half of its total increase of 375 person-years will be used for air traffic control and systems that derive revenues from various sources related to the use of airports and Canada's airways.

It should also be pointed out that all operating and personnel costs are recovered for a further 20,000 person-years related to the administration of the Unemployment Insurance and the Canada Pension Plan programs.

[*English*]

Finally, I would like to point out that the 1982-83 Main Estimates do not reflect the recently announced reorganization which primarily affected the Departments of Industry, Trade and Commerce, Regional Economic Expansion and External Affairs. Quite simply, there has not been sufficient time to work out all of the adjustments that will be necessary. Once the details of the resource reallocations of the new department of regional industrial expansion, the enlarged responsibilities for External Affairs and the other adjustments have been finalized, Parliament will then be provided with an opportunity to review these proposals through a special 1982-83 supplementary estimate.

REFERENCE TO STANDING COMMITTEES

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I rise on a point of order. I have talked to some of my colleagues on the other side and it seems there would be unanimous consent to allow me to deal with two procedural matters at this time. I thank my hon. colleague from Nepean-Carleton (Mr. Baker) and the House leader from the Tory party who have agreed. I suppose my colleagues will have no objection. I will be very short.

If I am allowed, I would like to move the usual motion to refer to the appropriate standing committees the different estimates that were tabled today. I have circulated and given to the House leaders of the two parties copies of that long motion. There is a small correction. There is a vote, which is Public Works Vote L85, which had been omitted. It has now been added to this list.

Mr. Nielsen: Page?

Mr. Pinard: See "Standing Committee on National Resources and Public Works". It should be on page three, the middle of the page; to the Standing Committee on National Resources and Public Works, just add "L85". That was a pure omission.

Therefore I would, pursuant to Standing Orders 58(14) and 59, move, seconded by the President of the Treasury Board (Mr. Johnston):

That the Main Estimates for the fiscal year ending March 31, 1983, tabled earlier this day, be referred to the several Standing Committees of the House as follows:

I would ask that we dispense reading the long enumeration since the motion has been circulated.

[*Editor's Note: List referred to above is as follows:*]

To the Standing Committee on Agriculture

Agriculture Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45 and 50

To the Standing Committee on Communications and Culture

Communications Votes 1, 5, 10, 15, 20, L25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85 and 90

Secretary of State Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45 and 55

To the Standing Committee on External Affairs and National Defence

External Affairs Votes 1, 5, 10 L15, L20, 25, 30, 35, L40, 45 and 50

National Defence Votes 1, 5, 10 and 15

To the Standing Committee on Finance, Trade and Economic Affairs

Economic Development Vote 1

Finance Votes 1, 5, 10, 20 and 25

Industry, Trade and Commerce Votes 1, 5, 10, 15, 20, 25, L30, L35, L40, 45, 50, 55, 60, 65, 70, 75 and 80

National Revenue Votes 1 and 5

Privy Council Vote 20

To the Standing Committee on Fisheries and Forestry

Environment Votes 1, 5, 10, 15, 20, 25 and 30

Fisheries and Oceans Votes 1, 5 and 10

To the Standing Committee on Health, Welfare and Social Affairs

Consumer and Corporate Affairs Votes 1 and 5

National Health and Welfare Votes 1, 5, 10, 15, 20, 25, 30, 35, 40 and 45

Social Development Vote 1

Ways and Means

To the Standing Committee on Indian Affairs and Northern Development

Indian Affairs and Northern Development Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, L50, L55 and L60

To the Standing Committee on Justice and Legal Affairs

Justice Votes 1, 5, 10, 15, 20, 25, 30, 35, 40 and 45

Solicitor General Votes 1, 5, 10, 15, 20 and 25

To the Standing Committee on Labour, Manpower and Immigration

Employment and Immigration Votes 1, 5, 10, 15, 20, 25 and 30

Labour Votes 1, 5, 10 and 15

To the Standing Committee on Management and Members' Services

Parliament Vote 5

To the Standing Committee on Miscellaneous Estimates

Finance Vote 15

Governor General Vote 1

Parliament Votes 1 and 10

Privy Council Votes 1, 5, 15 and 25

Science and Technology Votes 1, 5, 10, 15, 20, 25, 30 and 35

Secretary of State Vote 50

Supply and Services Votes 1, 5, 10 and 15

Treasury Board Votes 1, 5, 10, 15, 20, 25 and 30

To the Standing Committee on National Resources and Public Works

Energy, Mines and Resources Votes 1, 5, 10, 15, 20, 25, 30, L35, 40, 45, 50, 55, 60, L65, L70 and 75

Public Works Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, L65, 70, 75, 80 and L85

To the Standing Committee on Northern Pipelines

Economic Development Vote 5

To the Standing Committee on Regional Development

Privy Council Vote 10

To the Standing Committee on Regional Development

Regional Economic Expansion Votes 1, 5, 10, L15, L20, 25, 30 and 35

To the Standing Committee on Transport

Transport Votes 1, 5, 10, 15, 20, 25, 30, 35, L40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, L95, 100 and 105

To the Standing Committee on Veterans Affairs

Veterans Affairs Votes 1, 5, 10, 15, 20, 25 and 30

Mr. Nielsen: Madam Speaker, could the government House leader simply inform me that the vote he has added, L85, appears nowhere else in that motion?

Mr. Pinard: No, Madam Speaker, not to my knowledge.

Madam Speaker: Does the House give its unanimous consent to this motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

WAYS AND MEANS

TABLING OF NOTICE

Hon. Yvon Pinard (President of the Privy Council): I have another point, Madam Speaker. In accordance with Standing Order 60(1), I wish to table a Notice of Ways and Means Motion to amend the Petroleum Administration Act.

In accordance with Standing Order 60(2), I also ask you to designate the order of the day necessary for the consideration of this ways and means motion.

MAIN ESTIMATES, 1982-83

EXPLANATORY STATEMENT BY PRESIDENT OF TREASURY BOARD

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, this is a very interesting day. I want to delve back into history just a little bit, if I might. The last estimates that were presented in this House of Commons by the Diefenbaker government in 1963 totalled $7 billion. At the beginning of the reign of the present Prime Minister (Mr. Trudeau) the estimates, which I have here in this little slim volume for 1968-69, totalled only $12.4 billion.

The estimates that we are dealing with today for the year 1982-83 which come in this large volume, which takes a healthy, well-fit man to carry around for more than twice the length of the Parliament Buildings, and that includes me, amount in total to $74.2 billion. That is a 500 per cent increase in government expenditures in that period of time, or an increase of approximately six times.

That ought to strike fear into the hearts of those who look at the state of the economy, the height of the interest rates and a host of other things in considering the government's record. The only people who can feel joyful and happy about that kind of increase are those who do not fear continuous government intervention in the economy. I would be the last to suggest that it could cease, but I would be the first to suggest that there has not been the appropriate watch placed on it, the pragmatic approach to government. As time goes on, given the policies of this government, I think one will see the continuation of that kind of increase in an equally short period of time.

I would like to pay tribute to my friend, the hon. member for York-Peel (Mr. Stevens). It was the hon. member for York-Peel who, when he was president of the Treasury Board during the Clark government, brought into play in terms of government expenditures the envelope system for expenditure. It was something quite new in terms of expenditures.

What that system managed to do was to place responsibility for finding the wherewithal to fund government programs on ministers and departments which came up with those programs. That is putting it very simply, but I think very clearly. I am very pleased to see that that system is being carried on by the present government because it is sound. It is important that the public know where it began. It did not begin with the President of the Treasury Board (Mr. Johnston) who has just finished speaking. It began under the leadership in Treasury Board of the hon. member for York-Peel.

The second point that is important to remember is that all of these programs, the program expenditure plans of government, those ten programs which the President of Treasury Board referred to, came out of the work of the Public Accounts

Committee, chaired from time to time by members of the opposition parties. It was chaired for a period of time by the President of the Treasury Board, the member for Capilano (Mr. Huntington), the member for Vancouver Quadra (Mr. Clarke) and a host of other people who brought forward those plans, drawing upon the learning and experience of Mr. Lambert and the fresh view of controlling expenditures which he and others like him have brought into government.

• (1530)

I am concerned about one aspect of the minister's statement, and I think it important that we set the record straight. If one takes the minister's statement, which I have in front of me, at face value, he said at page three:

> Based on the assumptions of the November budget, total forecast spending of $76.3 billion in 1982-83 is 11.7 per cent higher than the forecast for 1981-82.

That is dealing with forecasts, Madam Speaker. Those forecasts are wrong. In fact, the Minister of Finance (Mr. MacEachen) has refused to table forecasts or give any credence to forecasts—even the ones he has given in his own budget.

If anyone in the country believes that the total government expenditure in Canada will increase by only 11.7 per cent from the previous year, I suggest that they are wrong. The only solid basis on which to chart the increase in government expenditures is to go from Main Estimates to Main Estimates. If we take the figures from the Main Estimates we have just seen and relate them to the Main Estimates for the previous year, we find that the government expenditures in that area do not increase by only 11.7 per cent, they increase by 15 per cent. That is the first statement I would like to make.

The second matter I would like to point out is that from time to time the government has said that it would keep its rate of increase in government spending below the rate of inflation. That has not happened because although the rate of inflation is high enough in Canada, it is not 15 per cent. In that respect the estimates which have been tabled today do not fall within the content of former statements or statements of purpose. They fall by the wayside like so many other statements made by this government.

I will deal briefly with some items which I think people should know about. First is the item of advertising. The advertising program is up by 14 per cent from the previous year. It amounts to approximately $70 million. There is $1 billion yet to come in supplementary estimates to be tabled some time in March. Salaries and wages for public servants will have to be examined very closely because the numbers do not coincide with existing contracts or probable inflation. After adjusting for the post office changes, the total salaries from last year's Main Estimates to this year's Main Estimates are up only by 7 per cent in spite of an increase in the size of the public service. These figures do not add up. Inquiries will have to be made into that aspect.

According to these estimates, public debt charges are up by 14 per cent this year. Government borrowing accounted for 44 per cent of the money raised in the financial markets last year. Imagine the impact on interest rates if the government would reduce its level of borrowing. Can you imagine that impact, Madam Speaker, and what it would mean for home owners and small business people?

There has been no change in the estimated cost of servicing the public debt since the November budget. The government surely must know by now that its revenues will be less than it expects which will result in a larger debt and a larger debt service cost.

The figure for equalization in the estimates reveals quite a substantial increase over the 1981-82 figure. However, during today's briefing government officials told our officials that this represented a continuation of the existing formula, not the new Ontario standard which was proposed in the budget or the five provinces standard which was proposed during the first ministers' meetings. Also, the estimates for transfers to the provinces do not take into account the census estimates of revised population which may result in pay-backs for previous years for some provinces to Ottawa. So it becomes evident that there are many concerns.

I would like to remind the House of what Ray Buxton, President of the Canadian Real Estate Association, said in a statement on February 15 about the size of the government's borrowing and its impact upon interest rates. He said:

> The federal government could open the gates to more widespread home ownership if it reduced its heavy borrowings.

He estimated that this would reduce interest rates by 1½ per cent to 2 per cent:

> —thereby increasing the number of families who would qualify for mortgages.

There is nothing in the estimates, Madam Speaker, to attack the great problem of housing in Canada.

I do not want to be unkind to the minister but I do want to be truthful with him. There is a great deal of skepticism in Canada about the ability, and indeed the will, of the government to control its expenditures and act in a businesslike fashion. Recently the member for York-Peel brought a document to the public's attention which detailed improvidence in the government in the great computer caper. Improvidence in the government, Madam Speaker. The Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray) said that the government learned a lesson. They sure did and we sure paid for that lesson!

If we review the estimates, we see that the estimated cost of the Guy Favreau project in Montreal has jumped from $44 million to $83 million. Perhaps the President of the Treasury Board can indicate why there is such a leap. There has been a history of understating and overstating the estimates and the truth with regard to estimating programs, which has been, as far as Canadians are concerned, something completely different from the statement by the minister, whatever sugary language he manages to use.

You will remember that I raised in the House the report of the Auditor General. His report indicated that the net debt of the government is understated by $9 billion. For the first time in Canada's history there had to be a qualified certificate on

the operations of the Canadian government. That is why we are somewhat skeptical about these pronouncements.

There have been some incredible examples revealed to us about the government's inability to manage the public's money. I have a couple of examples to illustrate our skepticism and wonder about these estimates, which make us want to examine them very, very closely. For example, there was $110,000 paid for metric cooking lessons. Two television chefs, Bruno Gerussi and Madame Benoit, have been given a six-week television contract worth $110,000 to promote metric cooking.

There is the case of interest free loans to Michael Phelps, the executive assistant to the Minister of Energy, Mines and Resources (Mr. Lalonde). He has received two interest-free mortgages from Petro-Canada totalling $35,000. At current interest rates, the annual cost of these mortgages to taxpayers would be in the range of $6,000 to $7,000, even if they are justified or authorized in the first place. Another example are the cost overruns at Place du Portage, the C.D. Howe Building and the Montreal postal plant.

Do hon. members remember the JetStars? This is what makes me wonder about the government's honest intention to control expenditures.

Mr. Smith: The pilots live in Nepean-Carleton.

Mr. Baker (Nepean-Carleton): They do. That is how I heard about it. We could not believe that three ministers would fly in formation in three government JetStars to Winnipeg. It is a rerun of "The Captain of the Clouds" except it is no longer James Cagney in the starring role; it is the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion, with two other supporting roles. Is it any wonder there is some question about the whole process with which we are dealing?

• (1540)

However, I commend the government, and I believe the Public Accounts Committee did well. The Lambert commission on accountability did well in bringing about some changes in the process, but we are just half way there.

Madam Speaker: Order, please.

Mr. Baker (Nepean-Carleton): Madam Speaker, the minister took about 20 minutes, and I think I should have at least equal time.

Madam Speaker: I will give the hon. member equal time. The minister spoke for 17 minutes and I am willing to allow the hon. member 20, but that would be all. I am just signalling that the hon. member has three minutes left, if I do not give him 20 minutes.

Mr. Baker (Nepean-Carleton): Thank you very much, Madam Speaker. I appreciate your consideration.

This minister is the same minister who is charged with the responsibility of bringing in legislation with respect to Crown corporations and accountability. The House has not seen that legislation yet. Two years ago the minister said he would be the master of regulatory reform. We have not seen any processes for regulatory reform. I know regulatory reform is being worked at by the bureaucracy, but it is not out here in public.

This is the government which two years ago said it was committed to openness of government so that people would know. Freedom of information was the watchword. Just a few days ago the round-heeled Minister of Communications (Mr. Fox) was blown over by a blast of wind from the attorneys general. We are not likely to see freedom of information.

Let us look at the unanswered questions on the Order Paper with respect to government expenditures. The whole process of accountability will not work if it is the view of the government that the senior people in Crown corporations will not even have their salaries revealed. How can we judge their accountability? These are the things Mr. Lambert talked about, and if we are going to close the ring on expenditure management in government, we have to have some parliamentary reform. That was another watchword of the government two years ago, but there has not been one proposal.

When the minister is musing over the Blue Book, as thick as it has become, he should reread the last section of the Lambert report, which talks about improving the processes in Parliament so that the people of Canada, through their elected representatives, can find out what goes on within government. Until that is done no member of this House of Commons ought to be content with bland statements by the government or mere changes in the Blue Book process, as far-reaching as they are.

I urge the President of the Treasury Board to do his duty, light a fire under the President of the Privy Council (Mr. Pinard) and get him going, because we have a long way to go in order to complete the ring of accountability Mr. Lambert spoke about in his report.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I am pleased to be able to respond on behalf of the New Democratic Party as our Treasury Board critic and as a member of the Public Accounts Committee.

The revised form of the estimates has changed the package quite substantially since I became a Member of Parliament some two years ago. Originally the Blue Book was a very difficult document to understand. It was difficult for the Parliament of Canada to get a grasp on accountability for expenditures by the government, and I would like to compliment the President of the Treasury Board (Mr. Johnston) and the office of the Comptroller General for making this package of documents much more understandable. It is now easier to get a grip on the expenditures of government or at least what its plans are.

I would not want the government to be satisfied with that, however. There are other improvements I think need to be made. An example which comes to mind is that the information on the plans and objectives of the government and the objectives of the different departments, the Blue Book and the

guide with which to use it which make up the four parts of the revised form of estimates, must be consistent with the public accounts at the end of the year so that we can actually compare the results of the year's spending with the projections put out in the revised form of the estimates.

In talking about the estimates this year I have some confusion yet as to what the actual amount of the expenditures have been. According to fact sheet No. 1:

> Total forecast spending of $76.3 billion in 1982-83 is 11.7 per cent higher than the forecast for 1981-82.

According to fact sheet No. 4:

> The 1982-83 Main Estimates tabled today provide for $72,935 million in budgetary expenditures, an increase of $9,503 million or 15 per cent over the 1981-82 Main Estimates.

I suppose in terms of actual dollars, we are talking only about $4 billion, which may not be much in terms of federal government expenditures, but many Members of Parliament have a hard time grasping what is actually happening when there are contradictions like that. The information has to flow in a way which is a bit more fluid and consistent than has been the case up to this point in time.

As I say, progress has been made by the office of the Comptroller General under the direction of the President of the Treasury Board. It has been good up until now, but it must continue.

I am very concerned about the amount of spending which is being undertaken to service the public debt. The public debt accounts for some 23 per cent of the total expenditures placed before us today, and that is a phenomenal amount of money. I think about one dollar of every five raised in revenue goes back to servicing the public debt. I think repayment of the public debt is of great importance to Members of Parliament, but the government goes about the repayment of that debt in a strange way. I am concerned that responsibility for that public debt is being placed on the backs of provincial and municipal governments.

The total accumulated public debt brought about by this government is now about $81 billion, and this government is going to address the reduction of that debt by transferring certain responsibilities to provincial and municipal governments. Established programs financing comes to mind. Over the next five years those transfers to the provinces will be reduced by some $5.7 billion. There is evidence of the transfer of that responsibility. The community services contribution program was cut some 18 months ago, and that created a real hardship for many municipal governments across the country. With respect to policing costs, a heavier burden was placed on provincial and municipal governments, and that put the federal government in a better-looking financial position. Another part of this is that the federal government is trying to get away from statutory payments associated with the Crow rate.

The situation in relation to person-years is somewhat deceiving. The reduction of federal government person-years appears to be large. Some 60,000 or more jobs have been removed from the authority of the Treasury Board and transferred to Crown corporations, and this raises the very serious point to which the hon. member for Nepean-Carleton (Mr. Baker) referred. There is a need for a Crown corporations act because more and more responsibility is being transferred from the authority of Parliament, and even away from the authority of the government to some extent. That responsibility is being assumed by Crown corporations. As a member of the Public Accounts Committee, the last I heard was that there were some 464 federal Crown corporations under the four different schedules A, B, C and D. This number is growing all the time.

Mr. Nielsen: We do not know how many there are.

Mr. Anguish: I suppose some of these might be called agencies which are set up in such a way that the federal government is a shareholder, but these agencies do not appear as Crown corporations and there is a real need for a Crown corporations act. We must establish whether Crown corporations are instruments of public policy. Do they reflect the wishes of the government and the wishes of Parliament, and how do we as parliamentarians scrutinize the activities of a large number of federal Crown corporations? More are being created all the time. Two new Crown corporations are being formed for the post office and the museums. It has been announced that $185 million will be spent on creating two new museums in order that artifacts which are presently deteriorating can be preserved. In fact, some reporters have called the museums a national disgrace.

• (1550)

I would not want to make a judgment on whether Crown corporations will be good or bad; time will tell. They will certainly not be accountable to the public, however, if the government keeps on the course it is embarked upon now.

I was shocked when the new chief executive officer of Canada Post appeared before the Standing Committee on Public Accounts at a time when the Auditor General was also present. Testimony revealed that the Auditor General, along with a private firm, will be co-auditor of that particular Crown corporation for a two-year period. It also came out in evidence that a letter had been sent to the Auditor General by the Prime Minister (Mr. Trudeau). I am paraphrasing somewhat but it was to the effect that the Auditor General should not expect to be reappointed as co-auditor to Canada Post when his two-year appointment expires.

I think that demonstrates that the government is interfering in the responsibility that parliamentarians have toward the great expenditures made on behalf of the Canadian taxpayer. There is provision for scrutiny of such expenditure by a Crown corporation. It makes the person-years of the government look good and it makes government expenditures look good, but we as parliamentarians do not know what is happening in many of the Crown corporations. We do not know whether they are instruments of public policy or whether they are embarked upon some course of their own. They may be doing a good job but then they may not, and we do not have access to the information that would allow us to make that judgment.

I urge the President of the Treasury Board to address the problem of the accessibility of information from Crown corporations. There should be an improvement in the amount of information that is available to parliamentarians so that they do not have to wrestle with the estimates, although I do agree that the package has been improved. The expenditure plans submitted by each department will be a great help. Until now opposition critics for certain departments or agencies of government only had the Blue Book to go by, but now an analysis is submitted by each department of its ojectives and goals for the coming year. That information will be very useful to the critics in the official opposition and in the New Democratic Party.

I would ask the President of the Treasury Board to consider well the comments and recommendations made by Members of Parliament. I hope that in days to come we will not be deceived by the information we receive. Perhaps I can hope for a Crown corporations act so that the Auditor General, who is really an officer of Parliament, can act on our behalf and give us information on money being spent out of the public purse. I do not believe we have full control of the public purse yet but the more information we have, the better chance we have of getting it under control.

Some hon. Members: Hear, hear!

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I gather that the convention is that Members of Parliament with questions for the President of the Treasury Board (Mr. Johnston) are entitled to ask them following the statements.

I have a question for the minister regarding the information he tabled in the House about the advertising management service. I am perplexed by the figures which indicate that in the fiscal year 1979-80 the government spent roughly $35 million on advertising and that this will grow to roughly $70 million this year which, according to the minister, is an increase of some 14.8 per cent over last year.

When I had responsibility for Treasury Board my information indicated that in 1979-80 the government spent between $64 million and $65 million. Is the minister prepared to table a breakdown of both the $35 million figure for 1979-80 and the $70 million figure for this year? It is more likely that the figure will be over $100 million if the same criteria are used.

Mr. Johnston: Madam Speaker, I do not have that information for the House at the moment. In any event, the hon. member will have ample opportunity in committee to examine any number of issues which arise in the estimates. Specific departments can be dealt with in detail.

Mr. Beatty: Madam Speaker, I wonder if the minister is aware that questions about government expenditures on advertising have been on the Order Paper in my name for over a year and a half. To date they have not been answered. As well, I wonder if the minister is aware that last fall when I put questions to the Minister of Supply and Services (Mr. Blais) on his estimates in committee requesting a breakdown of the advertising budget, the information was promised but has not been forthcoming. If we cannot get it in that context, then will the President of the Treasury Board undertake to provide Parliament with the information that is requested?

Mr. Johnston: Madam Speaker, it is not the function of the President of the Treasury Board to answer all questions with respect to the spending of various departments, whether they are questions on the Order Paper or are questions asked in committee. I will be pleased to raise the hon. member's question with the Minister of Supply and Services.

Mr. Beatty: I should like to ask the minister about another aspect of his responsibilities. My colleague, the critic for Treasury Board, noted that for two years the minister has been incapable of coming to Parliament for legislation to improve the financial control and accountability of Crown corporations, notwithstanding the fact that in the brief nine months the Clark government was in office such legislation was tabled in the House. On numerous occasions the minister had indicated that he intended to take urgent action to present such legislastion to Parliament. This relates directly to his responsibility and to control of expenditures in the estimates for those Crown corporations. Can he tell the House why he has failed so dismally to keep the commitment that he made to the House, and will he indicate when he will keep it?

Mr. Johnston: Madam Speaker, I appreciate the hon. member's interest in Crown corporations. I share with him and with all hon. members a concern about the accountability of what has grown to be a very large part of the public sector. Bill C-27 was tabled, as you will recall. I have stated in the House a number of times that it contained a number of defects which were pointed out by heads of Crown corporations, officials in departments, people outside government, the audit community and others. As a result, we have undertaken a very extensive review of the legislation with a view to better achieving accountability, direction and control of Crown corporations.

Because of the assets involved, however, and because of the ongoing impact of this legislation or the reorganization that we may introduce to accomplish the specific purposes which I am sure we all share, I have not been able to put every matter to rest. I can assure the hon. member, however, that a great deal of progress has been made and I hope that in the near term action will be taken with respect to the whole area of control, direction and accountability of Crown corporations. I know this matter is of great concern to him, as it is to me.

Mr. Beatty: Madam Speaker, it is two years since the minister was appointed and he has given those assurances on several occasions during the time. I wonder if he could give us a time frame today—to the nearest month even—on when he will introduce that legislation.

I wonder if the minister would also confirm to the House that he was called by the Clerk of the Privy Council, Mr. Michael Pitfield, last fall and instructed that the project was dead and that it was only after that, in discussions with the

Prime Minister (Mr. Trudeau), that he was able to resurrect it.

Can he pin down to the nearest month when he will introduce that legislation, and will he keep the commitment this time?

Mr. Johnston: Madam Speaker, usually the hon. member's information, via brown envelopes or otherwise, is somewhat more accurate than the ridiculous declaration he has made to the House. The project is far from dead. It is one of continuing and great concern to the Prime Minister. After all, back in 1976 it was the Privy Council that developed what I believe was called the blue paper at that time with respect to Crown corporations. Everything I have said in the past stands; the commitments stand, the concern stands and action is being taken.

I would expect hon. members to recognize, however, that this House has had a fairly heavily charged scheduled of activity in the past year that I have been in this portfolio. That does not detract in any way from the importance of the Crown corporation legislation. Great progress had been made and I hope that when action is taken I will have the full co-operation of the hon. member to put through the House the legislation that is necessary to establish the direction, accountability and control that we all want.

• (1600)

Mr. Beatty: Madam Speaker, let me in my last question ask the minister, if he will not pin it down to the nearest month, whether he will commit himself to the House to introduce that legislation before summer. If he will not do so, will he give the House the commitment that the legislation will be introduced this year, in 1982?

Mr. Johnston: Madam Speaker, commitments can only be as effective as is the House in dealing with legislation when it is brought down. The most I can say to the hon. member today is that I am anxious to proceed with this matter as soon as possible. If it is within a month I would be delighted; if it is within several months I would still be delighted. I certainly hope it is within the time frame of which the hon. member is speaking, but I refuse to stand in the House at this point to say that we will have this legislation by June 1, July 1 or April 1. The fact is that we are moving ahead steadily with it, and I hope to have further announcements to make in the very near term.

Mr. Baker (Nepean-Carleton): Madam Speaker, I have great difficulty understanding how a minister can rise in his place and give an answer such as the one the President of the Treasury Board just gave respecting a matter which has been outstanding for two years.

Also the government indicated that it is generally in favour of the report of the Lambert commission on accountability of government. In that report there are provisions whereby Mr. Lambert and his colleagues recommended that committees of the House of Commons have tabled before them on an automatic basis the reports of all Crown corporations, agencies and departments of government, that they be given complete scope in order to examine the operations of government, and that it would be an appropriate arrangement for parliamentary reform.

As the minister responsible for the Lambert report, what is his view with respect to that provision? What advice is he giving to the President of the Privy Council, if he can tell me, respecting the parliamentary reform package which was promised for an equally long time by the government and has yet to see the light of day?

Mr. Johnston: Madam Speaker, let me clarify my mandate. I am the minister responsible for co-ordinating the government's response to the report of the Lambert commission. I have already tabled in the House a publication entitled "Accountable Management", with respect to which I received some very complimentary comments from the hon. member for Nepean-Carleton, for which I thank him. I know he recognizes that we have made enormous progress in a wide variety of areas across government in achieving the kind of accountability which Mr. Lambert and commission members suggested and recommended. We have also moved ahead in the personnel field or in the area of human resource management pursuant to the report of the D'Avignon Committee. All of this was pulled together in the publication "Accountable Management", with which the hon. member is familiar.

In addition, during my budget speech back in November I updated the House on where we were with respect to various outstanding issues concerning the responses to Lambert and D'Avignon. I agree with the hon. member that there is a further area which must be addressed. I look forward to hearing his contributions in the House with respect to the issue of parliamentary reform which is within the jurisdiction of the President of the Privy Council (Mr. Pinard). He and I have discussed the issue of parliamentary reform and will continue to discuss it. I believe the minister indicated the other day that he would be bringing forward some proposals and that he had already undertaken some discussions with the other House leaders respecting the question of parliamentary reform. I share the desire of the hon. member to close the loop of accountability which he mentioned earlier this afternoon.

Mr. Baker (Nepean-Carleton): Madam Speaker, I have one further question. As co-ordinating minister, would he tell the House what advice he tendered to the President of the Privy Council concerning the questions of closing the loop and changes in parliamentary practice which were envisaged by Lambert and many others? As the minister knows, I have filed a paper which dealt with the question of committee reform. What is his attitude, as a member of government, to the recommendations of the Lambert commission? What is he doing about them as the co-ordinating minister in terms of the advice he is tendering to his colleage?

Mr. Johnston: Madam Speaker, cabinet colleagues give each other advice on a daily basis, which clearly is not a matter for public debate. Exchanges between privy councillors

and cabinet are not something which I am about to reveal or declare in the House of Commons. I am certain the President of the Privy Council will be coming forward, in due course, with an expression of his views and the views of government on the subject.

Mr. Anguish: Madam Speaker, I should like to direct a question to the President of the Treasury Board concerning the $5.7 billion reduction in the established programs financing to provincial governments over the next five years. The 1982 report of the Economic Council of Canada entitled "Financing Confederation" indicated that the council sees little merit in reductions in federal-provincial transfers which would, in effect, merely shift part of the burden of a declining federal deficit to less fortunate provincial governments.

Also I should like to refer to the report of the task force on federal-provincial fiscal arrangements, which reads in part:

> We are agreed that the programs examined in the course of our work are serving vital social needs and merit undiminished support. Over-all funding of these programs should, in our view, be maintained at no less than current levels.

Did the President of the Treasury Board take any of this information under advisement before giving approval to the estimates for this year and the coming year? It seems as if he has totally looked away from it.

Also I should like to refer to the report of the task force on regulatory reform. I sat as a member of the task force and we have heard nothing about its recommendations. What does the minister do with the information recommended to Treasury Board? He so often overlooks it or seemingly does nothing with it.

Mr. Johnston: Madam Speaker, I take any advice we receive in Treasury Board, which falls within matters of my jurisdiction, most seriously. I hope hon. members recognize the extent to which Treasury Board has responded by preparing a new form of the estimates, and a guide for the estimates, in tabling "Accountable Management", and in keeping members informed of the wide variety of reforms which have taken place across government over the last several years.

With respect to established program financing, the estimates are designed to reflect the policy and financial requirements stated by the Minister of Finance when he tabled the budget on November 12, 1981. It is not for the estimates to change the policy established by the Department of Finance. The estimates simply reflect the policy for 1982, 1983 and ongoing years.

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, I have a question for the President of the Treasury Board (Mr. Johnston) concerning the western development fund. Almost a year ago when he tabled his estimates, I had an opportunity to ask him what moneys were allocated in the estimates for the fund and, without becoming specific, what kinds of programs we could look forward to if there were supplementary estimates to take care of moneys allocated under the fund. The Minister of Finance (Mr. MacEachen) and the Minister of Employment and Immigration (Mr. Axworthy) referred to it. Recently the Minister of Transport (Mr. Pepin) announced in Winnipeg that some $1.35 billion would be made available over the next four years to finance some additional rail capacity. Could the minister give us some idea whether that money will be made available from the western development fund? What other programs can we look forward to and advise our constituents of, so that they may apply and make use of the western development fund?

Mr. Johnston: Madam Speaker, again that is not an appropriate subject for me to respond to in tabling the Main Estimates of the government for the year 1982-83. The expenditure plan in Part I sets forth various envelope levels. It is clear that there are policy reserves in each of the ongoing years, but the hon. member will simply have to await announcements by responsible ministers as time evolves.

Mr. Mayer: Madam Speaker, I should like to ask the minister a more general question. A year ago he replied to me by saying that $2 billion in total over a period of three years to 1983-84 would be made available under the western development fund. Also a year ago he mentioned that $350 million will be brought forward through supplementary estimates. Could he give figures this year similar to the ones he provided last year, so that we have some idea what level of expenditure the government plans on using through the western development fund and at least some idea of the broad-brush expenditures the government plans as far as the western development fund is concerned?

Mr. Johnston: Madam Speaker, I repeat my earlier answer. I think this is a matter which should be addressed by the responsible minister. The hon. member will have ample opportunity to question the responsible minister both in committee and in the House, whether it be the Minister of Transport (Mr. Pepin) or the other ministers who are charged with these areas within their respective jurisdictions.

• (1610)

Mr. Mayer: Madam Speaker, I have another general question. First, has the minister allowed for any expenditures in his estimates as far as the western development fund is concerned? Could the minister also give us some idea which ministers will be bringing forward supplementary estimates which would provide for the expenditure of funds under the western development fund, if in fact such a fund exists?

[*Translation*]

Mr. Johnston: Madam Speaker, I cannot go on repeating myself all afternoon. It seems to me it is obvious that there are ministers with responsibility for other economic sectors and, therefore, I have no intention of giving a detailed analysis of expenditures in areas that fall under the jurisdiction of my colleagues.

[*English*]

Hon. Erik Nielsen (Yukon): Madam Speaker, I have two questions for the minister. Having taken a quick glance through the estimates which have just been tabled, I notice that there are a number of references to items referring to

accommodation provided by the Department of Public Works. How far into the revenue dependency plan is the government? Is the plan wholly implemented as yet? If not, how far along the road has the government proceeded? When might we see the completion of the full implementation of revenue dependency so that we will see reflected in the estimates the cost of accommodation provided to the various departments of government by the Department of Public Works?

Mr. Johnston: Madam Speaker, I can understand the hon. member's interest, being a former minister of public works. I trust and hope that he is supportive of the principle of revenue dependency. As hon. members will recall, my colleague the Minister of Public Works (Mr. Cosgrove) and I announced last year the experiment in revenue dependency in the Department of Public Works, which was a simulated model. In order to establish a means whereby revenue dependency could be made to work in the area of the Department of Public Works accommodation, a simulated model was established opposite the other departments. I understand from my colleague, the Minister of Public Works, that we would hope to see the results of that simulated model some time in spring, 1982.

Mr. Nielsen: Madam Speaker, the minister may be assured that I am indeed an ardent supporter of the theory of revenue dependency. I would like to see it implemented as quickly as possible because it will do nothing but increase efficiency in government and effect cost savings.

My second question has to do with the retionalization of real property services, which is a matter fairly closely allied to the first question. As the President of the Treasury Board is aware—and I see his colleague the Minister of Public Works sitting beside him—Canada's Department of Public Works is probably the biggest landlord in the world with well over $40 billion of property, real and other, in its list of assets. Indeed, I always thought it rather disgraceful that the Government of Canada was not able to ascertain with any accuracy just what the precise value was of the property it did own.

When is it anticipated, if at all, that the President of the Treasury Board (Mr. Johnston) will be submitting a proposal to cabinet, which would at least commence an experiment in or bring about a program for the rationalization of real property services in the Government of Canada?

Mr. Johnston: Madam Speaker, I am pleased to advise the hon. member that again he has touched upon a matter that we regard as a very high priority in terms of the management of government assets. Proposals have been brought forward for cabinet consideration in that area. I am also advised that if the government could obtain some co-operation from the hon. member for Yukon (Mr. Nielsen), as opposition House leader, with respect to Bill C-91, which facilitates the use by the government of certain techniques in terms of asset management, such as lease purchase agreements and so on, which in many instances are in the interests of Canadian taxpayers at large, that, in turn, would give a real boost to our efforts in that direction, and we look forward to his co-operation.

Mr. Cosgrove: We must have his agreement.

Mr. Nielsen: Madam Speaker, the minister will certainly get all the co-operation he deserves, certainly as much co-operation that he and his colleagues provided us during the closing months of 1979 when they took seven and a half days to debate the mortgage interest credit legislation that we put forward. I believe we have been on Bill C-78 for three or three and a half days now. Certainly the minister will get that kind of co-operation. If I can have the attention of the President of the Treasury Board for a moment, he said, if I heard him correctly, that such a proposal for the rationalization of real property was being put forward or was being considered. Am I to understand it is in fact being considered at cabinet level at this time?

Mr. Johnston: Madam Speaker, a great deal of work has been done in the area. It has been considered by cabinet colleagues.

Mr. Nielsen: It has or has not?

Mr. Johnston: It has been considered by cabinet colleagues. It is a matter that affects not only the Department of Public Works, as the hon. member knows, but also a large number of real property assets which are held in departments other than the Department of Public Works. I am sure the hon. member for Yukon is aware of assets that are held in such departments as the Department of National Defence, for example. I can assure this House that we are very much cognizant of the necessity for and the desirability of having better asset management across government and better utilization of those resources.

Mr. Nielsen: Madam Speaker, I have one brief comment. As the Minister of Public Works will know, I would assure the President of the Treasury Board of the full support of this party in the implementation of that kind of program, which might perhaps fill the great gap that is left in the Department of Public Works now that the post office has left under the aegis of a new Crown corporation. It would give the department a challenge and keep them busy as nothing else would.

Madam Speaker: This question period has gone on for quite a while. I will recognize two members who have not yet had a chance to put a question. I would ask the hon. members not to go beyond two questions because this session is really being prolonged.

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I want to follow along on the questions asked by the hon. member for Portage-Marquette (Mr. Mayer) regarding the western development fund. My understanding is that the estimates are indicative of all the money being spent by the government in this particular year. I have looked in vain for any mention of the western development fund. Could the minister please advise me where I might find the western development fund in the estimates right now?

Mr. Waddell: Dire straits.

Mr. Johnston: Madam Speaker, the hon. member for Prince Albert (Mr. Hovdebo) will not find any specific item in the Main Estimates entitled western development fund. Perhaps I could take a moment to explain how these estimates are made up as against the expenditure plan.

Mr. Waddell: Tell us about the western development fund.

Mr. Johnston: If one looks at the chart on page 7 in Part I of the government expenditure plan, one will see that the total outlays predicted for 1982-1983 are $76.3 billion. On the other hand, total estimates, in other words the estimates that appear in the book, are considerably less than that, namely $74.1 billion. This number of $76.3 billion is the estimated total outward expenditure after providing for reserves and for the customary lapse, which, as I recall, is estimated in 1982-83 to be something in the neighbourhood of $1.23 billion. So there is an area in there, Madam Speaker, with respect to policy reserves. When programs are brought forward and announced by ministers which do not appear in the Main Estimates, I will be bringing forward on their behalf, supplementary estimates detailing the appropriations required to support those programs.

• (1620)

Mr. Hovdebo: That is very much a smokescreen, Madam Speaker. The western development fund is a mirage. The minister's officials explained very carefully to us exactly what the extra reserves were for. They are not for long-budgeted items such as the western development fund, so that smokescreen type of explanation does not follow the minister's officials' position.

I would like to know whether it is possible to move moneys into the western development fund. Is that the process, or is it just a mirage? Could he tell us exactly what the western development fund is since it was budgeted so long ago?

[*Translation*]

Mr. Johnston: Madam Speaker, there is not much that I would add to the answers I have already given on the subject. Obviously there is a margin, there is a reserve, there are programs that will be tabled here in the House by our colleagues—I am here today to answer questions on the estimates. I have not mentioned the western development fund in my speech nor in my comments nor in the analysis I have given in the House today. I should like such questions to be put to my colleagues who are responsible for such matters.

[*English*]

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I have listened to my colleague the hon. member for Portage-Marquette (Mr. Mayer) and the hon. member for Prince Albert (Mr. Hovdebo) trying to find out about a matter which has been touted and promised by the Liberal government ever since the last Speech from the Throne. To then find out that the President of the Treasury Board (Mr. Johnston) does not even know what the western development fund is all about is a matter which causes a lot of concern and chagrin to those of us in western Canada.

The only question I want to ask the minister is if he would confirm—this will, of course, get a great laugh across western Canada—that there is nothing in the current estimates dealing with the western development fund as such.

Mr. Johnston: Madam Speaker, it is not a question of confirming that there is nothing in the current estimates regarding that fund. The estimates are there for programs and for the ongoing operations of the government. They are divided into the voted programs and statutory programs. The Main Estimates are deposited to be referred to committee and will subsequently be the subject of an appropriation bill in this House. The hon. member will have ample opportunity to examine those programs in committee.

As I pointed out, the estimates are only part of the over-all expenditure plan which provides for reserves, for programs such as the western development fund, which programs, whatever the details may be, will be announced in due course by the responsible ministers. They will be the subject of supplementary estimates, and the hon. member, who has been in this House a great deal longer than I have, will then know that he can in turn go back to the responsible minister, examine him in committee, and in turn the programs will be the subject of further appropriation bills in this House.

Mr. Hnatyshyn: What concerns me, Madam Speaker, is that the last time the minister tabled the Main Estimates there was a provision for $350 million for the western development fund. That has evaporated. Yet we have had statements by the Minister of Transport (Mr. Pepin), the Minister of Finance (Mr. MacEachen) and the Minister of Employment and Immigration (Mr. Axworthy) that this in fact will be forthcoming and is a firm commitment of the government.

I would simply make the comment that the government has again failed western Canada and it is no wonder the Liberals are doing so poorly politically out there.

Mr. Johnston: Madam Speaker, I can understand the hon. member playing politics when the President of the Treasury Board responds to questions on the estimates, but surely any objective assessment of the programs committed to during the last two years by this government to western Canada development is enough to allay the fears of any westerner that the government is not committed to western programs.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 3,483.

[*Text*]

STUDIES OF MARINE MAMMAL POPULATION

Question No. 3,483—**Mr. Halliday:**

Were any studies done which established a scientific basis for the contention that an increase in marine mammal population would damage over-all fish production and, if so, what were the names and who were the authors of the studies?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): A scientific consultation on marine mammals convened by the United Nations Environment Program (UNEP) and the Food and Agriculture Organization of the United Nations (FAO) in Bergen, Norway in 1976 agreed that interactions of various kinds between marine mammals and fisheries were significantly affecting some sea fisheries; mostly adversely, apparently. A subsequent review of this matter by the IUCN interim committee on marine mammals led to the holding of a workshop on marine mammal/fishery interactions held at La Jolla, California in 1981.

This workshop, attended by eminent specialists from the U.S.A., Canada, Great Britain, Italy, Australia, Norway and the U.S.S.R., considered several aspects of the biotic and other interactions between marine mammals and fisheries, with emphasis on fisheries of commercial importance.

Studies and case histories considered under those aspects which would result in damage to over-all fish production are listed below:

Loss of fish production through damage to the catch, to gear, or through interference with the catching efficiency of fishing gear:

Losses to Canadian Atlantic herring and cod production attributable to whales, were reported on by E. D. Mitchell, P. F. Brodie, J. Lien, B. R. Mate, also in: Mate, Bruce R. 1980.—NTIS report to the Marine Mammal Commission PB80-175144, 48pp.

Losses and net damage on the west coast due to sea lions were reported in:

Matkin and Fay. 1980. Report to the Marine Mammal Commission 78/07. 71 pp.

Losses and gear damage attributable to harbour seals, harp seals and grey seals on the American west coast and on both sides of the Atlantic were reported on by:

Everitt et al, 1980. Report of the Washington Department of Game. 120 pp.

Øritsland, T. and A. Bjorge. Seals on the Norwegian coast from Stadt to Lofoten and their interactions with inshore fisheries.

Ultang, Ø. Harp seals in the Barents Sea (White Sea harp seals) and the fishery for cod.

Miller, D. J. 1981. Marine mammal fisheries interaction study. Annual Report 1979-80. Southwest Fisheries Center, La Jolla, California.

Mate (1980) op. cit.

Harwood J., and A. R. Hiby. Competition between British Grey seals and fisheries.

Mansfield and Beck. 1977. The grey seal in eastern Canada Technical Report No. 704, Fisheries and Marine Service, Environment Canada.

Schaughnessy, P. D. Interactions between fisheries and Cape fur seals in southern Africa.

De Master, D. P., J. R. Henderson and J. C. Coe. Conflicts between marine mammals off the coast of California.

2. Loss of fish production through predatory interaction is considered in several of the foregoing studies and also in:

Beverton, R. J. H. The grey seal/fishery problem in the U. K.: science in the cross-fire.

Bowen, W. D. Harp seals and their foods: how do they interact?

Order Paper Questions

Greenwood, J. J. D. Grey seals in Scotland: the management controversy.

Parrish, B. B. 1979. Notes on the scientific basis of the fisheries case. Appendix 5 in Lister-Key, J. 1979. Seal cull, the grey seal controversy. Penguin Books Ltd.

Parrish, B. B. and W. M. Shearer. 1977. Effects of seals on fisheries. ICES CM 1977/M:14.

International Council for the Exploration of the Sea 1978. ICES working group on grey seals, second report. ICES CM 1978/N:3.

International Council for the Exploration of the Sea. ICES ad hoc working group on interaction between grey seal populations ICNAF Res. Doc. 76/X/125 Sergeant, D. E. 1973. Feeding, growth and productivity of Northwest Atlantic harp seals (Pagophilus groenlandicus) J. Fish. Res. Bd. Can. 30: 17-29.

Harwood, J.—Fisheries conflicts and the Pacific walrus population.

Lowry, L. P. and K. J. Frost. Feeding and trophic relationships of phocid seals and walruses in the eastern Bering Sea and: Frost K. J. and L. F. Lowry. Foods and trophic relationships of cetaceans in the Bering Sea.

The eastern Bering sea shelf: Oceanography and resources. D. W. Hood., editor.

Hiby A. R. and J. Harwood.—Killer whales and herring in the North Atlantic.

Kasuya T. and Y. Izumizawa. 1981. The fishery—dolphin conflict in the Iki Island area of Japan. Marine Mammal Commission Report No. MMC-80/02. Washington, D.C.

Holt, Susan. Economic impacts of sea otter migration.

[*English*]

Madam Speaker: The question enumerated by the parliamentary secretary has been answered.

* * *

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if questions Nos. 1,795 and 3,197 could be made orders for returns, these returns would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that questions Nos. 1,795 and 3,197 be deemed to have been made orders for returns?

Some hon. Members: Agreed.

[*Text*]

GRANTS TO PRIVATE ORGANIZATIONS

Question No. 1,795—**Mr. McKenzie:**

1. Are private organizations receiving federal grants for research and development into alternate sources of energy and, if so (a) how many (b) which organizations (c) what are the types of programs currently being pursued by the organizations (d) what was the amount of each grant (e) what was the total amount of grants awarded for each year since such funding began?

2. Is the Department of Energy, Mines and Resources involved in programs for the development of alternate sources of energy and, if so, what are the names and types of programs?

3. How many other ministries give grants for research and development into alternate sources of energy and what is the total amount?

4. Were steps taken by the government to implement the findings of (a) the department (b) other organizations for research into alternate sources of energy and, if so, in each case, what were such steps?

Return tabled.

Order Paper Questions

EASTERN ONTARIO SUBSIDIARY AGREEMENT

Question No. 3,197—**Mr. Cossitt:**

1. Since the signing of the Eastern Ontario Subsidiary Agreement between the Government of Canada and the government of Ontario (a) what was the amount contributed by the government to various projects (b) what is a list of all projects and the amount of federal funds contributed in each case (c) in which constituency is each project located and how many projects were located in the constituency of Leeds-Grenville?

2. Are there any projects planned which have not yet been processed and, if so (a) what amount will be contributed by the government to these projects (b) what is a list of the projects and the amount of federal funds to be contributed in each case (c) in which constituency will each project be located and how many will be located in the constituency of Leeds-Grenville?

Return tabled.

[*English*]

Mr. Smith: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Mr. Nielsen: Madam Speaker, I want to raise a point of order concerning the answering of questions on the Order Paper. Some questions have been on the Order Paper for eight to ten months, with a great many having been there longer than six months. Some of them are quite simple and could be answered with little or no effort. It is obvious to me, in looking at the Order Paper, that there are a great many questions which the government has made no effort to obtain answers to. In my submission this can only be by deliberate intention since in the normal course they would be answered automatically.

My colleague the hon. member for Nepean-Carleton (Mr. Baker) referred to the difficulty opposition members have in getting information out of the government. The hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) referred to his inability to get information from officials in committee and ministers in the House. The result is, Madam Speaker, that the practice of putting questions on the Order Paper is rapidly becoming a time consuming and rather pointless exercise. The fact is that there are close to 250 pages of unanswered questions on the Order Paper after a session which has gone on for more than 280 days. In fact, there has only been one session longer than this one. It is an indication and an indictment of the government's indifference and arrogance with regard to this institution and the rights and privileges of its members.

If the government, Madam Speaker, does not intend to answer questions on the Order Paper, such as the one the hon. member for Leeds (Mr. Cossitt) has had on for five years and God knows how many weeks and days, if it intends to treat Parliament with such indifference and contempt, then there is little point in putting questions on an Order Paper which grows every Monday.

• (1630)

In my submission, this is something, which hon. members will have to take under advisement. I am not quite sure what the government is trying to do here. Many Canadians are wondering about that. I know we are not here to go through futile exercises at the behest of a government which is in one of its longest sessions on record and has very little to show for the time that it has spent.

I make the point that if it is the government's policy not to answer questions on the Order Paper, or only to answer the ones with which it is comfortable and which will not embarrass it, then there is little or no point in carrying on with the practice. Perhaps it will be necessary that we have recourse through orders of the House for everything we get. These have already reached an unprecedented number of unfilled orders. If we continue in that way, we may have to seek an opinion from the House on this government's laxity and its contemp of the institution.

It is not surprising that a government which cannot bring down a budget cannot answer questions. That does not surprise me at all. The House is entitled to know whether or not this policy of inaction is a deliberate policy, whether it will continue, or whether hon. members can look forward to receiving answers within a reasonable time limit of a week or two instead of six or seven months or, indeed more than five years.

There was a time when hon. members could indicate the importance of a question by placing an asterisk beside it, a starred question. That practice has fallen into disuse, because it is being ignored by the government. Hon. members placed a star beside a question to indicate its urgency and to require an oral answer. At one time that was a respected practice of this House.

It does no good for the parliamentary secretary to tell us how well he has done in answering over 2,000 questions. The fact is that since this practice commenced, the number of hon. members of this House has substantially grown. That is one of the reasons more questions are being asked.

Another reason more questions are being asked is this government's obsession with secrecy and its resistance to providing information of any kind to hon. members. If this continues much longer, we in the opposition will have no recourse but to ask that Your Honour exercise your discretion in favour of upholding the rights of hon. members, and to entertain with favour a question of privilege which will have to be posed if we are to be continually refused by the governement. The whole matter will have to be referred either to the Standing Committee on Procedure and Organization, or to the Standing Committee on Privileges and Elections, because the logjam must be broken. The government must change its attitude and adopt one of providing information to the people of Canada, through their representatives on all sides of this House, to which they are entitled.

Mr. Smith: Madam Speaker, I happen to think that the alleged point of order which the hon. member for the Yukon (Mr. Nielsen) has just raised is totally spurious.

A couple of facts should be pointed out. First of all, as of today the government has answered over 2,793 questions, taking considerable time and at considerable expense to the government. For example, today the answers to two questions were made orders for returns because the answers were so

voluminous that they were each about one and one half inches thick. The compilation of the answers took a considerable amount of time, and all of those questions were placed by members of the official opposition.

The hon. member said that the practice of answering starred questions in the House has fallen into disuse. That is not correct. Since the House returned from the recess, a couple of questions have been answered—

Some hon. Members: Oh, oh!

Mr. Smith: —which were starred.

Mr. Nielsen: At least two!

Mr. Smith: Well, we only answer ones which are starred, to begin with.

With regard to the hon. member's comments as to what constitutes a reasonable period of time, of course, the previous government, the Clark government, was in office for over nine months. With regard to the question placed on the Order Paper, I believe No. 30, standing in the name of the hon. member for Leeds-Grenville (Mr. Cossitt), that question was not answered by the Tory government either, even though it was in office for a period of nine months.

Mr. Nielsen: This government has been in for two years.

Mr. Smith: Therefore, I suppose it is a rhetorical question to ask what is a reasonable period of time. It depends on the nature and complexity of the question asked.

Madam Speaker: Before the hon. member raises a question of privilege on this particular question, I will read a quotation from Beauchesne's fifth edition, Citation 363, whereby it is very clearly stated that in no way can the Chair oblige a minister to answer a question. That also applies, of course, to the questions on the Order Paper. Citation 363 states:

(1) A minister may decline to answer a question without stating the reason for his refusal, and insistence on an answer is out of order, with no debate being allowed. A refusal to answer cannot be raised as a question of privilege, nor is it regular to comment upon such a refusal. A member may put a question but has no right to insist upon an answer.

That is quite clear. Answers to questions are left to the initiative of ministers and the government, and the Chair can in no way help the hon. member to insist upon a reply.

Mr. Nielsen: Madam Speaker, let me make it quite clear. I was not, I repeat not, asking the Chair to insist on an answer to a question being given. I was not asking that at all; nor was I insisting that members have a right to have ministers reply. I was merely raising the point to focus attention on the abuse—

Mr. Smith: Abuse?

Mr. Nielsen: —which has been the long-standing practice in the House with respect to the answering of written questions which, I submit, are treated quite differently from oral questions.

I simply flag the matter now. It may well be, Madam Speaker, that it will meet with your pleasure if I can frame a motion in such a way that the matter could be examined by one of the standing committees. Because if we are not going to receive answers to these questions, why should we burden the taxpayer with the expense of printing a huge Order Paper comprising several hundred pages every Monday when we could at least save this cost? All the government has to do is to come clean and say that it will not answer questions which tend to be embarrassing to it or to any members of the cabinet, if that is to be the government's policy.

Madam Speaker: Just in case the hon. member does pursue what he announced in his statement, that is to say, that he might raise a question of privilege concerning this matter, I just warn the hon. member this may not be the subject of a question of privilege.

Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT
CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed from Monday, February 22, 1982, consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, last evening I put forward what I considered to be a fundamental proposal to the minister that treatment be given to people who want to own homes or those who rent which is equal in benefit to what I think the farmers will get under a previous bill. I say, by way of background to what I said last night, that what we are really discussing is interest rates. It is my view, I believe I can substantiate on a quantitative basis, that the biggest cost-push inflation today is the long-term interest rate. This primarily applies to housing, for probably several hundred million dollars are out at any given time. Actually, it amounts to billions. I would like to repeat what I said yesterday so that it is absolutely clear to the whole House and, hopefully, to the country, namely, that there is a way out of this problem.

We should put ourselves into the shoes of the Governor of the Bank of Canada. For a year he has been pleading with the federal government to do something on the fiscal side on

interest rates, because he knows that those interest rates are destroying the very industrial and economic fabric of the country. The human suffering is uncountable. However, he feels constrained by the fact that he is trying to play the game of international monetary matters in order to protect Canada as well as he can. Therefore, he must ask the government to take the lead.

A year ago people on this side of the House put forward a series of proposals as to how this could be done without costing the government anything. We put these proposals forward in connection with the Farm Credit Corporation, Canada Mortgage and Housing Corporation on housing, the export agency and the small business agency. It we took those sectors of our economy and used the principles of the Small Business Development Bond and other principles, we could get interest rates down on these long-term ventures that we need for the development of our country to about half without any cost to the Government of Canada and without interfering with the Governor of the Bank of Canada in the international monetary crap game that he is in.

• (1640)

I want to conclude by saying that Canada Mortgage and Housing Corporation, although as I mentioned last night it has made a lot of mistakes, has a distinguished record of accomplishments on the research side and in providing help to get a lot of types of homes and shelters for the people of Canada. I want this agency to have the same privileges under this government that this Parliament is giving to agriculture.

I want to repeat this again for the sake of those members who were not here last night. In Bill C-88, which precedes Bill C-89, the Minister of Agriculture (Mr. Whelan) was able to get in this clause with the consent of cabinet. Parliament approved it and it is now in committee. I will read it again. Referring to the Farm Credit Corporation, Clause 13(1) reads:

> The corporation may, with the approval of the Minister of Finance, borrow money by any means, including issuing and selling bonds, debentures, notes and other evidences of indebtedness of the Corporation.

In addition, I am going to read the third section under this amendment in Clause 8, Section 13(3):

> The aggregate amount outstanding of the principal of amounts borrowed by the corporation pursuant to Subsection (1) and the principal of loans made to the corporation under subsection (2) shall not at any time exceed twenty-five times the capital of the corporation.

I say to the minister, in God's name stand up and fight for these people who want shelter, give them the same rights to get it as we are putting into the hands of the Farm Credit Corporation, and put that under Canada Mortgage and Housing Corporation. I know that in agriculture we have constitutional rights in all parts of Canada that we do not have in housing; but under this legislation now before us, Bill C-89, Canada Mortgage and Housing can deal as a corporation with provincial agencies, municipalities and local groups. They are smart enough in that corporation to realize that they, too, can become just like a bank, credit union or trust company and get money into the hands of those who need it at half interest rates and no one loses. We do not interefere with any other policy.

I think I have made my point as clearly as I possibly can. The opportunity is there. We cannot move the amendment at second reading, but the minister or any person can move word for word this whole section that we have in the previous bill and then leave it to Canada Mortgage and Housing to figure out how this "by any means" can be accomplished.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but his time has expired.

Mr. Robert C. Coates (Cumberland-Colchester): Mr. Speaker, it is somewhat unique that the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) who just resumed his seat and I both entered this chamber in 1957.

Mr. Hnatyshyn: A vintage year.

Mr. Coates: During that 25 years, the hon. member for Qu'Appelle-Moose Mountain has come up with many ingenious schemes which have stimulated his chosen field of agriculture in particular and have been of tremendous benefit to the farming community of Canada and the nation as a whole. When he makes suggestions to the Minister of Public Works (Mr. Cosgrove) relating to ways and means of assisting individual Canadians to own a home at reasonable mortgage rates, he is putting forward a scheme that has been tried and proven to be effective, especially in the United States.

I know that in the state of New York, the power authority of the state of New York has been raising money since the days of Franklin Delano Roosevelt through bonds that provide interest rates which are non-taxable. This has proven a godsend to that authority and to those people living in the state of New York. They have been able to enjoy the benefits of power at rates probably better than anywhere else in that country as a result of this special type of scheme.

When we look at our country today, we think of the terrible calamity that has fallen upon people because governments, certainly since World War II, have attempted to make Canadians believe they have a right to own a home. It was a right, not a special privilege. It was part of what we knew after World War II as the reawakening and rebuilding of our country, its coming into its own.

The hon. member for Capilano (Mr. Huntington) pointed out in his speech last night that for a very significant period after World War II Canadians could point to the way we were moving up in the world and what was available to us in material wealth. It was the envy of the whole world. It is one reason we became so attractive to many people who came to our shores from other parts of the world. They chose Canada as their land for today and tomorrow. They saw here potential opportunities that did not exist anywhere else in the world, including the United States, so they came here.

Government after government convinced those people as they went out, worked and earned their living that they had a right to a home, a right to expect that governments would put into place the infrastructure to allow them to own homes. I can

think of a number of times over the past 25 years that governments in this country have used the housing industry by convincing Canadians with one scheme or another to invest their savings in a home for the future. To get them to invest their savings, they came up with all kinds of special deals, including the most recent AHOP program, one of the worst travesties that could have been imposed on individual Canadians. We led them right down the garden path.

At that time we wanted to meet the required number of building starts to keep our economy functioning. What we did to individual Canadians, we are reaping a whirlwind from today. I do not blame this Minister of Public Works or this government. I am blaming the philosophy that Canadians have a right to a home, a right which has been perpetuated among Canadians.

• (1650)

Suddenly we are withdrawing that philosophy and telling Canadians that they do not have a right to own a home. The government is telling them that it is too bad if they have overinvested in a home which its policy five years ago convinced them to buy. It is part of the malaise which exists in Canada today.

Today, people are trying to understand what Canada is about. They are realizing that it is not the country which it was five or ten years ago. I like to use the year 1967 as an example because it was our centennial. It was a time when the nation was becoming united and working together to feel pride in Canada. I would like to believe that Canadians had a cocky confidence about Canada in 1967 and its future. At that time Canadians thought of the words of Sir Wilfrid Laurier when he said that the second half of the twentieth century belonged to Canada.

Well, it is not the same Canada as it was in 1967. Canada has a sickness and I think the personification of that sickness lies in programs such as our present housing policy. The fact that the government and we, as politicians, are not able to solve a problem which we have brought upon ourselves, a problem which we caused when Canadians were told they had a right to own a home and a right to earn an income which would make houses affordable for future generations to own, forces us to solve that problem now. We cannot do it in a partisan or petty way or through the government developing a program which will only prolong a person's ability to pay only the interest on his mortgage without obtaining any equity, which is often the case now.

We not only have to design a policy for Canadians who are now committed to pay mortgages for the next ten years and are about to lose their homes; we must work out a system which will encourage young Canadians to purchase homes with the expectation of owning them without a fear of losing them in 40 years. Unfortunately, this legislation will not be the answer to any of these problems. Perhaps it is a small aid to a very limited number of people who are in trouble.

I recall the fall of 1979 when we were debating a bill which would have been a godsend to most Canadians who are in financial trouble today because of their mortgages. The New Democratic Party was opposed to this bill and the government was opposed to it. The only people who were not opposed to it were ordinary Canadians, the home owners and potential home owners of the future.

Mr. Waddell: It was a subsidy to the rich.

Mr. Coates: I am told by an hon. member from the NDP that it was a subsidy to the rich.

Mr. Waddell: You know that.

Mr. Coates: I will tell you what it was, Mr. Speaker. It was relief to those who need relief today and it would have provided the opportunity for today's Canadians to own a home tomorrow. That is what it was, no matter what garbage the NDP tries to put forward or pump out. The ordinary Canadian perceived that mortgage tax credit plan as just that, the hope to be able to own a home in the future.

As a politician, I am committed to this ideal. If Canada is to begin progressing again, we must first convince Canadians that they have a reason to invest in Canada. The best way to invest is to assure Canadians that they will be able to own a property or a home, because that is the backbone of Canada. The fact that Canadians who now own homes have little hope of retaining them and those who do not own homes have no hope of ever owning one is causing the sickness which is evident in Canada today.

Another very real problem Canada is saddled with today, which is also causing its sickness, is the breakup of the family unit. A great many of those divorces can be directly related to the interest rates being imposed on people who have mortgages. The entire scheme of mortgages has changed before their very eyes. Years ago when people bought homes, they knew they would be able to get a mortgage for 20 years. It was assumed that you would not buy a home until you knew that the payments were affordable and you could own it in 20 years. However, as government programs developed, those 20 years became 30 and the 30 years became 40 and then up to 50 years. There are no 20-year mortgages, 30-year mortgages or 50-year mortgages any more. The average Canadian home owner today must be able to keep their mortgage afloat for one year. At the end of that year they wonder if the mortgage company will alow them to renegotiate at an interest rate which is unknown to them.

In addition, these home owners are faced with having to pay a larger portion of their total income for the mortgage. You are at home talking to your wife—if you are talking—trying to figure out if you will make the car payment, the mortgage payment, buy food, or if you are able to do all three or any part of those three. Not only are people getting frustrated, they are becoming mentally sick. Now the government tells Canadians that it will freeze their wages, which will limit their income, while interest rates continue to rise—which the government will allow to happen—and the cost of living along with everything else will increase.

Married couples are breaking up because of the stress caused by the difficult economic situations in their homes. It is a sad event and in my view the only ones who are benefiting from this are the drug companies. More tranquilizers are being consumed. It is a sad, sad event. The only people I know of who are benefiting from all this are the drug companies. Probably more tranquilizers are being sold in this nation today than ever before and probably more booze is being sold in this nation than ever before, because all the sicknesses which go with a society which is in deep, deep trouble relate to the purchase of those kinds of commodities.

• (1700)

We parliamentarians are charged with a special responsibility to produce some stability in this country again. There is none right now, and while this bill will help some people and while I am quite willing to support it for whatever help it does provide, it is just a drop in the Atlantic Ocean. It will not really bring much solace to anyone, including those who will qualify under it, because a great many businessmen who have been good businessmen all their lives and have proved themselves to be good businessmen are finding that their backs are to the wall and they are facing either closing their doors, or bankruptcy if they keep them open. This is not because of anything they are doing but because of the interest rate problem. They can no longer deal with it and they can no longer survive.

I have before me a chart showing average conventional mortgage interest rates. They have escalated since January, 1978, when the interest rate was 10.32 per cent, to 21.46 per cent in, for instance, September, 1981. We cannot expect people to move forward or even to have any confidence about paying next month's mortgage bills if they know they will lose their homes in five months' time regardless of what they do.

Somehow we must develop a method by which Canadians can see a light at the end of the tunnel. Canadians are not expecting us to produce all the solutions tomorrow, but they are expecting us to give them some realistic leadership and direction to get them out of the mess into which we put them in the first place. I do not see very much coming before us in this session of Parliament which would achieve that objective.

I have great personal respect for the Minister of Public works. During the critical period when all of a sudden people saw for the first time the terrible personal tragedies they were facing in renewing mortgages at probably double the rate of interest they had formerly been paying, I think the minister attempted in his own way to be of some assistance. However, he is a very small cog in a very big wheel and, unfortunately, I must say that this bill is an indication of just how small the cog in that big wheel is.

We must get a great deal more from this government, and we must do it for many basic reasons. We must allow individual Canadians to feel that there is some hope for tomorrow and that we have policies which will meet their hopes and aspirations.

Second, we must try to achieve something here so that we can eliminate, as much as we possibly can, the marriage breakdown syndrome which is developing in this country because of high interest rates and because people are losing material gains they have built up during their married lives. All of a sudden they see them disappearing, and after they finish blaming this government they end up blaming themselves for some of the unfortunate mistakes which, in all too many ways, are not at all their responsibility. We must do this because we want a better Canada tomorrow, but we will have not a better Canada unless we start doing some of the things which were done yesterday and which are not being done today.

I listened to some of the criticisms of the estimates. One of the things I see happening is a restructuring of our country. This government is attempting to withdraw from every federal-provincial program it can and restructure Canada so that the federal government has total command and the provinces will become little more than municipalities. I see no more equal status between premiers and the Prime Minister (Mr. Trudeau) except, perhaps, for the premiers of a couple of provinces which happen to be blessed with the largesse which comes from natural resources. Even in those cases I suppose the federal government will try to take that largesse in one way or another. In the end the federal government will place the provinces in such a position that they will be little more than supplicants coming to Ottawa to see what crumbs they can get off the federal table. That is the way it is happening at this time.

There can only be a better tomorrow for Canadians if there is co-operation between the various levels of government, understanding and a common determination to achieve the greatness Canada has the potential to achieve. We will not achieve that greatness if we fight among ourselves all the time, which is the case right now. The ordinary individual Canadian watches these battles taking place, he sits down at home and looks at the problems he is facing and wonders if it is not better to go somewhere else.

Mr. Cullen: Not for long.

Mr. Coates: Why hang around here?

Mr. Cullen: Not for long.

Mr. Coates: I hope the hon. member is right. I hope it will not be for long. I hope we as parliamentarians working together can give Canadians the feeling that this still is the best country on earth and that this is the place to live and work together.

Mr. Daudlin: Now you are getting there, Bob.

Mr. Coates: I think the first thing we must do is give the assurance to the individual Canadian that he has the right—not the hope but the right—to look forward to owning a home if he involves himself in an industrious way in the building of this country. That is something I do not see at the moment. That is something that is not in the minds of most Canadians

at the moment. At the moment Canadians are working like the devil to bail themselves out of debt they never should have allowed themselves to accumulate but in which we, by federal programs more than anything else, have convinced them they should become involved.

I remember that at one stage of the game in Nova Scotia we had programs, which were sponsored by our electric utilities, designed to convince everyone to switch to electric heat. Night after night on our television screens we saw people telling us what a smart idea it would be to switch from oil, gas, coal or whatever we were using to electric heat. A great many people opted for that but then the government of Nova Scotia increased the cost of power by something like 150 per cent. All of a sudden those people who had enlisted in government programs for electric heat discovered that it was costing them more per month than their mortgage.

• (1710)

On the federal level we are in almost the same position. Through central mortgage and housing, which is now Canada Mortgage and Housing, we convinced Canadians to invest their money in homes for 40 or 50 years. We also convinced them to build bigger and better homes. The result is that today the average price of a home is out of all proportion to the incomes of most people. We must help them out because we created the situation. While this program may touch a few thousand people in the country, we must work to find a different program that will touch everyone who is in trouble. Until we do we will not really have lived up to our commitment.

The alternative is the type of frustration that results in a separatist being elected to the Alberta legislature. It is one thing to hear of separatists being elected in the province of Quebec; but it is another when a situation develops in western Canada whereby, because of such personal frustrations as high interest rates, someone is elected to the Alberta legislature, with the same objectives but for different reasons, as the separatists elected in the province of Quebec.

That is but another example of the sickness that is in the nation today, Mr. Speaker. We are charged with the responsibility of eliminating that sickness wherever it exists. We can do that only by introducing programs that relate to the problems of the people. It cannot be done by firing a civil servant who happens to speak out because he is frustrated by the introduction of the metric system. That is not the answer to any problem in the country. The principle of freedom of speech must be preserved. A man must have the freedom to speak out on something he does not believe in and must not be under threat of dismissal because he has the courage of his convictions.

If we want to make this institution work and if we want people to have respect for us, we must introduce programs that show we understand the problems and are working to solve them. I do not see that view in this legislation. It will be helpful to a few and I will support it for the value it has for the people it will touch; but, Mr. Speaker, it will not touch many people in the country. We need something much better if we are to grapple with the major problems that face Canadians today. It is time we faced the reality of the situation. When we do that, perhaps there will be some hope for a good tomorrow.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—Royal Canadian Mounted Police—Inquiry respecting investigation of convicted murderer Clifford Olson. (b) Statement made by prosecutor; the hon. member for Central Nova (Mr. MacKay)—Export Development Corporation—Construction of monument in Algeria. (b) Use of corporation resources; the hon. member for Comox-Powell River (Mr. Skelly)—Air Safety—Management of Aviation Safety Board.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I should like to begin my speech by quoting the latest news report issued by Canadian Press which appeared in today's newspapers. It starts out as follows:

> High interest rates will cause housing starts to fall nationally by 9 per cent and will make 1982 another bad year for the housing industry, Canada Mortgage and Housing Corp. says in its latest quarterly forecast.

Later the article goes on to say:

Builders have seen their industry go sharply downhill between 1976 and 1980. Housing starts reached a record 273,203 units in 1976 but were down to a mere 158,601 units in 1980.

A further paragraph in the article reads as follows:

For 1982, the corporation predicts starts on single-detached houses will drop to 83,000 and starts on apartments, duplexes and row houses are likely to be down to 79,000 units.

That article reminds me of a line from one of John Lennon's songs—"I heard the news today. Oh boy!" We have heard the news today and it is bad!

The views on housing reflected in that news report are of interest to the constituents of Vancouver-Kingsway, Mr. Speaker. I want to try to do something a little different today. Rather than giving general views I want to devote a good part of my remarks to quoting the exact words of people in my riding. Vancouver-Kingsway is in the southeast part of the city of Vancouver. It comprises mainly single dwellings occupied by working people, many of whom are new Canadians and others who have been in the area for generations. It is a stable area of hard working, good people.

I received hundreds of replies to a questionnaire which I included with a householder and some of them are quite detailed. I should like to take this opportunity to show the minister the pattern that emerges from these replies. The first is from a woman on St. Margarets Street. This is a fairly typical street in the riding. She writes:

Starting Dec. 1st, 1981, we had to change homes. Two small bedrooms for 2 adult and 3 children was just too much. We now are renting 3 bedroom main floor of duplex for $675 per month. We can just scrape this payment per month. My husband and myself both work, to try and get our own home. With this monthly rent, plus high down payments, and mortgage rates out of sight, it is just impossible. It is very discouraging. We are both in our late twenties, with three small children. We have never collected unemployment, welfare or been in trouble with the law. We were raised to be good Canadian citizens. I wish there was something to give us a little hope.

Another constituent replied:

We rent because we cannot afford to buy; we can just afford the rent. I was born in Vancouver and it makes me very angry that I am being forced out of my own city by real estate people and land owners.

Another one writes:

As a single working parent the fall out of the interest rates has a dramatic effect on myself from $375 per month to $525 is unbelievable.

I asked people about their increase in rent or mortgage payments in their case and this woman writes that her increase in rent is $150 per month.

• (1720)

Another woman replied:

With nowhere to move, I face the choice of giving up my child or moving into the Parliament Buildings which are usually vacant.

Another person said:

I believe everyone should have a right to his own house but feel the answer is in more rental accommodation. The government should make available housing for rent at a realistic rate. This would give tenants a chance to save for a house of their own. When they move out it would be available for someone else to do the same. Also speculators, etc. who are asking exorbitant rents to cover their mortgage payments would have to reduce rents to compete. (New Canadian)

I just want to pause here. I see the minister across the way. I should like to refer to what he said about housing which was quoted by the hon. member for Vancouver East (Mrs. Mitchell) when she spoke on the matter of housing on this bill the other night. He said that, "Governments do not build houses and that the dynamic force which has made Canadians among the best house people in the world have been the private construction industry and financial institutions." This is a myth. In fact the government agency, CMHC, has been responsible, either directly or indirectly, for the construction of over 50 per cent of the housing stock produced in the country since 1945. When that new Canadian in my riding writes and says that the government should make available some housing, there is some foundation for it. I will write back and say, "Do not believe the myth which the minister is perpetuating".

I can remember coming to Canada as a new Canadian from Scotland in 1947. We moved into a house which I hesitate to say was in Toronto. We had CMHC funding for my parents to get started in a starter home. The minister should not perpetuate the myth that his friends, free enterprise, built everything. There was much assistance from CMHC, and we want this assistance to continue.

Mr. Cosgrove: Why are you holding up 30,000 units by speaking on the bill?

Mr. Waddell: I am not holding up 30,000 homes.

Mr. Cosgrove: You are.

Mr. Waddell: The bill will be through tonight or tomorrow. If the minister will listen to my remarks, he will know all about the housing situation.

Mr. Cosgrove: I heard those remarks in July last year.

Mr. Waddell: If the minister will not listen to the people of Vancouver-Kingsway, there is not much we can do.

Mr. Cosgrove: I listened to them last year.

Mr. Waddell: The minister is not listening; he is shouting at me. He should listen to what the people have to say. The Liberal philosophy is to do nothing in halves which can be done in quarters, which is what the bill does. I will make some concrete suggestions for the minister, to which he should listen, but let me return to the replies of the people of Vancouver. Another woman wrote:

Although my husband and I are not affected by the current situation—we have our house paid for—nevertheless we are still very concerned for all the people who are being hurt by this shameful situation. We think the government should do something quickly to correct things and create more affordable housing.

Another man wrote:

We cannot afford to buy what we will eat if we try to pay this present high mortgage rate.

In the questionnaire I asked:

By how much did your monthly payments increase?

The answer in this reply was "$450" per month. He continued:

We can't buy school supplies for our four children.

This is not opposition rhetoric; it is written in black and white on the questionnaire. Another person indicated:

We renewed last June at 18.5 up from an 11.75 per cent mortgage we had. Feel banks are totally irresponsible and greedy. Whatever happened to 25-year terms, instead of this headache every one, three or five years.

I ask the minister, whatever happened to 25-year terms? The reply continued:

I think the government will see a "little peoples" revolt soon over this. These high rates are forcing mothers back to work and I feel it's a main contributing factor in the breakdown of the family unit. Let's see 12 or 13 per cent mortgages again! The high fuel costs are very frustrating . . . Hang in there—

Another person said:

How can our so-called leaders, whom we have elected, tolerate this ridiculous situation where banks are allowed to reap their enormous profits and we the people . . . lose our homes. We must be fools to tolerate this—

Another one indicated:

As a single parent, I feel trapped. I'm sick of hearing about home owners when a lot of us are stuck paying rent seemingly forever and can't even save.

This single parent went on to indicate the difficulties in renting. Another constituent indicated:

Next increase we won't be under rent controls.

We must remember that the minister has been going around the country attempting to get people out of rent controls. This person went on to indicate:

I think the price limit for rent controls needs to be raised—nearly everyone must have outgrown it by now, soon we'll all be at the landlords' mercy! How can any of us have a sense of security or plan for the future?

Another questionnaire indicated that the writers had shared their house with another couple for six months and finally were able to instal, although admittedly illegal, a suite downstairs in order to meet the huge increase in payments. It went on to indicate that the renovations were costly, and without the benefit of personal family loans would have necessitated a second mortgage. What about people who cannot instal suites or do not have families to help them? They also indicated that their increase was from $452 to $809, and there was a notation that it amounted to 50 per cent of their monthly wage.

This is not opposition rhetoric; the minister cannot dismiss it. These are direct quotations of the people. Another indicated that he had been renting his present home since the summer and that he had had no rent increases. He said that it was very difficult procuring his place with two small children and one cat, but that he was one of the lucky ones who found a place in which to live. He said, "The housing situation—words are inadequate; let us see some action". One couple indicated that they owned their own home and that their 25-year mortgage was finished at last, but that their children would be seeking homes or rental units in the near future and thus they knew that high interest rates are a serious problem about which something must be done.

Another concern was expressed that with high mortgage rates their three sons have no hope of owning homes. Another person indicated that he purchased a one-bedroom apartment approximately 18 months ago with a payment of $290 per month. He indicated that with his renewal for one year his payment went to $540 per month in December and he was told the mortgage would go to over $800 per month. This person also has to pay $100 per month for the manager's fee which has risen, but his wages have never risen to cover such high mortgage costs.

Someone suggested that if economists started making more hopeful predictions they could have a psychological effect upon the public. Another couple indicated that their payment would have increased by $150 if it had not been for a family friend who owed them some money, but that they knew of other people who were in trouble. Another person indicated that he found it absurd, although he had few debts and could qualify for a large mortgage, that he could not meet the monthly payments and thus could not purchase a home. He asked, "What are you going to do for me aside from raising taxes and decreasing deductions?" There is great cynicism out there about politicians, as well as about political and government processes.

Someone else indicated that he lived in co-operative housing, which is the answer to affordable housing for both the young and middle-aged. Another letter on co-operative housing indicated that the writer would like to see lower interest rates and more co-ops for people on lower incomes. Another indicated that he wished the Liberals would unplug their ears and listen carefully to the problems facing the Canadian economy today and deal with them accordingly. Another constituent indicated that he would like very much to own his own home but doubted he ever would because of high interest rates. A couple indicated that they rented because they could not afford to purchase and that these usurious rates must be reduced soon by whatever means necessary. The final questionnaire to which I will refer indicated that something must be done about interest rates. This couple wanted to purchase a home but could not because of interest rates. They said, "Help, do something!"

These were comments of people in my riding which I think display a pattern. I should like to sum them up by referring to the pattern and inviting the minister to listen. The first point is that clearly there are increases in costs and people are paying more for housing. I suppose this is obvious, but these questionnaires give exact details of the increases. I would be glad to provide the minister with these questionnaires after my speech, but first let me indicate that people are continuing to rent because they cannot afford home ownership.

I should like to refer to the statistics about which people are unaware. The average family income in British Columbia is $29,639, which is fairly high when compared with some other parts of the country. If one takes 25 per cent of that income, $617.48 a month is the affordable amount for shelter. If you assume a payment of 25 per cent of the income, ignore all costs of ownership and taxes and assume a 16 per cent mortgage interest rate, which is on the low scale, people can buy a home valued at $46,780. But there are no houses in Vancouver for

that price. I have a copy of today's *Vancouver Sun*. I am turning to the real estate ads for the east side of Vancouver. The average price for a home in greater Vancouver is $140,000. There is a relatively cheap house for sale in my riding. It is situated on a street just about in the middle of my riding. It is a two-bedroom home on a 33-foot lot. It is 24 years old and it is for sale at $112,000. But these people can only afford a home costing $46,780. There are none at that price. Let me make that clear.

• (1730)

The third point which becomes clear from these questionnaires is that there is going to be a squeeze on rents and that rents will increase. People are afraid that rent controls will be removed. The minister is travelling across the country telling people that they may not be able to have two garages and two cars. But it is not a question of two garages or two cars; it is a question of being able to afford to stay in your own home. The minister has been talking about getting rid of rent controls. But these people who wrote to me certainly do not want that to happen.

Fourth, it is clear that wages are not increasing sufficiently to cover the increased cost of shelter. Is it any wonder that people are frightened when the Prime Minister (Mr. Trudeau) muses about whether he should or should not impose wage controls? People are afraid.

Fifth, people made reference to bank profits. Bank profits are enormous. Bank profits last year amounted to $1.6 billion. People wonder about these vast profits and wonder what would happen if they were channelled back into affordable housing.

Sixth, the people in my riding, as reflected by some of the statements in these questionnaires, tend to think about other people. There are some very good-hearted statements is response to that questionnaire. It shows up in the responses of people who have paid for their houses, yet they are still worried about the housing needs of others and they are worried about their children. The minister should be worried about these things too.

Seventh, there is a sense of urgency, as evidenced in these questionnaires. I have stacks of these questionnaires which I can send to the minister. People are asking for something to be done now. But what do we get? We only get this inadequate bill.

There are two other concerns that showed up in these questionnaires. I have not quoted them. There have been increased tax assessments in Vancouver. The Social Credit government of British Columbia has really put it to the people on tax assessments. People know their taxes are rising very quickly. There is almost a tax revolt. The cost of fuel is also rising. That, too, was mentioned in the questionnaires. The consumer price index indicated that from January of last year to January of this year the price of energy rose 24 per cent. The price of fuel is continuing to rise. In a letter dated February 5, 1982, Dave Barrett, the leader of the provincial New Democratic Party wrote:

> That additional charge will raise individual customer bills between 8 and 12 per cent, depending on usage and rate categories, this year alone. It means that this province's one million residential customers will pay an average of $28 extra this year to finance minister Hugh Curtis through their hydro bills.

People in my riding are feeling the squeeze with the cost of fuel. It is evidenced at the gas pump because of the National Energy Program and the deal that was made with the province of Alberta, as well as the increase in hydro bills and so on. There was no effort on the part of the provincial government of British Columbia to lessen the impact of these bills. There was no effort on the part of the federal Liberal government and the Minister of Energy, Mines and Resources (Mr. Lalonde) to redistribute some of the money received from Alberta, Saskatchewan and British Columbia through higher oil prices.

It is often said, "It is all right for you guys to get up and scream about the situation. We know it is bad enough even though it is documented in a new way. What are you going to do about it?" Let me suggest that something could be done about it. We could lower interest rates including a significant lowering of mortgage rates. We could get out of monetarism. We could have a "made-in-Canada" interest policy. We have already laid that before the House. We can require banks to set aside a specific portion of their lending portfolios for long-term mortgages at lower interest rates, primarily for first time buyers. That would help some of the rentalers also. We could restore the presence of CMHC in the housing sector by an infusion of $500 million to the capital budget for social housing. This would provide the needed non-profit co-operative and rental accommodation. From where would we get the money? We would get it from bank profits. We would apply a 100 per cent capital gains tax against property sales, except on principal residences and farm lands sold for residential purposes. Finally, we could make Crown land available on a leasehold basis for affordable housing. Those things could be done. If the minister brought forward a bill with those provisions in it, this party would pass it in a flash. He does not have to look over and say "Please pass a Mickey Mouse bill".

Mr. Cosgrove: Are 70,000 jobs Mickey Mouse?

Mr. Waddell: If the minister would listen to what needs to be done, and if he would read what the mayor of Vancouver has been writing to him, he would know that in greater Vancouver we need 70,000 affordable housing units over the next five years. The city of Vancouver itself needs an additional 5,000 units per year just to keep up with growth projections. Vancouver is going to trade with the Pacific Rim countries. We hope to be the city that will open up that trade, which will be a jewel on the west coast. We need 20,000 units just to catch up, but I am told that the minister has cut them back by 2,000 this year.

[*Translation*]

Mr. Speaker, the caucus of the New Democratic Party set up a committee on economic development which travelled across Canada. For instance, we visited Montreal, where we heard private citizens and groups express their views on housing. One tenants' association talked to us about rental organizations, buildings that were being demolished, and their

fears that rent controls would be lifted. They wanted a policy on interest rates that would not be tied to that of the United States. They wanted lower rates, made in Canada. They wanted the government to set up new co-operative housing projects. The Ligue des propriétaires de Montréal told us that Quebec was different from other provinces because 62 per cent of the population lived in rental accommodation. In Montreal, most landlords have low-rise buildings, and they are paralysed by the changes in the tax system.

[*English*]

We have travelled across the country listening to people. In Montreal I heard people mention their fear that rent contrls will be removed. There are a great number of renters in the province of Quebec. It is a rather unusual situation when one compares it with other parts of the country. The people there demanded a "made-in-Canada" interest policy.

If the minister really wanted to do something about housing, and we all know what it is, what he should do is to lower interest rates, and that would really move the market.

• (1740)

I want now to say something about co-operative housing, Mr. Speaker, because it seems to me we could make some progress there, as we have done until recently. I spoke personally with Shirley Schmidt, the director of Columbia Housing, a co-operative housing group in my riding. They have been holding orientation meetings for people interested in joining a co-op as one way of getting affordable accommodation. They have had four of these meetings since January in a hall which holds about 250 people. On February 22, last night, they had another meeting which was attended by 350 people. They could not squeeze them into the hall. I am told that there is no chance that any of these people will get into a co-op before at least 1984 or 1985, if they get in at all. The only way we can change this is for Columbia to be given funds to build to their potential. I am told they could build a minimum of 600 units in order to do what needs to be done. If they had 900 units, they could fill them all.

In Vancouver, Columbia Housing alone has 174 units, one of which is in my riding, and they have had to put on hold 252 units which could go into construction in May. They have had to put them on hold. Mrs. Schmidt was almost crying when she told me that. This is in the province of British Columbia, with its huge forest industry and one third of its work force out of work. We have the trees, the labour, the people and the demand. We know how to do it.

Mr. Cosgrove: And no provincial plan for housing.

Mr. Waddell: What are you waiting for, Mr. Minister? Oh, you will say it is the provinces.

Mr. Cosgrove: Three thousand units in the plan in front of you.

Mr. Waddell: The minister says it is the provinces. There is a potential for 150 units in Richmond, a suburb of Vancouver right next to my riding, but Columbia has never been able to get any funding for Richmond. We also found that the B.C. government is withdrawing from the assisted rental program, which will affect senior citizens. We have found that there are 420 co-op units on hold in the lower mainland of British Columbia. This represents 534,822 man hours of work, or 14,263 person weeks. I thought I would put something in, Mr. Speaker, that the bureaucrats in Ottawa could understand. That is 274 person-years of work, as they say in Ottawa.

What it really means, Mr. Speaker, is that it gives 274 people a year of work, or twice that number six months of work. The total value would be $21 million. There would be four million board feet of lumber used. There are 74 co-op units in Fort St. John, and more needed, for which there is no funding. We had a call from Prince Rupert where they want units but none have been allocated. The demand is there but there is no funding. We would support a bill tomorrow, or even tonight. We will stay all night if the minister wants to bring in a bill to supply funding for those units. No debate, we will support it.

I talked to Glen Hadrill of the Co-operative Housing Foundation and he tells me that across Canada there is a producible demand for 10,000 co-op units. The real demand is far above that. Last year 5,400 units were allocated across Canada. This year it has been reduced to 5,000 units. Mr. Hadrill said that in British Columbia there is a producible demand for 2,000 units. Last year 1,025 units were allocated to British Columbia. It has been reduced this year to 898 units.

Now, Mr. Speaker, I have quoted people from my riding. I will not prolong this because the facts are there. I have tried to set out some of the things that could be done. The hon. member for Vancouver East (Mrs. Mitchell) spoke on the details of this bill and suggested that we should be expanding CMHC, not contracting it. This insurance plan does not really do ordinary people much good, it simply helps the lenders. We heard from the Conservative Party that the answer is mortgage interest deductibility. That is just a subsidy to the rich, Mr. Speaker. You get it, go out and double your mortgage and reinvest the money. It will bankrupt the treasury and it will not help the low and middle-income people. It will help the bankers, but they are not the people who need the help. The people who need the help are the ordinary Canadians whom I have quoted extensively today. I have suggested some concrete solutions. I have given the minister some information about co-ops and how he could advance that aspect of the industry, and I have set out the general situation in Vancouver.

Now, Mr. Speaker, the difference between us on this side of the House and the minister over there is that we believe housing is a social right and we are not going to bring in crumbs for people. We would bring in a bill which would put the housing industry back to work and which would, in fact, build affordable housing for those people, ordinary Canadians, whom I have quoted in the House today.

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, I appreciate the opportunity of participating in this debate. I listened with close attention to the last speaker, speaking as he

does for the New Democratic Party on almost every issue which comes before the House in debate. I did so because I remember that he was sitting in his place—

Mr. Waddell: I would do it again.

Mr. Hnatyshyn: —during the time we were in government, at which time he showed his true colours. He speaks now of what the NDP would do to assist the home owner. Well, he had the opportunity to support some very progressive legislation presented by our government which directed itself very much toward helping home owners in Canada, but when the time came, he carried on the great tradition of supporting the Liberals in everything they do on major issues.

So I find it rather interesting to have him now stand up and rail away at the minister responsible for housing, saying that he is in opposition to the policies being brought forward. The fact is the member has demonstrated, as has his party, that they support this government. At all important times the NDP can be counted on to say: "Ready, aye ready. Whatever the Liberals say, we are prepared to follow along." I tell you, Mr. Speaker, that made me wonder about the credibility which can be attached to the speech we heard in the last 40 minutes.

However, Mr. Speaker, I was more interested in listening to a couple of my colleagues who have spoken in this debate, the hon. member for Cumberland-Colchester (Mr. Coates) and the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). Those members have been here since 1957, the days of the Right Hon. John Diefenbaker's election as Prime Minister. I say this because I want to give some historical perspective to the commitments of the parties in the House with respect to the right to own and live in single homes in Canada. I was very much taken by the wisdom shown by those two members, and I think it is important for us to listen to people who have been here for some time, because experience is a very important commodity in politics, as in everything else. I recall that at that particular time the Conservative government brought forward a new emphasis to home construction. At that time they resurrected what was a dormant national housing act which had been given very little support by the Liberal government which preceded Mr. Diefenbaker's government. I recall the enormous acivity and the commitment given by the government as a whole with respect to home construction which took place during the late 1950s and the early 1960s. I am very proud to be associated with this party which has had the tradition of encouraging and taking positive initiatives on behalf of the home owners of Canada, those who want to become home owners, and those who want adequate and reasonable accommodation in our country. I agree with the hon. member who spoke previously to the extent that I believe the right of home ownership should be a part of the objectives of any political party worth its salt in this country.

• (1750)

When we were in government, we made a number of proposals which, I suggest to Your Honour, were very much in the tradition of the policies brought forward by Mr. Diefenbaker. They involved a recognition of the growing burden placed on home owners of this country by virtue of a situation where inflation had risen to unacceptable levels, and where the expenses involved in home ownership were indeed cumbersome for the average citizen, the average couple, the unmarried couple, and the lower and middle-income earners of our country. I look back on that particular initiative which we took, and I commend the kind of thrust we took as a government to the minister responsible for housing.

I am glad to say and happy to report that the minister is in the House now and is sitting through this debate, which I appreciate. As I direct my remarks today to the effectiveness of the current government policies, I want the minister to know that I appreciate the fact that he has tried to bring forward the proper emphasis and the proper policies with respect to housing in this country, but that he has been fought on every level by his own party, and more particularly, by the government of which he is a member and by his colleagues in the government.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: What I have to say to the minister today is said more out of a sense of sadness than out of any personal vindictiveness toward the minister, who is trying to do his job.

We look at the situation today. What is happening economically? It is reflected in what has happened to our dollar today. We find today that the dollar has fallen below 82 cents. It is on a downward trajectory. It is a reflection of our present economic circumstances. I feel very uncomfortable, as do most Canadians, with respect to our economic prospects. I look at some of the additional costs which are now being placed on the home owner. In the province from which I come, Saskatchewan, the Saskatchewan Power Corporation rates have been going up to unprecedented levels. I am in receipt of letters from my constituents, from elderly senior women living alone in my riding and from young couples, people who have a hard time making ends meet. They have told me that their heating bills are now putting additional pressure on them with respect to carrying on private ownership. For example, in the province of Saskatchewan, power and heating costs will be increased by 18 per cent this month. When we look at what has happened as a result of the amount of interest which is being paid by the home owner, we can imagine the additional encumbrance resulting from payments of high fuel bills in a winter which has been one of the traditional Saskatchewan winters, as I recall them some years ago, a very cold winter. It has meant an enormous increase in the heating bill to the average citizen in my province. Interest rates are at unprecedented levels. Inflation is reaching record proportions with respect to the costs of home maintenance.

That is the general situation in which we find ourselves today. That is the atmosphere in which we must address this particular piece of legislation. I say to the minister that over the course of the last few months I followed the pre-budget pronouncements of the minister with some interest. Many people were wondering, as it is obvious Members of Parliament and members of the Press Gallery were also wondering, exactly what we might expect from this government in terms

of relief and assistance to home owners. It would be interesting to see whether the minister would come forward with policies which would be of true and legitimate assistance to these people in times of very heavy financial pressure. Therefore, we asked ourselves whether this government would do something to alleviate the pressure of high interest rates and high property taxes imposed by municipalities. We wondered whether the government, in effect, would reconsider its previous position and support a policy we brought forward whereby the home owner could, in fact, receive some advantage by deducting interest paid on mortgages and municipal property taxes. I think these questions were legitimate. In budgetary terms, we wondered whether the government would bring forward provisions, as we did, which would allow the poor and the low and middle-income earners to receive some assistance from this government to help pay the increased costs of owning a home, similar to the energy tax provisions contained in our budget which would have given assistance to families. Under this government, increased costs of energy are rising far higher and to a more substantial degree than would have been the case under the energy agreement which we arranged with the province of Alberta. We found that the answer to our questions was "no". We waited for these answers, and we waited for pronouncements on the part of those ministers responsible in this administration, as to what we might expect concerning initiatives.

I must say that I took a random sampling of some of the press reports which have covered the pronouncements of the Minister of Public Works (Mr. Cosgrove) who is responsible for the Canada Mortgage and Housing Corporation in particular. I do not have to go back very far. I can go back to September 9, 1981, when the headline of the *Toronto Star* stated, "Mortgage Relief Package is Coming, Cosgrove Predicts". I just want to quote this article, because this was a statement of the minister responsible for the housing policy in this administration, and one which I think we were entitled to take seriously, because we expect that when there are pronouncements by a minister responsible for housing of any government, we can find action which would follow those pronouncements. I will quote from the article as reported by Pat McNenly.

Mr. Cosgrove: Quote it all. Read it all.

Mr. Hnatyshyn: Mr. Speaker, I only have 40 minutes in which to speak, and I do not want to embarrass the minister too much by quoting what he said in September, and then by finding that he reversed himself in October. I just want to make a point for the minister. I see a fleeting tinge of embarrassment cross his face, and the redness in his face is increasing. I will be kind and polite and just quote a—

Mr. Cosgrove: Do your worst! Just read it all.

Mr. Hnatyshyn: —dispassionate and non-partisan extract from this particular article so the minister can understand—

Some hon. Members: Hear, hear!

An hon. Member: Just before the dinner hour.

Mr. Hnatyshyn: —the expectations we had of him.

I see the Deputy Sergeant-at-Arms is coming because he is hungry, so I will call it six o'clock and we can start again at eight o'clock. I hope the minister will be present to hear my remarks.

Mr. Cosgrove: I want to hear it all!

The Acting Speaker (Mr. Blaker): In appreciation of the hon. member for Saskatoon West (Mr. Hnatyshyn), and in view of the fact that the Deputy Sergeant-at-Arms is hungry, I do now call it six o'clock p.m. The House will rise until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock, the hon. member for Saskatoon West (Mr. Hnatyshyn) had the floor.

Mr. Hnatyshyn: Mr. Speaker, just before the supper hour, I had started to make reference to the fact that a lot of us in the House of Commons and people across Canada are very much interested and concerned about the direction in which the government is going with respect to its housing policy. It is as a result of a number of things that this has happened. I mentioned these factors. We had unprecedented interest rates which went over the 20 per cent mark, absolutely incredible, usurious interest rates. I was moved to observe at the time that the level of interest rates in this country was the rate which the criminal element used to extend to its least desirable clients, 22 or 23 per cent. That is an absolutely untoward, unbearable burden to place on the people of this country.

Also, we are facing an unprecedented rate of inflation. Items of repair, costs with respect to home ownership, the cost of equipping a modest home, are an additional burden to the average Canadian, especially those living on limited means such as senior citizens and young people starting off in life.

Quite apart from everything else, we are also facing a situation where in the context of inflation this government entered into an energy policy for this country which allowed an acceleration in price to the home owner which was absolutely unthinkable just a few months ago. This energy policy extended the energy costs to the home heating fuel of the average Canadian in a way that the government of which I was a member would have no part.

I know the minister is very sensitive about housing matters in this country, that he is attempting to prevail among his cabinet colleagues. I say to him in that context and in that battle he is waging with his colleagues and cabinet, that he has

the support of most people on this side of the House. We in this party think that housing is a priority item.

As you listened raptly to me before the dinner hour, Mr. Speaker, I was outlining some of the statements made by the minister with respect to his anticipation and expectations about policies to be brought forward by the government in the budget. I was referring to an article in the September 9, 1981 edition of the *Toronto Star* headed "Mortgage relief package is coming, Cosgrove predicts". I was going to try to quote from it in a dispassionate way. The salient parts of that article and the quotations of the minister should give some idea of the expectations that Canadians have of this government as to what it is prepared to do in the context that I set out at the beginning of my remarks.

• (2010)

The article says:

Federal Housing Minister Paul Cosgrove won't say what his short-term proposals for relief from record mortgage rates are but he is confident the federal cabinet will adopt them because a near shutdown of the multi-billion housing industry is their only alternative.

"The interest rates, where they are now, are a very poor omen for the construction industry," Cosgrove (L-York-Scarborough) said in an interview yesterday.

He went on to say:

. . . and if the high rates continue without relief from Ottawa, Cosgrove forecast: "people will not buy, people will not build. The industry tells me that. I believe it."

The article went on to point out:

Cosgrove isn't deterred by Finance Minister Allen MacEachen's recent statement that alleviating high interest rates was not a government priority.

The minister went on. The response was positive. The minister was taking this firm position on behalf of the government, and I think that many of us on this side of the House thought the man was trying to do something for Canada and we should support him if we could. We thought we should look forward to the provisions of his new policy which was coming forward.

A headline in The Ottawa *Citizen* dated September 17, 1981, stated: "Rental building may get boost in next budget". It is an article by Jim Robb, a *Citizen* staff writer in which he says:

Major new measures to boost construction of rental accommodation could form part of Finance Minister Allan MacEachen's upcoming budget, a number of federal officials said Wednesday.

Housing Minister Paul Cosgrove emphasized Wednesday that when the government says it will help only the hardest-pressed home owners, it means exactly that.

"The vast majority of Canadians will not be assisted," Cosgrove told reporters after the cabinet's day-long economic planning session at the government's Meach Lake retreat.

You can believe it, Mr. Speaker. That was only September 9 to September 17, a matter of eight days after the minister's first statement. What happened was that the minister considered where he was headed after his very impressive opening statement with respect to what the government would do.

On October 23, 1981, after a month to think about this, he decided to take a new tack and a new initiative. An article in The Ottawa *Citizen* dated October 23 had the headline "Cosgrove vows personal aid if home in jeopardy". This is an article by Don Butler, *Citizen* staff writer. He wrote:

Housing Minister Paul Cosgrove offered Thursday to intervene personally if there is "genuine concern" that a home owner may lose his house because of high mortgage interest rates.

That is a long way down from the impressive statement about the government's intentions which he enunciated a month earlier.

On October 24, 1981, the minister decided he should start again and try to petition more impressive aid for homeowners in Canada. An article in The Ottawa *Citizen* dated October 24, 1981, with the headline "Cosgrove wants emergency mortgage aid" stated:

Housing Minister Paul Cosgrove said Friday he wants the budget to contain even more emergency help for low-income home owners than they now get from Canada Mortgage and Housing Corporation.

The article also went on to say:

The Housing minister told the Commons Thrusday he is prepared to deal personally with hardship cases betwen now and the time the budget comes down if individual MPs can't persuade banks and trust companies to accommodate home owners in danger of foreclosure.

But he admitted to reporters Friday he doesn't really have much clout beyond the moral suasion that his ministerial rank can bring to impress hardnosed bankers and other lenders.

Here is another retreat, Mr. Speaker. If the situation were not so tragic, it would become almost laughable. An article in the *Toronto Star* on the same day, October 24, 1981, contained the headline "I can't guarantee anything, Cosgrove now tells home owners". It is an article by David Vienneau, the Ottawa correspondant. He wrote:

Housing Minister Paul Cosgrove says he can't guarantee that even his personal intervention in mortgage interest disputes . . .

[*Translation*]

Mr. Cousineau: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The hon. member for Gatineau (Mr. Cousineau), on a point of order.

Mr. Cousineau: Mr. Speaker, in the House it is customary to refer to someone by his department or constituency, but never by that person's name. I would refer you to what was said by Madam Speaker, as reported on page 8396 of *Hansard*, March 18, 1981, the gist of which is that a word that is unparliamentary may not be used even if it is being quoted from a newspaper article or—

[*English*]

The Acting Speaker (Mr. Blaker): Order, please.I do not think the Chair needs to have those explanations. The hon. member may have referred to another hon. member by name, but I have been aware of his contribution to the debate prior to six o'clock and since eight o'clock and there is so little that is objectionable in terms of referring to hon. members by name that I could not find anything disagreeable whatsoever.

Mr. Hnatyshyn: Mr. Speaker, I understand the concern expressed by the deputy whip with respect to the decorum of the House. Let me say that I agree with the principle of not referring to hon. members by name during debate except that I think it is a well-established principle that when one is quoting from articles in which the name is used, one can quote exactly. Therefore, I was not using the name, quite apart from reading directly from those newspaper articles in which the minister was reported.

I hope I did not offend the rules of the House, which I understand indicate that we do not refer to ministers or colleagues by name. However, when quoting from newspaper articles, I think the rule is that we can use the name when they are quoted exactly. Otherwise, with the responsibility which the minister has it would take me too long, and I only have 40 minutes, to convey a number of messages which I want to get across to the minister.

I will carry on and quote from this article and I will make sure that I am quoting the article exactly. I will send a copy to the Chair if it wants to verify the article. The article went on:

Cosgrove said he was doing exactly these things for five of his own constituents . . .

[*Translation*]

Mr. Cousineau: On a point of order, Mr. Speaker. I do not want to appeal your ruling, but I think—

The Acting Speaker (Mr. Blaker): The hon. member for Gatineau, on a point of order.

Mr. Cousineau: I am not appealing your ruling, Mr. Speaker, but I referred you to a comment made by the Speaker of the House on March 18, 1981, which made it quite clear that even a quote from a newspaper article was not acceptable.

[*English*]

The Acting Speaker (Mr. Blaker): Certainly the principle to which the hon. member refers is perfectly accurate. There is no problem in that respect. However, what is happening is that the hon. member for Saskatoon West (Mr. Hnatyshyn) is referring to certain written articles, and while in the process of reading those articles he is referring to certain members of the House. That is perfectly in order and there is no problem with that either.

I do not think it is a system which ought to be abused, but I also believe the hon. member for Saskatoon West is not abusing that principle. I think that we should hear him.

If he continues to a degree that the hon. member finds some difficulty with, I will listen again. For the moment, a reference to a newspaper article in which an hon. member's name is mentioned is not out of order under the Standing Orders of the House.

Mr. Hnatyshyn: Mr. Speaker, I have such great respect for the deputy whip who made the interjection that I will try not to offend him by referring to the Minister of Public Works by name. If he does not like to hear the minister's name during the course of debate, I can understand that and I will simply say that whenever I intend to talk about the minister, I will just say the "unmentionable minister".

Mr. Cousineau: You are abusing the rules.

Mr. Hnatyshyn: To go back to the article, he said:

. . . he was doing exactly these things for five of his own constituents— including phoning local bank managers. He refused to identify the people he was attempting to help.

What I am saying is that unfortunately the minister is now deteriorating from saving the entire housing industry in Canada to helping five members of his constituency. But he will not identify those five.

• (2020)

I say to the minister that the history has been sad and unfortunate and leads us to the situation we have today. I have before me a Canadian Press article published in the Montreal *Gazette* today. Under the headline "House-starts outlook bad, CMHC says" the article reads in part as follows:

The federal Crown corporation predicts little change in mortgage rates during the first half of this year and perhaps slightly higher rates in the second half. As a result, housing starts in Canada are expected to drop to some 162,000 units from 177,973 in 1981.

CMHC's predictions of housing starts by province this year, with actual 1981 starts in brackets: Newfoundland 3,500 (3,210), Prince Edward Island 300 (203), Nova Scotia 3,500 (3,715), New Brunswick 2,500 (2,188), Quebec 31,000 (29,645), Ontario 45,000 (50,161), Manitoba 3,000 (2,824), Saskatchewan 6,000 (5,972), Alberta 33,000 (38,470) and B.C. 34,000 (41,585).

That is the history of the expectation we in this House and the people across Canada have had of this minister responsible for housing.

I face today the dismal duty of commenting on the government's housing policy and this particular piece of legislation, which appears to be the response of the Minister of Finance (Mr. MacEachen) and the government after a dismal future was anticipated by the minister, following reports received by him and his department. Never before have the home owners of this country faced such incredible obstacles in obtaining and keeping one of the essentials of life, namely, the shelter of a family home.

As I have pointed out, the people of Canada have faced inexcusably high mortgage interest rates. They have had to deal with the minister responsible, who has not had the ability to deliver on the promises he made to the people of Canada.

In terms of housing possibilities in this country and the extent to which the federal government could influence housing policy, it has been demonstrated that the government has no commitment to deal with the real home ownership problems faced by families in our country. The minister has been well aware of the gravity of the problem. His own department has given him position papers. A report given to him has been made public, and it states:

It can no longer be argued that the number of households facing hardship in renewing mortgages is minimal. During the next year more than 100,000 households will exceed a GDS of 30 per cent after renewing their mortgages.

The majority of households up for mortgage renewal have sufficient equity in their houses to allow them to take steps to reduce the substantial increases in their payments on 21 per cent mortgages. Even so, these households, on average, face increases in the order of $300 to $350 per month. These higher payments will force significant realignments in household budgets.

These householders will manage but will be angry about having their standard of living set back by something totally beyond their control.

For the remaining, from 100,000 to 110,000 households, the increased payments beyond 30 per cent of income will place unmanageable burdens on household budgets. They are already paying a high proportion of income for housing and have little equity. For these households hardship results. Their major asset, their homes, will be lost because of the luck of the draw as determined by the timing of their mortgage renewals.

That quotation is taken directly from the government's position paper, prepared by officials in the minister's own department, with respect to the severity of the housing problem in Canada today. This was a pre-budget forecast of the difficulty to be faced by Canadians, and the minister initially set out to say that he was prepared to meet the challenge, but it did not take long after a few cabinet meetings with his colleagues before his horizons were lowered to the point where all he could offer Canadians was to try to use his office to exert what he called moral persuasion on the banks of Canada, in the hope that they would go a little softly in terms of foreclosure proceedings against real and living people in Canada.

Mr. Cosgrove: Plus $350 million.

Mr. Hnatyshyn: Mr. Speaker, the minister's imagination in terms of his contribution always amazes me.

I want to speak about rentals because a prospect was held out for renters in this country. The forecast in the government's own position paper was equally bleak.

Rental investment will thus dry up in most markets and vacancy rates in most markets will approach zero by 1983.

A black market will develop with the phenomenon of "key money" becoming prevalent.

You know, Mr. Speaker, what key money is. It is payment. It is a black market arrangement by which people are able to get access to accommodation in spite of the lack of suitable rental accommodation there is in Canada. I am not talking about the Soviet Union or Moscow. I am talking about Canada where it is getting ever so difficult to get suitable rental accommodation for those who cannot afford their own private home accommodation. Again I quote from the minister's own departmental papers:

Tight markets will produce waiting lists for rental units and force doubling up with family and friends. We will witness a substantial regression in housing conditions following 35 years of gradual improvement.

Those were the forecasts the government, the Minister of Finance and certainly the minister responsible for housing knew well prior to the budget. Indeed, the minister responsible for housing put his seat on the line by saying if there was not help in the budget for the home owners of Canada, he would resign. That is an honourable position for the minister to take, a minister who is sincere and determined to help home owners in Canada, and I applaud the minister for taking that position—

An hon. Member: But!

Mr. Hnatyshyn: —but after the expectation about assistance in that budget was raised by the minister, the minister was clearly undercut by his cabinet colleagues.

As we are well aware, the budget upset the plans of home owners and renters across the nation. What is remarkable about the budgetary proposals is how they could be drawn up with so little regard for their practical application and probable repercussion. We have seen this demonstrated with respect to the myriad of issues which come up in the question period day after day. My colleagues have asked questions as to what the Minister of Finance meant by certain budgetary proposals. Why were certain other provisions not made? In this particular context, why have the home owners of Canada been let down so severely? The answer of the government was to provide $50 million this year either to guarantee to repay deferred interest up to $3,000 if a home owner has substantial equity or to pay all or part of the interest deferred to a maximum of $3,000 in cases where the home owner has little equity. This funding covers mortgages renewed between September 1, 1981, and November 12, 1982, a period which does not take into consideration the record high rates on renewals during this past summer. As a result, even though there are 920,000 home owners renewing their mortgages in the applicable period, a relatively small number of those will qualify, and all those home owners who had renewals during the summer are left high and dry.

• (2030)

What did the budget do for renters, Mr. Speaker? As the minister prophesied, unless something is done in terms of providing rental accommodation, the housing industry will be decimated by the budget. By tying the deduction of interest expense to investment income, the industry loses a major incentive to expand. The provision doing away with the deduction of soft costs for MURBs has the same effect. It makes for stagnation in the industry at a time of unprecedented demand and shortage of supply. The 15,000 units that the Minister of Finance promised will not begin to fill the gap that these tax measures opened. With a little incentive, private industry could have done the job itself. Perhaps, after having had to battle with his colleagues in cabinet the minister will now understand that the government has little regard for the private sector of the economy.

The net effect of the budget will probably be a reduction in housing starts. The MURB program has been cancelled. We should remember that it is a program that was responsible for the construction of some 25,000 rental units last year, which is 10,000 more than the 15,000 units the government expects will be built under the program provided for in Bill C-89. Meanwhile, the government will reduce its commitment to subsidizing social housing in 1982 from 30,000 to 25,000—a drop of 5,000.

I wanted to go into more detail on this, Mr. Speaker, but I am sorry that I do not have the time. The minister has been under attack from many sources. I should like him to know

that I sympathize with him because I believe he is trying to do a good job. However, he has a responsibility to Canadians to demonstrate that when he said he would resign if he were not able to deliver, he will take the honourable course and do so. If he is an honourable man, and I believe he is, then in the interests of Canadians and in order to get this government on the right course, he will tender his resignation in light of the abysmal failure of the budget to deal with the housing problems in the country.

Some hon. Members: Hear, hear!

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I am pleased to contribute to the debate on Bill C-89. This was intended to be a very important piece of legislation. It is one that home owners have been waiting for with some anticipation but it offers much too little much too late to those who have already lost their homes or have resigned themselves to losing their homes.

The very desperate situation that home owners and renters find themselves in today is the result of the government's refusal to change its high interest rate policy and its refusal to tackle the housing industry problem head on in a responsible and equitable way.

There is no question that the Minister of Public Works (Mr. Cosgrove) who is responsible for housing, missed an excellent opportunity to bring in legislation that would deal with the housing and high mortgage rates in a meaningful way. Instead, he and his colleagues in cabinet, including the Prime Minister (Mr. Trudeau) needlessly chose to raise the expectation of home owners about the kind of relief the government would offer. Those expectations soon turned to bitter disappointment. Even under very heavy pressure by members of the House and Canadians everywhere, the minister only responded by making several public statements to the effect that a major relief package was on the way if people would only hold on until the November 12 budget. By then, he said, Canadians would be offered relief. His colleagues thought that in this way the heat would be taken off the subject.

Just days before the budget was brought down, the minister denied that he had made any previous promises to the effect that the government had a comprehensive scheme in mind to help Canadians. There is no doubt in my mind, Mr. Speaker, that the aftermath of this was that the minister was heavily criticized in cabinet for supposedly giving budget secrets away.

The bill before us proves that the government's plans for relief for home owners, renters and the housing industry, should not be taken too seriously. It is very obvious that the government hopes to get away with paying token service to this ever-present problem by offering minor, short-term relief, all the while content to cross its fingers in the hope that inflation and interest rates will soon drop and that it can claim success.

When we look at the current problems facing the housing sector and the way the government has addressed them, it is clear that it is waiting for the storm to pass while refusing to deal with the problem itself.

There is no question that affordability and availability of houses in Canada are the two main areas where very serious problems have developed in the last few years.

In terms of availability of homes, it is quite clear that new housing starts are dropping far behind current demand and that this is resulting in increasing shortages. It has been estimated by Canada Mortgage and Housing Corporation and by the Housing and Urban Development Association of Canada that on average, Canada needs well over 200,000 new homes each year just to keep up with consumer demand. Yet, over the past four or five years, housing starts have consistently fallen far behind.

In 1977 we needed 256,000 units but 245,000 were constructed. The figures are worse each year. In 1978 we required 259,000 units but only 227,000 units were built. This trend continues today, Mr. Speaker. In 1981 we needed 265,000 units but only 170,000 units were produced. It is predicted that in 1982, housing starts will number about 135,000 while the actual need will be about 261,000 units. As you can readily see, Mr. Speaker, the situation is deteriorating very rapidly.

Availability in the rental or apartment sector is not much better. From the government's own figures and predictions as revealed in the CMHC document leaked last fall, it is clear how serious the problem is. The government predicts that by 1983, we will have a zero vacancy rate right across the country. However, if current trends continue we could well reach that by next summer. The national vacancy rate fell from 2.8 per cent in 1980 to 1.2 per cent in October, 1981. In some metropolitan areas the vacancy rate already stands at zero per cent. It is evident from all this that the situation continues to deteriorate at a very rapid pace.

The government has estimated that about 90,000 rental units per year are needed to meet our rental requirements, yet it seems unable to assist in a meaningful way any rental construction, outside government assisted rental housing projects. At least this appears to be the case, given the government's continued support of a high interest rate policy and a budget filled with disincentives for private investment to move into rental construction.

An example of this disincentive is the cancellation of the multiple residential building program. By killing this plan it is estimated that 20,000 fewer units will be started this year.

• (2040)

In place of this very sensible program, the government introduced interest free loans of $7,500 for each of the 15,000 units to be built in various areas of the country. This program does not even begin to meet the strong demand for rental housing in Canada, and the leaked CMHC document admitted that the rental market is drying up very quickly. The MURB program served rental construction needs much better than the government's replacement, given the fact that its goal of 15,000 units does not come close to meeting current or future demands.

When we turn to affordability of housing, it is quite clear that the dream of owning a home is becoming a genuine

nightmare. In the last three months of 1981 the average cost of a home sold in Canada was $77,900. If we assume a 10 per cent down payment and, $1,000 in property taxes and accept the general principle that payments of principal, interest and taxes should not exceed 30 per cent of the gross income of a home owner, an annual family income of $44,500 is needed to purchase an average priced home. How many Canadians who face mortgage renewals make this amount of money? With prices so high, who can really afford to purchase a home today? Real estate agents tell us how depressed their business is because very few people can cope with the high asking prices for homes, to say nothing of the unreasonable and very high interest rates involved in assuming a mortgage.

Unfortunately, there is another great segment of our home owner population who have already purchased homes and are now at the mercy of high interest rates because they are required to renew their mortgages. Over the next two years approximately 1,200,000 families will find themselves in such an impossible situation. CMHC admitted that some 40,000 Canadians may well lose their homes because of continued high interest rates, yet the government refuses to extend any meaningful aid to home owners, no matter how many Canadians lose their homes or their life savings.

Removal of building subsidies in the rental industry is putting increased pressure upon monthly rental levels. The Housing and Urban Development Association of Canada estimated that removal of federal subsidies in terms of investor returns can only be replaced by rent increases of some 60 per cent or more. Because this situation is impractical and unrealistic, it is quite clear that potential investors are staying away from this area. Therefore, the government is killing this very important industry which it says it is trying to help with the bill. The result will be massive unemployment, not to mention a stagnant industry incapable of meeting necessary consumer demands.

I should like to take a brief look at what the government offers Canadians in this bill to show that their sense of outrage and criticism is completely justified. Canadian home owners, collectively, will not be better off because of the bill. To save face, the government will be extending some band-aid assistance to two groups of home owners facing mortgage renewals. The first group, estimated by CMHC to be about 12,500 in number, will receive a once-in-a-lifetime grant of some $3,000. This grant is designed for those people who have too little equity in their homes to support any interest deferral scheme. The second group, estimated to be about 37,500 in number, face monthly mortgage payments of over 30 per cent of their gross income. They will receive government guarantees of up to $3,000 which are designed to convince lenders to allow home owners to fend off some of the high interest rates. However, this scheme applies only to those home owners who renewed their mortgages between September 1, 1981 and November 12, 1982, and to those who pay over 30 per cent of their gross income on mortgage payments. The grant and loan plans will only help 50,000 people out of an estimated 920,000 home owners who renew their mortgages during the prescribed time. Of the 900,000 Canadians who will renew their mortgages, 100,000 face the very real possibility of losing their homes, yet the government will only help directly 12,500 home owners with $3,000 grants. Canadians left in the cold face the bleak prospect of renewed mortgage rates of approximately 20 per cent or so. It is not something to which one looks forward.

Another disturbing aspect of the bill is that aid offered to home owners in a mortgage deferral program merely puts them deeper and deeper into debt. The leaked government document admitted that interest deferral schemes appeared unlikely to cure the problem faced by Canadians renewing their mortgages. In spite of the leaked CMHC document, the cabinet chose cosmetic relief. It is hoping that lending institutions will agree to provide interest free deferrals with the encouragement of guarantees.

As mentioned earlier in terms of assistance in the area of rental, the government announced a very feeble program to encourage construction of 15,000 rental units costing some $125 million in low vacancy areas. The program offers free loans of up to $7,500 per unit. What is really needed to protect Canadians from crippling mortgage interest rates and to prevent them from losing their homes is a mortgage interest and property tax credit similar to the one introduced by the hon. member for St. John's West (Mr. Crosbie) when he was minister of finance. If this program were in place today, home owners would enjoy tax credits of $1,125 for 1981 and $1,500 for 1982. The program would have made over $2 billion of relief available to home owners. At that time we offered $2.3 billion in relief, while the government only offered $50 million for this year.

Once again home owners who are on the short end of the stick when dealing with the government are those who insulated their homes with urea formaldehyde foam insulation on the advice and financial backing of the federal government. Anyone who is currently trying to sell or renew the mortgage on their homes with this insulation knows all about UFFI. Their homes are worthless and hazardous to the health and wellbeing of the occupants, yet it took the government over a year, after it banned the use of UFFI from the market, to bring in a relief program to help clean up a very messy situation which it created. The government is taking its sweet time to begin processing applications, obviously wanting Canadians to shoulder the financial burden themselves at a cost which can easily run into thousands of dollars per household. If the government had acted quicker, it would not be faced with so many angry Canadians, not to mention the problem of removing the foam. There is no question that the government has a responsibility to help remove UFFI because it pushed Canadians to use it. It is clear that the most common sense approach would be for the government to own up to its responsibility, to recognize a mistake was indeed made, to stop dragging its feet, and to pay full compensation to home owners involved in this government-sponsored mess.

I believe, as do most Canadians, that shelter is one of our basic rights. Everyone is or should be entitled to a home. However, while it may be a recognized right, we are slowly

losing our ability to obtain shelter. Yet the government has little or nothing to offer thousands of Canadians who are facing the immediate threat of losing their homes.

• (2050)

Bill C-89 hardly even addresses the deep financial problem facing home owners or the housing industry itself. The bill is totally inadequate. If the government had listened to Canadians and found out what they really need, we would have had a better financed more wide-ranging and comprehensive piece of legislation before us today. We can only hope the government will accept some of the amendments and change the bill before it passes the House. I will not hold my breath that such changes will take place. I have come to learn during the ten years that I have been a member of the House that the most uncommon thing to find on the other side is common sense. It is truly unfortunate and tragic that this place is just one more place where theory and theoretical ideas always take precedence over practical ideas which actually work better both in terms of application and in lower costs to the taxpayers in the long run. It is no wonder that our farmers and our producers are the most efficient people to be found anywhere in the world. They are practical people with little time for nonsensical theories and ideas that usually do not have a firm foundation to stand the test of practicality.

Whoever coined the expression that there is no experience like practical experience never spoke a truer word. It is too bad that many people who should know better chose to ignore these words of true wisdom.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, this is the first opportunity I have had to stand up in the House since last Wednesday, which was a fateful day in the history of the province of Alberta. Last Wednesday was the day when the first separatist was elected to our provincal legislature, the first separatist who ever ran for office. That brought memories of some ten or 12 years ago when there were no separatists elected to public office anywhere in Canada.

As I stand here today, February 23, 1982, I stand with some sense of impending doom, and with a great deal of impending sadness. I look at Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act and I ask myself why am I standing here this evening debating a bill of this kind. As I reach out and look for the answer, I find that it is because this country is in crisis. But in a time of crisis, I would hope to see a piece of legislation that might help us overcome that crisis. When I look at Bill C-89, I do not see in this legislation any sense of real hope for average Canadians. I see once again a piece of legislation which is taking the time of the House because the government has decided to engage once more in a piece of public relations chicanery, another piece of public relations trickery.

When there is a problem in Canada and it is identifiable, the government is quick off the mark to say that it will solve the problem. That story lasts three, four or five days or for as much mileage as hon. members of the Liberal Party can get out of it. Sooner or later in the Parliament of Canada we see the piece of legislation which is supposed to be the solution to the problem. As we read it carefully, we find inevitably that it fails to address the real problem. It simply provides language which is designed to confuse and convince Canadians that the problem is being worked on and being addressed.

If the Clark government had been allowed by the New Democratic Party, the Liberal Party west, to pass the legislation which was before the House in December, 1979, that legislation on mortgage deductibility for home owners in the budget presented by the hon. minister from Newfoundland, which has been judged by those who are experts in their society as the fairest budget in the decade of the 1980s and by the poorest segment of Canadian society—

Mr. Skelly: Mr. Speaker, I rise on a point of order. It is just a matter of clarification of fact. The people of Canada judged that it was not one of the finest pieces of legislation in Canada and turfed out that government.

Mr. Hawkes: The Liberal Party west, the NDP, got sucked in by the so-called experts on the other side. They told them what it said and they did not bother to read it. I tell hon. members to find out what it said and learn what it could have done for Canadians. But they went out like loyal soldiers and sold Canadians a wrong bill of goods.

Some hon. Members: Hear, hear!

Mr. Hawkes: That budget, Mr. Speaker, dealt with the housing issue in the following fashion. It provided tax relief for every home owner in this country who paid municipal taxes. The Liberal members and the NDP members shot it down, and Canadians do not have that relief today. It was a budget that provided relief for every Canadian who owned a home. They were to get tax relief on the interest payments on their mortgage. Members of the NDP stood and moved a motion in this House, supported by the Liberals, and said to Canadians that they could not have mortgage relief or tax relief for municipal taxes because they did not need it. The NDP said that they would put the Liberals back in office. But two years later anyone who held a $70,000 mortgage in 1979 at 12 per cent and paid $720 a month is now paying $1,130 a month. We must not forget that municipal taxes have gone up also. The NDP said that was the kind of program they wanted, and they will put the Liberals in so they can deliver that program to Canadians, and that is what they did.

As if that were not bad enough—because people pay their mortgages and municipal taxes from after tax income, that is the amount of money in pay cheques, the money that is used to make those payments—they elected a government full of deceit and trickery that has doubled the indirect taxes in this country. Do the NDP, the Liberal Party west, and the members opposite, and all the backbenchers, understand that indirect taxes under the present Minister of Finance (Mr. MacEachen) have moved from $10 billion to $20 billion? Do those people understand what that means to a working man and a man on pension?

Mr. Skelly: Mr. Speaker, would the hon. member entertain a question?

Mr. Hawkes: Mr. Speaker, I will just proceed. It is so seldom that the hon. member is in the House that I am not used to his voice and I cannot quite understand what he is saying.

I was talking about indirect taxes and the burden placed on Canadian home owners from those indirect taxes. I pointed out that those taxes have risen under the present Minister of Finance, from $10 billion to $20 billion, and the NDP put him in. What does that mean? It means that indirect taxes, those are the taxes a person pays out of his take-home pay, have risen since the change in government in 1980 more than $100 per month per household on average. Whether you are rich or poor—

• (2100)

An hon. Member: It is those guys.

Mr. Hawkes: It is not those guys, it is the New Democratic Party which decided that the hon. member for Vegreville (Mr. Mazankowski) was no good in transport and we should have the present Minister of Transport (Mr. Pepin). The Liberal Party west made that trade. That is worse than a Toronto Blue Jay trade.

That extra $100 a month, Mr. Speaker, in indirect taxes coming out of your take-home pay, when added to the extra $408 a month because of high interest rates, comes to $508 a month which Canadians are paying extra. What are they getting for it? They are still in the same house, still driving the same car, using the same heater in their home. They get nothing extra for that, except for the privilege of paying taxes to the Liberal and New Democratic parties. They have the privilege of paying all that extra money to advance causes which are designed not to help Canadians, Mr. Speaker, but to bamboozle them. A $100 million for advertising. How much better would this country be if that money were given to Canadians to reduce their monthly mortgage payments!

One of the purposes of the December, 1979 budget was to reduce federal borrowing. Of what significance is that to Canadians? Well, when this government was elected, 19 cents out of every tax dollar went to pay interest on the public debt. This morning we discovered that two short years later 23 cents out of every tax dollar collected goes to pay interest on the public debt. An increase of almost 20 per cent, Mr. Speaker. That is what public debt is all about. It is spending money today so that your children and your grandchildren can pay for it. I looked at those figures this morning, and I found that interest on the public debt is getting very close to the sum total of all indirect taxes taken from Canadians in a year. It amounts to $200 per month per household to pay interest on the public debt. Instead of paying that against a mortgage, Canadians are forced to pay that to the bankers in Switzerland, in New York and Canada simply to pay interest on the public debt.

Now, Mr. Speaker, in case some of the Liberal backbenchers or some of the NDP think that is a good thing, there is something else to remember. There is a limited amount of money in the world and it is sold to people at a kind of auction based on interest rates. Every Canadian who has to go out and borrow money to buy a home or expand a small business has to go into that auction market and compete for the money. They can go and say, "If you will loan me that money, I will give you 16 per cent". But in the auction market somebody else says, "I will give you 16½". Someone else says, "I will give you 17", or it could be 17½, 18, 18½ or 19 per cent. Then the bidding stops and you get the money for 19 per cent. And if you get that today, you are lucky. Well, do you know who was bidding against you? The federal government. They were out there trying to borrow the same money you are trying to borrow for your home. And they, through that auction market, are driving up the cost of money.

Now, here we have a piece of legislation which will affect very few Canadians but which bears a title that suggests it is a panacea, the help that Canadians need. It says, focus your eye on it, the government is doing something. They have already spent an unknown amount of money advertising this program before Parliament even dealt with it. They drew the attention of Canadians to the fact that this piece of legislation was here, and said it would help. But each day that advertising campaign was going on, each day we stand here and debate the bill, that same government is out there borrowing money and driving up interest rates, thereby causing Canadians to pay a higher amount of money to borrow than would be true had we had a government in the last decade with any sense of fiscal responsibility.

Mr. Speaker, if we were not today paying 23 cents out of every tax dollar to pay interest on borrowed money, we could increase by 50 per cent the amount of money we spend on hospital care, social services and old age pensions, all of which touch the hearts of most of the members who sit in this chamber. It is help to those who need it most. But instead we send money off to the bankers in other parts of the world, 23 cents out of every dollar, $16.5 billion in total.

Last fall this government asked Canadians to buy Canada savings bonds at 19½ per cent. The minute they did that, Mr. Speaker, people had to pay 20, 20.5, 21 or 22 per cent to borrow money on a mortgage. The government was out there trying to get it at 19½ per cent, but if it is for your home, you have to go higher. And here we sit in this chamber tonight addressing ourselves to legislation which has been advertised with your tax dollars to distract your attention away from the fact that the primary reason that Canadians are losing sleep worrying about losing their homes, or in fact losing their homes, is this government's policies. Canadians are worried about what is going to happen in the next three or four months when their mortgages come up for renewal. Their health is suffering, the tension is there, but the advertising says: Do not worry, we will bail you out. The legislation gives the lie to that ad, but in the meantime Canadians are not supposed to

recognize the fact that it is the government and its lack of a sense of responsibility which has created, over the last ten or 12 years, this situation of high interest rates that Canadians are trying to live with.

• (2110)

They do not only affect housing. When we build a house, we affect our society pretty dramatically. I will just read something into the record from an Informetrica study in April, 1980. It showed that for every additional 1,000 housing starts during a given year, 1,635 man-years of employment are created over the course of two years. For each 1,000 houses, 1,635 jobs are created, 460 of which go right into the construction industry. However, the remainder of those jobs are primarily generated in those sectors of the economy which supply material inputs and services to the construction industry. Five hundred and ten man-years of employment for 1,000 housing starts are generated in manufacturing. Hon. members of this chamber who come from Ontario and Quebec, particularly the southern parts, can look at their local newspapers, listen to the local radio stations, and watch the television news, and they can see all the examples of plant closures and people who are being put out of work as a result of lay-offs. I wonder if they remember those nine months of the Clark government in which a sense of direction was clearly signalled to this country, a sense of a government and a party which valued ownership. People believed and started to act on that sense of direction, and over that nine-month period an average of 35,000 jobs per month were created. In the public sector, tax spending jobs went down. However, in the private sector, tax generating jobs and the provision of goods and services went up throughout that entire nine-month period.

Then the Liberal Party, which consulted the NDP, decided that too much prosperity was not good for Canadians.

Mr. Gustafson: Right on.

Mr. Hawkes: They thought it was best to have many people unemployed so that the government could appeal to them politically. They would not be happy to have everyone working, satisfied and feeling productive. They said they would put the other guys back in. &ed3955;-1

I stand here in this House tonight, some two years later, and I find the exact opposite has happened. In the last year, Canadians have lost jobs at the rate of 35,000 a month. Two years ago, we were creating them at the rate of 35,000 a month. The NDP decided to put these guys on the other side back into power so we could lose 35,000 jobs a month.

Mr. Gustafson: Thanks to the NDP!

Mr. Hawkes: In all of the history of this nation since it started to keep statistics on employment, this was the first time when there were less jobs in the Canadian economy at the end of the year than there were at the beginning. I ask Your Honour, is that a consequence of the nine months of the Clark government, its policy and its legislation? Most Canadians may not realize it, but because of the filibuster of the NDP and the Liberal Party, we did not pass any legislation. They blocked the House. They filibustered. They would not let anything go through. However, the amount of jobs still went up because people sensed that there was an honest government which cared and which would attempt to keep its commitments.

What is wrong in Canada today? it is not necessarily the legislation. It is predominantly that sense of certitude here in this land that the group in charge in Ottawa is interested in public relations, in chicanery and, in deceit, but not in proposing honest policies which can be believed. In that climate, the people, the money and the equipment tend to drift, tend to be driven toward a political climate which investors view as more trustworthy. They want a sense of certitude. The tragedy in Canada is that they have a sense of certitude that they cannot trust and they cannot believe in the government.

If every Canadian could read those newspaper ads and the budget speech of the Minister of Finance and then look at the piece of the legislation before us tonight, Bill C-89, they would know that this piece of legislation is a piece of chicanery, a piece of trickery. It falls so far short of the promises of that budget speech and the tone of that advertising campaign that it becomes one more piece of concrete evidence that we have a cabinet in Canada whose members cannot be trusted. One cannot listen to what they say with belief. One simply cannot. Canadians now have such a sense of certitude in that respect that they do not follow up the details. They just think the first thought that comes to their minds. Each time the backbenchers on the opposite side and the New Democratic Party support that kind of chicanery, they undermine the long-term health of our entire parliamentary system.

Mr. Fulton: Point of order. Mr. Speaker, I would just like to point out to the Tories that they are voting two to one with the Liberals. As a matter of fact, they voted four times—

Mr. Deputy Speaker: That does not constitute a point of order.

Mr. Hawkes: Mr. Speaker, the hon. members in the NDP keep rising, and they do not like it to be known that there was a vote of confidence in this government last Friday, and that eight of their 33 members were missing. Twenty-five per cent would not even show up in this chamber in an effort to defeat this rotten government. Their new marvellous leader in the province of Ontario, drawing a public salary from this chamber, was sitting on a beach in Florida.

Some hon. Members: Shame, shame!

Mr. Hawkes: Now they stand and quote a voting record. Did they tell Your Honour what we voted for and what we vote against?

Mr. Epp: He didn't even come home from Strasbourg.

Mr. Deputy Speaker: With all due respect to the hon. member, I call to his attention the fact that the item before the House is a bill respecting housing.

Some hon. Members: Hear, hear!

Mr. Hawkes: Mr. Speaker, I should probably direct my attention to public housing of a particular kind.

Mr. Friesen: This is public housing.

Mr. Hawkes: Like a jail is a kind of public housing.

Mr. Fulton: Good place for Tories!

Mr. Hawkes: Sometimes I think our priorities of what is a danger to our society are a little mixed up.

Mr. Friesen: Cuba has public housing.

Mr. Hawkes: We let the wrong people out on the streets sometimes because they do not know what it is that they are doing. Any group of hon. members sitting down at the far end of this Chamber who would have chosen the budget which we are now debating over the budget of 1979 either did not do their homework or had no sense of integrity—

Some hon. Members: Oh, oh!

Mr. Hawkes: —about what is right in this society. They did not read it, or they did not understand it, or they had no integrity. However, Canadians remember that 18-cent increase for a gallon of gas was too much. Two years later it is 86 cents. In my election campaign, I said to the people in my riding, "Remember wage and price controls—90 days is too much and we got more than ten times that much." I said that if they tell you 18 cents is too much, ten times 18 is $1.80.

• (2120)

Mr. Deputy Speaker: With all due respect to the hon. member, the Chair is listening with interest but having difficulty relating it to the subject before us.

Mr. Hawkes: When you have to increase the price of gasoline by $1.80 a gallon, you have no money left to pay the mortgage on your house. It is a very simple situation.

If you really want to make it relevant, the then finance minister from Newfoundland stood in the House and told Canadians that they had a choice as to whether or not to drive their cars. He said that we were going to raise the price of gasoline 18 cents a gallon, but if they did not drive their cars they would not have to put that 18 cents in the public till. However, because they had to heat their houses, he said there would not be any tax on home heating oil. He said we would put the tax where there is a choice as to whether to spend it, but there is no choice as to whether to heat your home, so we will not put a tax there.

The New Democratic Party, the Liberal Party west, joined with their partners across the way and said "That is not a good deal. We will kick you out, put the other guys in and increase taxes on home heating oil". They agreed to an indirect tax of $100 per month, and mortgage rates rising 8 per cent. They said now we will have equity. Do you know the purest form of equity, the easiest thing in the world to divide into equal shares? It is nothing.

If all of us cease to work and farmers cease to produce, we will come to a perfect state of equity. However, we value a society where those who want a little more, such as a little better home, car and better food, are willing to work a little harder to get it, they produce.

If the million unemployed Canadians could find useful work to do, we would be a nation engaged in the production of wealth. The harder we work, the more we produce, the better our health care systems, pensions for our senior citizens and those with physical handicaps.

That is the kind of vision that this party had and has. The Liberals and the New Democratic Party decided that our desire to provide tax relief to those who have to pay municipal taxes and make mortgage payments was not fair. They said all Canadians should not get some tax relief for owning a piece of property, a home.

Tonight, two years later, we stand in the House with a piece of legislation that will provide increased indebtedness to a segment of our society that is already in debt over its head, not able to make mortgage payments on their homes. This government says it will provide some insurance which will allow these people to borrow more money to go further into debt to delay the day of reckoning for two or three years. This legislation encourages a poorer segment of society to go deeper into debt and to postpone the day of reckoning for two years.

I ask members opposite whether they wish that back in December 1979 they had put in place the proposed scheme which would have provided tax relief for municipal taxes and interest payments on the mortgages of all Canadians who own a home. I ask the Liberal Party and the New Democratic Party whether they feel that if that legislation had passed there would be today more construction, more jobs, more production in the factories of Ontario and Quebec of stoves, refrigerators, vacuum cleaners and carpets, and whether the demands for unemployment insurance and other social payments of that kind would be down because a higher portion of our population would be working. I ask hon. members to consider that.

I stand here tonight to accuse the New Democratic Party of causing this situation. That is who caused the opportunity system to put in a government that is unbelievable, cannot be trusted and is exceedingly destructive. I do so tonight as a Member of Parliament from the city of Calgary with the certain knowledge that some 25 miles from my home the voters last week elected a separatist. The reason they elected a separatist is that they do not trust, and they are looking for a way out. They are angry. They come from a part of this country where government policy, and government policy alone, has killed close to 50 per cent of the jobs in the exploration and service part of the oil industry. Government policy and government policy alone has decided to send the money to Mexico, Saudi Arabia, Venezuela and Libya instead of investing it in drilling rigs and in Canadians to drill for oil and gas, to refine and deliver. It is a government that has chosen to export jobs from my region of the country, and the people do not like it.

It is the government, supported by its backbenchers and the New Democratic Party which at one point said the first Constitution was marvellous, the people of Ontario and Quebec would be first-class citizens, each province with a veto, compounded by a veto in the House of Commons, because of their population majority. Those who live in the other eight provinces of Canada were to be satisfied with one third of the veto. We were one third as important. The NDP, most of its members from the west, said that was marvellous. They stood up in this chamber and voted for it. Several times they made speeches in praise of it. Gradually the people of western Canada began to find out about it. The anger lives on.

• (2130)

An hon. Member: Dishonest Tory drivel.

Mr. Hawkes: It is a region of the country where I was born and raised. It has some of the most generous people in the world. They are the kind of people who will give you the shirt off their back. They come from a pioneer tradition which says that you cannot take anything. If you ask for a gift, you will get it but if you try force, you will be resisted.

Day after day these people have to face a government which does not seem to comprehend the importance of this principle. It is a region of Canada where a handshake is worth more than a legal document. These westerners can look each other in the eye and say, "We agree". That is binding upon them. They cannot understand a government which says one thing and does another. They cannot understand why a piece of legislation is touted as helping to solve the housing problem when, in fact, it does nothing.

The President of the Treasury Board (Mr. Johnston) knows that it does not solve the housing problem. I have respect for the President of the Treasury Board and I do not think he would stand on any platform to say that this legislation does. I hope I am right.

Mr. John Bosley (Don Valley West): Mr. Speaker, before I commence my speech tonight on the housing bill I will say that I found it tragic to see western members of the other opposition party in the House laughing when a member from Calgary tried to deal with the separatist problem which was espoused in a byelection last week. I say this advisedly but I have become used to the Prime Minister (Mr. Trudeau) sneering at the views of those who try to express their feelings for the federal government. However, I was not expecting to see those sneers from the New Democratic Party. I was suprised to hear a reference to that tonight. In any event, tonight is not the occasion on which to debate that, but it will be a matter we will be debating in the future, because there are real problems to be solved in the west.

The member for Calgary West (Mr. Hawkes) was correct in raising it tonight in connection with this legislation. This bill represents yet another attack on the dreams of all Canadians, wherever they come from. It represents the conclusion to a string of reductions of federal government commitments to private sector housing which goes back nearly 25 years, and most recently from the last election.

The member for Saskatoon West (Mr. Hnatyshyn) earlier gave a list of the litany of claims by the current minister responsible for housing with regard to this matter. Therefore, I will not go into them now. I happen to know the minister well from our days together on council in metropolitan Toronto. Therefore, I knew exactly what he meant and I am sure he chose his words well when he said, in introducing this bill, "The bill before the House for second reading is a response to the serious difficulty which faces Canadians." I know that the minister chooses his words well. He did not say "a significant response" or "an important response" or "an effective response". He is honest enough to know that it is only "a response". We hear consistently throughout this debate that the mortgage assistance proposal is for $50 million and the multiple unit assistance proposal in the bill is for $350 million over two years. That is $400 million over two years for the total program, if you like.

To most Canadians that may sound like a great deal of money. It is if it is viewed in absolute terms. Perhaps we should try to put the government's housing priorities into context. The government is to provide $50 million in an attempt to deal with the problems of 920,000 Canadians who will face mortgage renewals during the lifetime of this program; of whom 50,000 fewer will even get help, we are told. What does this $50 million represent? It represents what we gave to the Algerian government to build a monument. In other words, this government's housing priority is just as important as a 434 foot monument in Algeria.

The government intends to provide $350 million over two years, or $175 million per year, to help those in need of rental housing in Canada. This also sounds like a lot of money. Rental housing is no more critical than in my home town where our vacancy rate is approximately 0.03 per cent. But $175 million per year represents exactly twice what the government wastes on its advertising budget. I will put it in a context which will make great sense to the House. Although we do not have all the details, we have discovered that the government has made a commitment to assist the Soviet Union in the construction of a gas pipeline. It is to be financed, we are told, through the Export Development Corporation guarantee, and although the figures are not confirmed, that guarantee is for approximately $600 million. Of that $600 million, approximately $275 million will be spent in Canada and the interest on that money, since we are guaranteeing the reduction of the rate from 16 per cent to 10 per cent, we are told, will effectively be a gift costing the Canadian taxpayer approximately $125 million. When those figures are added up, we will give away $125 million and lose in terms of the support, since the money will not be spent in Canada, somewhere between $200 million and $350 million.

In other words, building the Russian gas pipeline is somewhere between two or three times more important to the government than housing for tenants in Canada. If we review it in that context, of a government which came into office promising to lower energy prices and then raping western

Canada for $52 billion, perhaps if we look at it in the context of a government which is stealing $52 billion from the private sector in the oil and resource development area, and understand that what they are prepared to put back into housing is less than they will give the Russians, maybe it will clarify for Canadians the government's view on housing.

During my lifetime, which is not that long, and for years before, the single greatest support has been shelter, not just for old age when people come to need it but for their sense of wellbeing and feeling of independence. In my city, the number of tenants has increased from 20 per cent to 60 per cent since the war. There is a very valid reason why we built a lot of rental housing. We built—incidentally, the government did not build, the private investors built it—the housing in response to the household formation change which we sometimes call, in demographic terms, the baby boom. At the same time that we were doing this, we built a great deal of ownership housing in Toronto because we could see the time coming when those born during the baby boom grew up to their present age. When the CMHC documents predicted the majority demand would be for ownership housing, we knew it was necessary to have a stock to serve that demand in Toronto as well as across Canada.

Today we face interest rates which make it impossible for that baby boom generation of Canadians who are on the verge of being able to achieve what they thought was their dream and that of their parents; to own their own home. We now face policies which have made it impossible for them to do that.

• (2140)

As a party we argued in the last election campaign that home ownership is so important to the nation and to Canadians that it is well past the time we understood that it is simply unjust to say that Canadians should have to pay municipal tax out of after-tax income. They ought to be able to deduct their municipal tax from their federal tax. It is well past the time for us to understand that it is unjust to say that once a person has bought his house he may, through the tax system, reborrow money to make other investments and be able to deduct the interest then but not, at the same time, be able to deduct the interest to buy the house in the first place. That was the tax equity which was represented by our party's mortgage tax credit plan.

The government finally, having said throughout the election campaign that it did not understand or did not accept that there was a tax equity argument, recognized in the November budget of the Minister of Finance (Mr. MacEachen)—if I can be cynical—the argument that there is a question of equity in tax treatment. Did the government consider bringing in the only sensible policy to correct that inequity and make it possible for people who cannot afford homes and who are faced with monstrous increases in their mortgage interest rates to deduct? No, and this is not really perhaps as widely understood as I would like it to be. The government's sense of equity was not to make it possible for people to deduct the interest when they first get a home; the government made it impossible for anybody else to deduct interest. In other words, rather than creating an incentive to help people build homes and help people buy them, in the budget the government took away the right of other people to deduct interest for other investments.

It is fundamental to an understanding of the philosophy behind this pittance of a housing bill to understand that it is not separate from the context of the economic philosophy of the government opposite. There are several reasons why, for example, we have a vacancy shortage of the kind we do in rental housing. The most significant point is that the rental housing market, which is where people start in the system when they come out of school or form their first household while they build up some equity to buy a home, was killed by the government opposite. It was killed when the government opposite some years ago took away the incentive for small investors to invest directly in rental property. It used to be in Canada that if a person had a little extra money and wanted to buy or build a duplex or a little apartment building or if a person had a loss or the depreciation of a building created a loss, he could carry that in his personal income, and it was a stimulation for those who wanted to help support their old age by having a little building with three to four units or a couple of units. Let us look at how apartments were created originally in Canada. In Montreal, for instance, nearly 50 per cent of the apartments were created using that system. This government started there. It killed that right to deduct, and it has done so persistently throughout its economic policy. This government regards this as some kind of tax loophole. It killed the right to get tax relief if a person is willing to invest in his country.

Mr. MacKay: They do not want you to own anything.

Mr. Bosley: It shows up again here where, having promised relief to home owners in order to get votes in the last election, the government now comes along and says that the only people who will get any help from the government are those who have no equity left because the economic policies of the government have destroyed home values. I can refer to case after case in my riding in which house values have dropped 35 per cent or more in the last year, which means there will be no equity left. In such a case, if a person is now bankrupt in house value, he will get a grant from the government. If he has not yet made it to that point under this program, the proposal before us is that he be allowed to borrow what little he has left as an interest deferral so that the government can take it from him next year when the program expires.

The government tried this in relation to AHOP and ARP. The government has slowly but surely eroded the ability to own by taking away the incentives for people to invest in mortgages and by taking away the incentive for people to build affordable rental housing, and the litany goes on and on.

The scariest part of the budget is not this statement of budget policy on housing assistance. The scariest part is when this policy gets to its final logical conclusion. I refer to the policy of the last 25 years of changes to the National Housing

Act, changes to CMCH provisions and changes respecting who can invest in this country. The final change is on the tax expenditure side of the budget document. If Canadians will look, they will find a statement that, according to the mandarins in the Department of Finance, we can look forward to the day when Canadians will have rent imputed to them on houses they own. The President of the Treasury Board (Mr. Johnston) looks askance. He knows full well where this is in the document. If he has not read it yet, I find that difficult to believe. If he reads it, he will find the proposal to impute rent on an owned home one lives in and has paid for. That imputed rent would be added to taxable income.

Mr. MacKay: It is called confiscation.

Mr. Bosley: In other words, if the government cannot drive people out with interest rates, it will do so with tax burdens. To anyone who follows the history of the fiscal policy of the government in relation to housing the conclusion of this policy should come as no surprise. Its conclusion is in the statement on the tax expenditure side of the budget document because that is the direction in which we have been going all this time. There seems somehow to be no awareness on the part of hon. members opposite that housing expenditures have been the most important expenditures Canadians make. Housing expenditures form some 30 per cent of the consumer price index. They have formed anywhere from 6 per cent to 8 per cent—in good years—of our gross national product. They have also been the underpinning of much of our society's economy through all their spin-off effects. Every time a house is built, bricklayers are put to work, electricians are put to work and plumbers are put to work. People who build roads are put to work building roads to that house. People who build furniture are put to work to provide furniture for that house. People who make carpets are put to work to provide carpets for that house. People who make windows are put to work to make windows for that house. We do not need a policy which will result, as this policy confirms, in a drop in housing starts of 30 per cent in one year. Projections in the government's own documents are just crazy. Last year we were getting projections from CMHC, and now we are falling short of those projections. I suspect next year the results will be even below this year's projections from the CMHC, not just because there is a fundamental lack of investor confidence in the policies of this government—

Mr. Cosgrove: Check the facts.

Mr. Bosley: The minister responsible for housing says I should check the facts. I suggest that the minister responsible for housing check his back because he will find that the pride the people of Scarborough felt for him when he was mayor will not reward him with a return to this House.

Mr. MacKay: Johnny one-time.

Mr. Cosgrove: Check the facts.

Mr. Bosley: The minister responsible for housing keeps yelling, "Check the facts". The facts are that the minister promised Canadians mortgage relief, not 50,000 of 920,000, which is a pittance. If that is what he means by a fact, he should check his facts. I think the minister knows that full well.

Mr. Epp: He is just uncomfortable.

Mr. Bosley: Let me refer again to the minister's comments, since he has interjected, because it will perhaps make the point as well as it can be made. The minister speaks of facts. This is the government's philosophy on rental accommodation: "The fact is that without government support the construction of rental accommodation in this country is simply not a viable business". That is true, Mr. Speaker, because of the policies of the government opposite over the last 15 or 20 years. It seems to permeate every policy that comes from the other side. There seems to be a sense that the only way to get the economy going again is through some form of government support. Yet that will drive the country into fiscal bankruptcy, if it has not already.

• (2150)

There seems to be a sense that the way to get a rental housing policy is to take away all incentive to invest and then to tell people to come cap in hand, and they will get a $7,500 interest free loan. That is what we have as a rental housing policy.

The argument goes like this, Mr. Speaker. Last year's policy, MURB, under which 25,000 units were built, is no good; that what we need is to get rid of that and instead have a policy that will build 15,000 units over two years through interest free loans. People are supposed to believe that that is a better and more productive policy than encouraging them to build through MURBs and all the other incentives that are now gone, such as the capital cost allowance, depreciation or write-offs into personal income. According to the Liberal government, none of that worked but in fact, Mr. Speaker, those policies built the houses that Canadians live in today.

People were operating at a profit, however. Some people paid lower rents than they do today. The market vacancy rate was 5 per cent or 6 per cent and, as a result, rents were held down. So the government got rid of all those things and created a system based on the belief that without government support the construction of rental accommodation is simply not a viable business in this country.

Why does the government believe that is a necessary policy, Mr. Speaker? The answer is quite simple. It is the same answer as that which was given by the government in the National Energy Program. In effect, the government says that we cannot afford to let private individuals in this country develop oil and gas. The government will do it. It will levy taxes and confiscate as well. This government does not believe that it can afford to let private individuals accomplish things in this country. That is evident in this bill and it is evident in the National Energy Program. I see the minister who is responsible for the Kent commission is in the House. This shows up in the policy that says that we cannot trust newspapers in this

country either, and that we had better have people interfere with them. This is the consistent view that runs through Liberal policy today.

All the budget does, through this bill and all the other programs, is to take the trend line of the last 12 years of Liberal management of the country and because the existing political leadership of the Liberal Party is not going to be here after the next election, one way or the other—either they will honour their promises to quit or we will beat them—they have decided not to wait 12 years but to accomplish everything in four. The only accomplishment of the budget is to accelerate the idea that there is some sort of free lunch and that Canadians will understand that and vote accordingly. It promotes the idea that the way to get a house in this country is to become broke. In that case, the government will offer assistance. That is the way people can get shelter they can afford—not because they go out and earn the money to make a downpayment. We believe that taxpayers ought to be able to deduct the borrowing cost of that asset from their taxes, because a house is the single asset that is a protection against inflation. No matter what happens in the rest of the world, every Canadian who owns a home and has paid off the mortgage knows that he or she is about as well protected from the ravages of inflation as is possible.

Apparently the government does not believe we can afford that; it does not believe that we can afford to have independent thinking Canadians, and so it proposes to take away the sense of security that comes from having made an investment in a home. The government wants to make everybody dependent.

I do not say that lightly, Mr. Speaker. When I was outside politics it took me a long time to see the trend line emerge and to come to the realization that the socialism represented in the housing policies of the government is endemic to everything it does.

We must establish that this policy is not independent of the rest of the government's policies. On that score I should like to deal with some information which was available to the government in a document issued by CMHC planners in July, 1981, entitled "The Demographic Future: Impacts on the Demand for Housing in Canada, 1981-2001." It was produced by Philip W. Brown of Market Forecasts and Analysis Division, Canada Mortgage and Housing Corporation and was prepared for a symposium held at the University of British Columbia. The document laid out very clearly what was going to happen to housing trends in the country. It forecast that the major problem of 1980s and 1990s will almost certainly be the rental market.

That should not come as a surprise to those of us who follow this issue in the urban centres of this country, Mr. Speaker. Did we see stimulus through MURBs or stimulus for people who would build any form of rental housing? We did not. What we got was an argument from the government that it believed that 15,000 units of accommodation provided by the private sector over two years is all the government help that is needed. We see an indication that the social housing side, which I admit is important, is more important to the government than simply getting people to invest in housing in this country.

The author makes the following point about the expectations of the baby boom generation. Members of that generation are now at the age when they are just about to buy a house, but he points out that this will not be possible for them. Therefore, Mr. Speaker, the suggestion in the budget that a whole generation of Canadians should not be able to afford a home was already known to the minister and to Canada Mortgage and Housing Corporation. He suggests that there is more here than a simple failure to understand the rest of the world; that there is in fact a cynical attempt to prevent people from owning homes. On page 25 there appears the statement, "The whole question of expectation levels, for example, is critical". In the last paragraph he writes:

> Realization that erosion of expectations is imminent or threatened may result in a search for further alternatives to curtail household expenditures besides the usual steps to increase income.

He goes on to indicate that the only solution for those who may want to own a home in this country may be to resort to some form of co-operative housing.

I appreciate that my time is about up, Mr. Speaker, but I want to say that if the only answer to the problem in this country is co-operative housing, if we have seen the end of the private home in this country, then I for one fear greatly about what will happen to my country.

Some hon. Members: Hear, hear!

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House deemed to have been moved.

ROYAL CANADIAN MOUNTED POLICE—(A) INQUIRY RESPECTING INVESTIGATION OF CONVICTED MURDERER CLIFFORD OLSON; (B) STATEMENT MADE BY PROSECUTOR

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, last Friday I rose in the House to ask some questions of the Solicitor General (Mr. Kaplan) regarding the last four days of July, the activities of Clifford Olson and the manner in which the RCMP handled that particular problem. I do not like to ask those kinds of questions. I have a great deal of admiration for the RCMP. I admire its work and I have total confidence in it, yet it appears something has gone wrong in the handling of the affairs of Clifford Olson. The fact that the government is keeping a lid on this is keeping line officers of the RCMP from doing their very best and maintaining their reputation.

I should like to cite one simple example. A resident of an Edmonton suburb came to me a year ago and told me about an event in that community. Some young people were having a private party. In the midst of it, a gang of 60 or more young people came from the city of Edmonton to disrupt that very quiet and peaceful party. The parents then called on the RCMP in the community to come and take care of the disturbance. Two constables came out, handled the situation with dispatch and great efficiency, quelled the uprising if it can be called that, and the parents were supremely happy. The next or the following day the staff sergeant of the detachment wanted to discipline the two constables because they had not quite followed the book in the way they handled the affair.

This is what bothers me. It seems the staff sergeant was much more concerned about public image, public reputation and fear that public questions might be asked and, therefore, wanted to discipline the officers rather than commend them. It seems that in the Edmonton case the staff sergeant, middle management, wanted success to look life failure, and in the Olson case it looks to me like middle and upper management of the RCMP wanted failure to look like success. In both cases I believe the officers have done their work and have done it well, but somewhere in the Olson case, upper and middle management have made a series of errors and have frustrated the work of line officers. We need to know what has gone wrong in the decision-making level of the RCMP in this particular case.

Let me cite the sequence. On July 27 Burnaby RCMP were briefed by one of the officers on Olson as a prime suspect. He outlined the 92 convictions and the kinds of convictions which comprised the career of Clifford Olson. On the same day Surrey RCMP issued a warrant for Olson on a charge of indecent assault, and the police were commanded to arrest him forthwith. On July 28, the next day, eight cars of officers were involved in apprehending Olson and taking him into custody. Eight cars of officers were involved; I presume that would be 16 officers. On July 29 Olson walked out of jail in Surrey; he walked out of custody and surveillance of him was dropped. In the process the serious crimes division of the RCMP indicated that it wanted the warrant "taken care of", whatever that means.

On July 30, the following day, Olson spent the best part of the morning in a coffee shop with some RCMP officers discussing the offences of other criminals; there was a warrant outstanding on him but he was not arrested. On July 31 the special "O" unit of the RCMP asked for surveillance again. In the meantime, Olson had killed his eleventh and, presumably, his final victim. Again on July 31, the same day as the special "O" unit asked for surveillance to be dropped, the prosecutor asked that the "warrant be vacated". On the one hand the special unit wants surveillance, on the other hand there is an application to vacate the warrant.

• (2205)

There are some serious questions, and I want to enumerate them in the two or three minutes I have left. First, why was the warrant issued four days previously and then vacated? In four days it was vacated. Second, why did the prosecutor on July 31 say, "I didn't get feedback from the police."? Four days previously Olson had been named a prime suspect and 16 officers were involved in his apprehension. Third, why could officers spend all morning with him and not arrest him when they knew there was a warrant out for him? Fourth, who authorized Olson's release?

Why will the assistant commissioner Don Wilson and the Solicitor General not answer these questions? Why do they choose to stonewall? I can say with assurance that these questions will not go away. They will be answered one way or the other. The Solicitor General says he wants to maintain the integrity of the RCMP. The only way he can do that is to be open and honest, and free them from the pall of universal guilt they are sharing because several people have apparently made some wrong decisions. The Solicitor General has not come clean on that.

I am again asking for a full and independent inquiry into the affairs of this case.

[*Translation*]

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, I want first of all to indicate that I agree with my colleague when he says that he admires the RCMP. I believe that most Canadians appreciate the job they do. I would suggest to the hon. member who intends to repeat the same questions again that, rather than making political mileage out of tragic events which occurred in British Columbia, he should tell the population that the administration of justice is exclusively a provincial matter, and I would also advise him to provide accurate information.

[*English*]

On February 19 last, the hon. member asked questions of the Solicitor General (Mr. Kaplan) pertaining to details of the police investigation of Clifford Olson. The Solicitor General then answered that the attorney general of British Columbia had answered these questions previously. As well, they were the subject of a press conference held by the RCMP in Vancouver. It is always better to have the facts of an investigation explained by those close to the scene and this has been done in this case. Answers have been provided and can continue to be provided by those who were involved in the investigation, namely, the local RCMP and the attorney general of British Columbia.

With respect to the hon. member's second question, the Solicitor General has asked the attorney general of British Columbia if he was satisfied with the police conduct of the investigation, and I am sure that if the prosecutor had not been properly briefed by the police, the attorney general of British Columbia would have mentioned this to the minister. He did not do so.

Adjournment Debate

EXPORT DEVELOPMENT CORPORATION—(A) CONSTRUCTION OF MONUMENT IN ALGERIA; (B) USE OF CORPORATION RESOURCES

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, the question I raised on February 11, 1982, regarding the appropriateness of Canadians financing the construction of a large edifice for Algeria, to the extent of $50 million, is fairly complex. My colleague across the aisle will tonight probably be attempting, as well as he can, to justify this particular course of action. I will leave that to him. Obviously there are certain benefits for Canadian business, shipping and other elements, that will to some extent justify, at least in the minds of the government, this rather unusual exercise on behalf of the Export Development Corporation. On the other hand, I feel there are higher and better priorities for the Export Development Corporation. The answer given by the minister on February 11, reads as follows:

Madam Speaker, this is not at all unusual. It is an ordinary export financing operation of the EDC.

That, Mr. Speaker, is manifestly stretching the point.

• (2210)

I do not know how many other projects we are financing around the world which involve building a monument to a revolution in a country where the money could probably be very much better utilized for some other purpose. I do not know if there are any other countries building similar monuments. If there are, perhaps the minister's answer may be factually correct, but I would sure like to hear about them tonight.

In addition, as a matter of principle, I and many other Canadians would like to know the reason for the secrecy surrounding the interest and repayment terms. I suppose it will be contended, as it often is, that commercial necessity or confidentiality is the criterion. In my view, Sir, this is utter nonsense. Canadian taxpayers are entitled to know what their government agencies are doing, on what basis and for what purpose. But this government, Sir, has never believed that, and it is unrealistic for me, I suppose, to expect any answer on that score tonight.

My feelings are not unique, and I am getting quite a bit of mail on this matter. One letter which came in today from a Toronto businessman pretty well sums up the feelings, I think, of many Canadians when they read about these subsidized projects involving gas projects in the Soviet Union, which are of doubtful strategic value and cost Canadian taxpayers millions of dollars in subsidies, or Algerian monuments. This letter is addressed to the Secretary of State for External Affairs (Mr. MacGuigan). It bears a fairly recent postmark, although we cannot expect too much from the mail these days. As you know, Mr. Speaker, it costs 30 cents to mail a letter, which works out to about one cent a day in delivery time. The letter reads:

The attached newspaper item was published on the same page as the obituaries and rightly so, as it represents what is surely the death of reason! May I, as a poor slob of a taxpayer—

And this is the way the man feels:

—please have explained to me, how $46,700,000 can be justified to the benefit of my fellow Canadians, with the exception of Messrs Lavalin International of Montreal, Quebec.

I should say at this point, Mr. Speaker, that company is only doing its job as an aggressive Canadian corporation. I have no quarrel with it; the priorities are what bother me. The letter goes on to say:

I am told that we (the public) must use restraint and conserve our monetary resources, and not buy unnecessary things like homes, automobiles, appliances, or anything that might improve the employment problems, directly involved. And yet you have authorized the outrageous amount to build a bloody monument—

I know that you don't give a damn what people like me think, but perhaps you could make an exception in this case and explain to me the following:

Now, this is a Canadian taxpayer and businessman speaking. He says:

If you feel that you have to waste these funds anyway, why not on a hospital, school, factory, or something useful.

My sentiments, exactly, Sir. He goes on:

What are the terms of the loan and what interest?

Do you really think we will get an answer to that? I do not think so, Sir. It goes on:

How many Canadians are going to benefit from the actual construction and from the effects, after the . . . thing is finished.

In fairness, there are jobs being created there now. As I said, it is not all on the down side. However, that is a good point. Next June, when this accelerated project is over and the people of Algeria have their monument, what lasting good is it going to do for the people of either Canada or Algeria? The letter goes on:

How much (dollars) business did Canada do with Algeria in 1981, that the Algerians actually paid for, and I don't mean a Third World grant.

So you see, Mr. Speaker, there is a real problem, as far as our taxpayers are concerned, in using our Export Development Corporation to finance a project like this. Despite Canadian content, despite the good things that may be said in terms of making a breakthrough in Algeria with Canadian technology—if this occurs it is not all on the down side—the problem is compounded greatly, Sir, by the persistent lack of information and co-operation which agencies like the Export Development Corporation put in the way of taxpayers like this man who wants to know what the heck is going on. Many Canadians do not mind helping the Third World, either through an Export Development Corporation loan, or through CIDA, as far as that goes. That is an entirely different matter, but even in this regard we cannot find out what is going on.

As members opposite may know, we are presently negotiating to spend about $200 million in Trinidad and Tobago to construct two airports and a prison. I do not know whether this is a good thing, but it is a sure thing. We could certainly use money like that, and like the money provided through the EDC alone to Algeria, here in Canada.

• (2215)

I have recently written to the minister in charge of economic development about industries in Nova Scotia which have a high export potential, such as Sydney Steel and Hawker Siddeley Canada Ltd. in Trenton, Nova Scotia. We would love to see the Canadian Export Development Corporation financing steel rails or railway rolling stock which would be useful to Third World countries and would protect the jobs of thousands of Nova Scotians.

I see that my allotted time has just about expired.

However, instead of that, we have a priority, through a very potentially useful export development agency which is utilized by a Third World country, to build a monument, financed to some extent by the people of Canada on a subsidized basis. We do not know the terms. We do not know, in fact, if it is a soft loan or if we will ever get it back. I am sure none of us in this chamber, including my hon. friend opposite who will be very ably defending this transaction, really believes that this was the purpose for which the Export Development Corporation was founded or that this is the highest and best use of this kind of credit. Much as this may appeal to the nationalistic and historical tendencies of the Algerian people who want to build a monument, I think there are quite a few other things they could build first.

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, I welcome this opportunity to give some clarification to the hon. member.

[*Translation*]

In December, the Export Development Corporation agreed to provide $47.6 million or 85 per cent of the value of a contract awarded to Lavalin International for the first phase of an important project in Algeria. This contract includes design, engineering, services, construction management and the provision of Canadian goods and services. All this, Mr. Speaker, means providing 3,000 man-years of employment in Canada.

This project, the main purpose of which is to commemorate the twentieth anniversary of Algerian independence, includes the building of facilities and public works. In fact, the monument to the martyrs will be built within the context of a vast development project including the building of public facilities such as museums, shops, etc. The financing provided for this project is part of a credit margin of $1.2 billion agreed upon in 1980 between the Export Development Corporation and the Algerian Development Bank. Therefore, the financing of this project is normal for the provision of Canadian goods and services and is similar to the type of export financing granted by the EDC to other countries.

This is neither a subsidy nor a loan, but straight financing. Moreover, there are ongoing trade negotiations between the Lavalin Corporation and the Algerian authorities regarding another contract for the provision of goods and services within the same project. However, it would not be proper at this time to comment on the terms and conditions of this potential contract as long as the negotiations with the foreign customers have not been completed. Hon. members surely realize that in this case, the client's motive and sensitivity will not allow us to discuss this matter as long as the trade and financial arrangements have not been finalized. All further arrangements would be subject to the same terms and conditions as the present contract. However, consistent with a long-established policy in the area of export financing, interest rates are never made public, as they are negotiated in each case and their disclosure could jeopardize future transactions. I repeat that this is not a new approach which would apply to Algeria alone, but is the current policy of the EDC.

[*English*]

AIR SAFETY—MANAGEMENT OF AVIATION SAFETY BOARD

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, this evening I would like to pursue, in more depth, a question I raised today in the House. Unfortunately, the Minister of Transport (Mr. Pepin) was not available to comment on it. This was unfortunate because it concerned the third and final report of Justice Dubin on air safety in Canada and the combination of roughly 247 extremely well-founded recommendations for improving the safety of the entire air transportation system in this country.

• (2220)

Within that report there were three key aspects to implementing the recommendations Justice Dubin laid out. Those three key areas involve reorganization of the department, a legislative process that would give force and effect to the recommendations that were proposed and, finally, a financial commitment that would see those recommendations put in place in an effective manner.

The first question related to the matter of reorganizing the department. What is basically needed here is a concept paper or a background paper that would allow the individuals in this country involved in the system to understand where the government is going and to learn of its commitment. There is also a question involving the Canadian aviation safety board, its structure and operation, its relationship to other federal departments and provincial authorities such as coroners and the Workmen's Compensation Board which, because of reneging on the federal air transport administration, has wound up involved in the air safety business. There is also the question regarding the enforcement branch, its structure and operation.

Canada has had some fairly effective laws and committed individuals in the field. Because of problems and a lack of resolve in the whole area of enforcement, our system has collapsed at least to the point where the government of the day and the population are seriously concerned about air safety and the need to strengthen this enforcement arm. Had enforcement been more rigourous at the senior levels, we would probably not have this problem before us in its present scope.

A very important part of reorganization is the placing of search and rescue under the aegis of the Ministry of Transport.

This is a very significant and important role. We need information, whether it is a concept paper or some kind of a background information, to know where the government is going in this direction and to learn of its commitment.

The second point the government might consider in the development of such a paper is the idea of explaining the legislative process which will be used to implement the recommendations to the people of Canada. The group task force on the Aeronautics Act has been struggling valiantly for years with this project. I suppose we will not see the fruits of their labours in the term of this Parliament. If we wait too long for a finished piece of legislation which encompasses everything in the Dubin report, we will probably never have it during this Parliament. This will pass on as a temporary embarrassment, and the government will forget about it.

On the other hand, it would be interesting to learn from the government what its intentions are in terms of providing us with the legislative program to implement the Canadian aviation safety board, the delegation of authority to the enforcement branch, the strengthening of airworthiness and personnel licensing.

My last request, and this would be extremely interesting, is to have the government's intentions outlined in the form of the background paper on the financial commitment that will be required to put this entire report and its recommendations, which the minister has already endorsed, in place. This will all require capital investment for airport improvements, navigation system improvements, communications, and financial commitments for radar.

The parliamentary secretary today again announced, and this has been announced I do not know how many times, the $217 million ramp program. I do not know how many times we have heard about this. We know the program will be phased in over ten years. There are some very serious questions about it. We need information, information that should be made public. The program should be accelerated, and it must ensure that the equipment is the top state of the art. We need a concept or white paper to tell us what are the intentions of the government. Financial commitments for training programs are extremely important. Who will bear this burden? Will it be the taxpayers? What will be the effect on small carriers? How will these costs be passed through to private aviation? These are all questions in terms of the financial commitment of the government on which we need some information.

There has to be a solid commitment on the part of the government; a sharing of information; a commitment of financial and human resources to put the recommendations of the Dubin report in place. I hope the parliamentary secretary will be able to shed some light on these matters.

• (2225)

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, since the tabling of the first volume of the Commission of Inquiry on Aviation Safety, the minister has made a continual effort to respond quickly and positively to Judge Dubin's recommendations.

Legislation to establish a Canadian aviation safety board, as recommended in Volume I of the report, is well advanced and should be ready for tabling in Parliament late this spring. As recently announced, a newly published compliance and enforcement manual gives effect to recommendations in Volume II, that a more vigorous enforcement policy be adopted. Amendments to the Aeronautics Act, also recommended in Volume II, are being developed and a bill will be brought before Parliament at the earliest practicable date.

The third and final volume is highly technical and requires some study. However, the minister will give it high priority and the hon. member should have confidence that the minister will respond to it in the same positive manner as he responded to the previous volumes.

Action has already been taken in some areas identified by Judge Dubin in Volume III. For example, emergency locator transmitters, conforming to new standards, will again become mandatory as of April 1, 1982. As for upgrading radar, tendering for a new radar system, expected to cost over $217 million, will begin in a few weeks.

On previous occasions the hon. member has called for the removal of the senior management of the air administration. The minister has asked for co-operation and open-mindedness on the part of his officials in responding to Judge Dubin's fundamental reassessment of the civil aviation system. The positive action taken on Volumes I and II demonstrates that he has so far received it. The minister fully expects that he will continue to enjoy the support of his officials in promoting and maintaining the safest possible civil aviation system.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock tomorrow afternoon.

At 10.27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, February 24, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

BALTIC EVENING

TENTH ANNUAL FUNCTION ON PARLIAMENT HILL—MOTION UNDER S.O. 43

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I move under the provisions of Standing Order 43 a motion which I hope will have the unanimous consent of the House. Having regard to the function which is to take place on Parliament Hill this evening I move, seconded by the hon. member for London West (Mr. Burghardt), and also seconded, if the rules permit it, by the hon. member for Dauphin (Mr. Lewycky):

That this House, in recognition of the contribution to Canada of Canadians of Latvian, Lithuanian and Estonian descent, welcome their honorary consul and representatives of the respective communities to the tenth annual Baltic Evening on Parliament Hill.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

THE ADMINISTRATION

CALL FOR FIRING OF TWO MINISTERS AND EIGHT QUEBEC MEMBERS—MOTION UNDER S.O. 43

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, yesterday in this House the Prime Minister (Mr. Trudeau) endorsed the firing of civil servant Neil Fraser for objecting to government policy procedures such as metrication. In light of the double standard which this implies for Canadians in that it is a denial of basic civil liberties for some, I move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

That this House call upon the Prime Minister to fire his two cabinet ministers and eight Quebec Liberal MPs who, in writing, publicly denounced the government's economic and high interest rate policies.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

ASSISTANCE SOUGHT FOR INDUSTRIES IN NOVA SCOTIA—MOTION UNDER S.O. 43

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my motion under Standing Order 43 is pursuant to serious unemployment in Nova Scotia. Hawker Siddeley Canada Ltd. desperately requires orders, domestic or export, for its work force which forms the main industry for the town of Trenton, Nova Scotia. It is a key employer for the region. As I have had no substantive response from the Minister of Industry, Trade and Commerce (Mr. Gray) in nearly three weeks to a request for assistance for this industry and for increased rail orders for Sydney Steel, I therefore move, seconded by the hon. member for York-Sunbury (Mr. Howie):

That in addition to financing projects like Algerian monuments through the Export Development Corporation, and preparing to undertake a $200 million CIDA program for Trinidad and Tobago, to construct two airports and a prison, some comparable effort be made to assist industries like the ones I have mentioned which are terribly important to Canadians, on the basis that there is some substance to the saying that charity begins at home.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I, too, rise under the provisions of Standing Order 43. In its latest quarterly report the Canada Mortgage and Housing Corporation predicts that housing starts in Canada will drop

by 9 per cent this year as a direct result of the government's high interest rate policy. The CMHC also predicts that British Columbia will suffer a greater decline in housing starts than any other province, further adding to the unacceptably high shelter costs of British Columbia presently being aggravated by a 35 per cent cut in federal mortgage assistance for social housing projects in my province. I therefore move, seconded by the hon. member for Skeena (Mr. Fulton):

That this government direct a substantial part of the more than $1 billion of unallocated funds in the new estimates to give a shot in the arm to the housing industry to help out Canadian forestry and construction workers, supporting industries, home owners and renters alike.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

INDUSTRY

REQUEST THAT LEATHER FOOTWEAR CATEGORY BE INCLUDED IN GLOBAL QUOTA—MOTION UNDER S.O 43

Hon. Roch La Salle (Joliette): Madam Speaker, I rise on a matter of urgent and pressing necessity, particularly where Quebec and Ontario are concerned, under the provisions of Standing Order 43.

Whereas the footwear industry policy announced recently by the Minister of Industry, Trade and Commerce (Mr. Gray) excluded leather footwear from the over-all quota; whereas according to industry experts, there is no doubt that survival of the footwear industry depends on the inclusion of leather footwear in the quota system; I move, seconded by the member for Grey-Simcoe (Mr. Mitges):

That the House unanimously urge the minister responsible to have leather footwear included forthwith in the over-all quota, that being the only way to prevent the loss of thousands of jobs for thousands of Canadians, especially in Quebec and Ontario.

Madam Speaker: The House has heard the motion presented by the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

POLITICAL PARTIES

LIBERAL PARTY—SPEECH MADE BY MEMBER FOR LAC-SAINT-JEAN—MOTION UNDER S.O. 43

Mr. Chris Speyer (Cambridge): Madam Speaker, as a Canadian who has always wondered what the basic tenets of the Liberal Party really are, I move, seconded by the hon. member for Calgary South (Mr. Thomson):

That the House heartily congratulate the member for Lac-Saint-Jean (Mr. Gimaïel) for neatly stating what a Liberal really stands for as clearly articulated in his speech in this House on January 29 when he said, "If in order to promote our development the Liberal Party thinks we have to be communistic, we shall be communistic. This is what it is all about to be a Liberal. To be a Liberal is to be open to all ideas", and when he further said, "To be a Liberal does not mean to fight for a province called Quebec, or a country called Canada, to fight for NATO or the Warsaw Pact. To be a Liberal is first and foremost to be an elected representative. In such a situation, anything can be justified".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

ESTABLISHED PROGRAMS FINANCING—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, I rise pursuant to Standing Order 43. Equalization payments to poorer provinces so that Canadians, no matter where they live, all have reasonably comparable levels of public service, were thought to be so intrinsic to the nature of Canada that they are provided for in the new Constitution. The federal government must not compound its already tragic abandonment of co-operative federalism by adding to its attack on the funding for health care and post-secondary education the unilateral imposition of an equalization formula after only a short period of negotiations with the provinces. Therefore I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the federal government withdraw its ultimatum to the provinces, restore funding for established programs financing to its full level, and look for an equalization formula that would more fully protect Canadians in have-not provinces from deterioration of public services.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FARM CREDIT CORPORATION

PROVISION OF EMERGENCY FUNDING—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, the Farm Credit Corporation has stated that its budget for loans to qualified farmers has been depleted and that it can no longer accept new applications or process those already on hand, which means that many more farmers who have depended on receiving loans from the corporation to keep solvent will now go bankrupt. I therefore move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the government take immediate steps to provide emergency funding to the Farm Credit Corporation in order to prevent any further bankruptcies in the farming industry, which could reach as high as 3,000 by spring.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HEALTH

GOVERNMENT HEALTH CARE POLICIES—MOTION UNDER S.O. 43

Mr. Jim Hawkes (Calgary West): Madam Speaker, I move, seconded by the hon. member for Okanagan North (Mr. Dantzer):

That this House ask the Minister of National Health and Welfare to reconsider her headlong rush toward proposing health care policies that will promote the spending of taxpayer dollars on expensive programs to the detriment of equally effective but less costly health care programs. Home care is less costly than hospital care and a sensible health care policy would recognize the reality of that and similar facts.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SMALL BUSINESS

CALL FOR REDUCTION IN MINISTER'S SALARY—MOTION UNDER S.O. 43

Hon. Ron Huntington (Capilano): Madam Speaker, three years have passed since the small business financing review was initiated, and there is still no report. The Minister of State for Small Businesses (Mr. Lapointe) has started two more studies, "Small business and the federal macroeconomic policy" and, would you believe, a study analysing the characteristics of a successful small business. It is now obvious that this minister does not have the slightest comprehension of his portfolio and, given that the November 12 budget has wiped out the five years of work and accomplishment of the secretariat for small business I move, under Standing Order 43, seconded by my colleague, the hon. member for Cambridge (Mr. Speyer):

That the minister's competence be now recognized and his salary reduced to one dollar a year.

Some hon. Members: Too much.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN NATIONAL RAILWAYS

TRANSPORTATION OF DANGEROUS CHEMICALS IN MANITOBA—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, I rise on a matter of urgency and importance to CN workers and residents in northern Manitoba. The material from a chemical spill at Austin, Manitoba, is being transported in open, uncovered cars by rail to Lynn Lake, Manitoba. These cars are stopped in transit on sidings within the town limits of the The Pas, Manitoba, raising concerns from the community about the danger of the chemicals to CN workers and people living in the vicinity.

Given the fact that workers were given no warning about the hazardous material they were handling—I wish the Conservatives cared about this—given the fact that the workers were given no warning about the hazardous material they were handling and were not wearing protective clothing, despite a previous telex from CN which promised that the chemicals would be covered and that protective gear would be provided to workers, I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That there be an immediate investigation into this incident and into CN's overall procedures in the handling of dangerous chemicals, and further that the Minister of Labour stop stalling and immediately introduce amendments to Part IV of the Canada Labour Code which pertains to occupational health and safety.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FEDERAL PROVINCIAL FISCAL ARRANGEMENTS

ESTABLISHED PROGRAMS FINANCING—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, in last year's blue book estimates the transfers for hospital insurance, medicare and extended health care were $4.6 billion. This year the government is paying $4 billion for these

programs. Last year the estimates called for spending on post-secondary education of $1.8 billion. This year the government plans to spend $1.5 billion. I therefore move, seconded by the hon. member for York North (Mr. Gamble):

• (1415)

That the Minister of National Health and Welfare and the Secretary of State on motions today explain to this House how they could promise this House an increase in expenditures for these established programs and at the same time cut expenditures from last year by over $900 million, notwithstanding inflation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

EMERGENCY MEASURES

PASSAGE OF ORDER IN COUNCIL

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is for the Prime Minister. The Prime Minister is aware that in May of 1981 cabinet passed a prerogative order with respect to peacetime and wartime emergency planning. This particular order involves a severe limitation of civil liberties. In fact, the cabinet order contains an extremely wide definition of "emergency" as determined by this cabinet.

Since this has never been debated by Parliament, I want to tell the Prime Minister that even the McDonald commission has strongly recommended that such emergency regulations be presented and tabled in Parliament and approved by Parliament prior to implementation.

I want to ask the Prime Minister under these circumstances, why was this particular order passed, particularly when there is no emergency legislation in place aside from implementation and invocation of the War Measures Act?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member refers to an order of May, 1981. I will have to refresh my memory on those parts of that order which the hon. member may find offensive. I do recollect that it was part of an exercise to update all emergency action which is provided for in case of floods, in case of any natural disasters, in case of insurrection or invasion. It covers the gamut.

The intention of the legislation is that there be a possibility in times of emergency, however defined, for Canadian authorities, including federal, provincial and municipal, to respond in a co-ordinated way. I am willing to take further questions indicating what particular aspect of the order the hon. member would find offensive and not consistent with the need for the government to foresee co-ordinated action in terms of emergencies.

POSITION OF GOVERNMENT

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, what is disconcerting is that the Prime Minister does not fully appreciate the fact that Parliament has not been seized with this particular matter. We have not had an opportunity to determine what the limitation of civil liberties will mean under this particular order, as well as its implications.

The Prime Minister has had a letter from the Joint Committee on Regulations and Other Statutory Instruments for over two months now and has not responded to some very pointed questions from the committee, representing all parties, forwarded in a letter signed by Senator Godfrey, the hon. member for Etobicoke-Lakeshore, and the member for Wellington-Dufferin-Simcoe.

The President of the Privy Council, when speaking to the joint federal-provincial conference on emergency planning, said last summer, as reported in the *Emergency Planning Digest* of July-September, 1981, that under certain circumstances if an emergency now took place the government would have no option but to act extra-legally, that is, outside the law. Is it now the policy of this government that the rule of law does not apply and should be ignored under certain circumstances of emergency in Canada?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker, under no circumstances should that be the case.

Mr. Hnatyshyn: Madam Speaker, I would then suggest that the Prime Minister instruct the President of the Privy Council to have this matter rescinded and brought before Parliament before it is implemented.

QUERY RESPECTING NATIONAL INFORMATION SERVICES

Hon. Ray Hnatyshyn (Saskatoon West): The Prime Minister asked for an example in this particular order. The Prime Minister himself is mandated to manage and co-ordinate the national information services. Could the Prime Minister explain to the House what plans he has made, through his office, to manage and co-ordinate the so-called national information services? Could he also explain what is meant by the term "national information services"?

• (1420)

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker, I know of no such plans. I would imagine that in order to answer the question one would have to refer to the type of action which was taken by the Canadian government—I believe with the support of all parties in the House—during the Second World War—

Mr. Hnatyshyn: This is peacetime.

Mr. Trudeau: —to exercise certain measures of censorship and so forth. That was during the war. I imagine this kind of monitoring of information would be necessary again in the event of a third world war.

Mr. Hnatyshyn: In peacetime?

CIVILIAN INTERNMENT CAMPS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is directed to the Solicitor General. Under this cabinet order respecting emergencies in both peacetime and wartime, is the Solicitor General in charge of the establishment and operation of civilian internment camps and, if so, where are they, how many are there, and who will be subject to internment?

Mr. Crosbie: Apart from us.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, it has often been alleged that during World War II Canada was very unjust to minority groups, and particularly to Japanese Canadians, in the way these groups were treated. One of the reasons was that no planning had been done in advance to prepare our country and to prepare the government to deal with an invasion or the possibility of an invasion, war, or other major catastrophies in the event of which Canadians could rightly look to their government to be prepared to deal with emergencies.

Mr. Crosbie: Who is next?

Mr. Kaplan: I can confirm to the hon. member that I have been asked—and the order has been made public—to begin planning for the eventuality he described, but I have not yet begun to look at any plans, and I am not yet in a position to give any concrete details because none have yet been developed, beyond regulations which were created many years ago and which are sitting on the shelf and available for any member of the public to see.

QUERY RESPECTING INTRODUCTION OF LEGISLATION

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my supplementary question is directed to the Prime Minister. Because there are no safeguards of any type relating to civil or political rights in this cabinet order, which is broad enough to cover both peacetime problems as well as wartime problems—and certainly there are no safeguards inserted in the antiquated and sole piece of legislation we have, and there have been none inserted in the War Measures Act since the FLQ crisis 11 years ago—why has new emergency legislation not been brought forward to this House as promised by the Prime Minister many times before now, and when will we see that new legislation?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is, of course, nonsense to suggest that there are no safeguards. The bill of rights which has been adopted by this House—

Some hon. Members: Oh, oh!

Mr. Trudeau: Hon. members opposite seem to make light of it. If they are not satisfied and if they want to ridicule the bill of rights, I cannot imagine any form of safeguards which would satisfy them.

Mr. Epp: You would suspend it.

* * *

HOUSING

USE OF CONTINGENCY FUNDS

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, yesterday in the House of Commons the President of the Treasury Board tabled the 1982-83 estimates and said that the planned total spending level would be $76.3 billion as set forth in the material of the Minister of Finance in the budget. My question would have been to the Minister of Finance had he been here—and the parliamentary secretary is not here either—so my question is directed to the Minister of Public Works who is the minister in charge of Canada Mortgage and Housing Corporation.

My question concerns the $1.37 billion uncommited reserve within the $3.9 billion contingency. Two critical areas have not been addressed either in the estimates or in the budget, and those are housing and employment. In fact the budget for CMHC has been cut by some 14 per cent, and we know there has not been—

Madam Speaker: Order, please. I reviewed the question period yesterday and found that all the questions were longer than all the answers. The situation is upside down. Hon. members really must cut down their questions. And, as hon. members know, a supplementary question should not even have the slightest preamble. I ask the hon. member to ask a question.

Mr. Clark: What do you mean it is upside down?

Mr. Anguish: Madam Speaker, my question to the Minister of Public Works concerns the housing forecast which is 70,000 units fewer than the number needed. I want to know if the minister will pursue actively, along with the Minister of Employment and Immigration, using the $1.37 billion in the reserve to create new jobs and to produce housing, since 2.2 jobs are created with every housing start.

• (1425)

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I thank the hon. gentleman for his question dealing with the very important areas of job creation, building, and also the proper administration of public funds by the Government of Canada. I know hon. members are aware that for the last three weeks the government has been prevented by the

opposition from the expenditure of $350 million, in addition to those amounts reflected in the estimates that would create 70,000 new jobs, 30,000 housing units, and savings to the taxpayer. The hon. member's question is therefore cynical, hypocritical, and small-minded.

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

ESTABLISHED PROGRAMS FINANCING

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I will put my supplementary question to the Right Hon. Prime Minister. Since the government has said that there would not be a cutback in funding to the provinces for health care and education, will the Prime Minister now come clean with us since it is reflected that there will be a cut in the established programs financing, and tell us how much the funds to the provinces will be cut back under established programs financing?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the ministers have repeated again and again there will be no cutback, but that there will be a continued increase in established programs financing. What is being cut off completely is the revenue guarantee which was instituted in 1972—

Mr. Anguish: But you always included that in your figures, and you know it.

Mr. Trudeau: —to permit a temporary transition period. That was renewed in 1977, and it is being discontinued now. We figure that ten years is enough time for the provinces to have been able to adapt their taxation systems to the new system introduced in the early 1970s.

* * *

WESTERN DEVELOPMENT FUND

INQUIRY RESPECTING STATUS

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I have a further supplementary question for the Right Hon. Prime Minister concerning the original $4 billion Western Development Fund. Yesterday the President of the Treasury Board said that he could not answer my question and that it would be more appropriate to put it to the Prime Minister or the Minister of Finance. Can the Prime Minister tell the House how much is in the Western Development Fund, where it is reflected in the estimates, if anywhere, and who is in charge of it, so that we may ask the appropriate questions in the House?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as moneys are disbursed for certain purposes, as is the case with western transportation, they will be drawn from that fund. We will make this clear in each particular case.

* * *

PUBLIC SERVICE

DISMISSAL OF KINGSTON PUBLIC SERVANT—REQUEST THAT MINISTER INTERVENE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the President of the Treasury Board. Yesterday the Prime Minister arrogantly dismissed the objections raised to the dismissal of public servant, Mr. Neil Fraser. Would the President of the Treasury Board, who in fact represents the employer in this matter and who is responsible for the public service, intervene forthwith to suspend the dismissal, given the fact that there is nothing in the Public Service Employment Act which prohibits Mr. Fraser from speaking as he did or in the circumstances that he did and that, indeed, there are precedents to the contrary?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the conduct of public servants is determined by the rules of conduct that prevail in particular departments, and this is the responsibility of deputy ministers. Contrary to what the hon. member for Nepean-Carleton has said, there are indeed precedents. Mr. Fraser has every right to launch a grievance and go before the Public Service Staff Relations Board and let the board make a determination of whether or not he has received treatment which was not appropriate.

SPEECH MADE BY MINISTER OF SUPPLY AND SERVICES

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I am rather surprised at this answer and the inconsistency of the government. I have a supplementary question for the President of the Treasury Board. Is he aware that his colleague, the Minister of Supply and Services, speaking for the government in Halifax said, and I quote:

"I've been urging civil servants to go out and advocate, to market their programs, and as to those who may say this is partisan politics, I say baloney"

How can the Government of Canada have two standards, one with respect to comments it likes and the other with respect to comments it does not like? That is the kind of inconsistency I am concerned about.

Some hon. Members: Hear, hear!

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the hon. member for Nepean-Carleton is attempting to place an interpretation on the events surrounding the dismissal of Mr. Fraser which is a complete distortion of the relationship which exists between employer and employee. Yesterday the Right Hon. Leader of the Opposition spoke in terms of freedom of speech. It has nothing to do with freedom of speech, Madam Speaker.

Some hon. Members: Oh, oh!

Mr. Epp: Muzzle him.

• (1430)

Mr. Johnston: If a senior officer of a corporation in the private sector steps out in his off-duty time and leads a rally saying that the product of the company is inappropriate or whatever, or denigrates it in any way, basically he is in breach of the relationship between employer and employee. That is what we are talking about. The Department of National Revenue determined that the conduct of Mr. Fraser was inappropriate. As I mentioned a moment ago, Mr. Fraser has a perfect right to file his grievance and to appear before the Public Service Staff Relations Board, which I understand he will do. It seems to me that that is completely at odds with the statement—not at odds but compatible with, I should say—

Mr. Baker (Nepean-Carleton): You were right the first time.

Mr. Johnston: —made by the Minister of Supply and Services, who pointed out that employees are also expected to support their employers. This is as true in the private sector as it is in the public sector. This is as true of paid members of the Progressive Conservative Party as of any other employee in the country.

* * *

ENERGY

CUTBACK IN PRODUCTION OF HEAVY CRUDE OIL

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources and concerns the plight of Canadian heavy oil producers. As the minister knows, at least partly due to the import compensation program, refiners in Montreal are using subsidized imported heavy crude oil, while Canadian producers of heavy crude are severely cut back. The result is an unneeded extra cost to consumers, an unneeded extra current account drain, and an unneeded loss of income and thus of jobs to Canadian producers. What is the minister doing about this situation?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, there are indeed circumstances where, because of a drop in the price of oil on the international market and especially on-the-spot market, refiners are able to obtain certain products, on a short-term basis, at prices that are lower than they would be paying if they were buying Canadian crude oil. Such cases are, however, very limited in number. We are following developments very closely.

I may also point out to the hon. member that in several cases, as a result of the cuts imposed by Alberta last year, companies have had to conclude medium and long-term contracts. They are very hesitant to break these contracts now, considering the present situation. More specifically, they are afraid they will be needing foreign oil in a few months, and they want to avoid jeopardizing trade relations with the parties with whom they signed contracts in good faith. It is a matter of concern, we are looking into it, and if any action should be taken, I shall be informing the House accordingly.

[*English*]

REQUEST THAT MINISTER UNDERTAKE ACTION

Mr. Harvie Andre (Calgary Centre): Madam Speaker, the present situation is absolutely ridiculous. We are importing and subsidizing imports while Canadian producers are severely cut back. Surely the minister will do something about the situation. If refiners were using Canadian heavy crude oil rather than subsidized imports, some of the jobs lost as a result of the National Energy Program would be restored, our trade balance would be improved, and consumers would pay less for the gasoline and heating oil they use. Surely those are three good reasons for doing something about it right now.

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, one of our problems is the result of a drop in demand in the United States for a certain kind of oil which we export to that country, which we have exported in the past and are still exporting at the present time. I am sure the hon. member is not suggesting that I order these private companies to break contracts signed with other parties in good faith and in circumstances that were different from those we know today. I have pointed out to the hon. member that it is a matter of concern and we are following developments closely, and if anything can be done to improve the situation, we shall do so.

* * *

[*English*]

AGRICULTURE

COST OF WESTERN GRAIN TRANSPORTATION

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, my question is directed to the Minister of Agriculture, because he has long been an advocate of producers paying more for the movement of grain in western Canada. In several cabinet memoranda from November 13, 1981, to January 12, 1982, it is stated that, "the leadership of the three prairie wheat pools and other agricultural groups stated privately that they are prepared, if acceptable, to sell the government proposal for western grain transportation to their members." In a further memorandum the cabinet's ideal solution to the transportation of western grain would be to have producers pay all inflationary costs after 1982. Was the leadership of the prairie pools and other agricultural groups made aware that the cabinet's ideal solution was to have producers pay all the inflationary costs after 1982?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member is speaking about a document which I am not sure I remember that well.

Some hon. Members: Oh, oh!

Mr. Whelan: I know the discussions I had with different farm representatives and leaders in western Canada. They are ready to discuss and ready to negotiate what they feel is a fair deal for transporting their grain. The impression I received from them was that if we can devise a transportation system and obtain the kind of guarantees we need from the railways to move the grain, they were willing to pay more for it. The figures of the hon. member are purely figures that are up for negotiation, etc., and this type of thing. It will be up to the negotiator, when he has those kinds of discussions with them, to work out a proper program to improve the transportation system.

Yes, I have been an advocate for a long time that farmers should pay a bigger share of the cost of transporting their grain. I make no secret of that whatsoever. As the hon. member knows, when he was on this side of the House for a short while, his minister of transport was about ready to propose the very same thing.

Some hon. Members: Oh, oh!

ROLE OF SASKATCHEWAN PREMIER

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, my supplementary question is directed to the Prime Minister. It concerns the movement of western grain under statutory rates. In view of the statements of Premier Blakeney of Saskatchewan that he is willing to negotiate a statutory framework for the movement of grain in western Canada, and in view of his interview in *Business Life* magazine in January, 1982, could the Prime Minister tell the House what role he sees the Premier of the province of Saskatchewan playing in the negotiations which will come forward?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot forecast the conduct of Premier Blakeney in this particular matter.

* * *

AUTOMOTIVE INDUSTRY

NECESSITY FOR NEW AGREEMENT ON IMPORTATION OF JAPANESE MANUFACTURED VEHICLES

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, in the absence of the charismatic Minister of Industry, Trade and Commerce, my question is directed to the Minister of State for International Trade. It concerns the fact that the agreement with the Japanese on the importation of Japanese cars will expire on March 31. No doubt the minister is aware of the problems of unemployment in our country and knows that now about 20 per cent of our market is comprised of Japanese cars. Can he guarantee that there will be a new agreement in place by the end of March of this year, which is so important to the consumers and producers of the country? Also can he guarantee that the agreement will cover not only cars but also trucks and other vehicles produced by the Japanese?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as the hon. member knows, when I go to Japan in two weeks my counterpart, the Minister of International Trade for Japan and I will be undertaking negotiations. We are very confident that we will arrive at a satisfactory agreement. I have already indicated to them that we expect and will accept nothing less than the Japanese have negotiated with the United States.

MANUFACTURE OF PARTS IN CANADA

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, could the minister assure us that the new agreement will cover not only cars but the importation of Japanese trucks, which has risen by 300 per cent in the last two years? Will he also guarantee that he will be negotiating Canadian content into the new agreement, so that there will be an agreement to produce in Canada in dollar value what the Japanese sell in this country? In other words, if the Japanese sell $1 million worth of cars in Canada, will we have plants which will produce $1 million worth of cars or parts in this country?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, with respect to trucks, I think the hon. member knows that trucks are not covered under the agreement between Japan and the United States of America. The Americans increased the tariff on trucks last year because of a different set of arrangements. We will be discussing with the Japanese more sourcing of auto parts in Canada, hopefully in some kind of proportion to the sourcing from Japan. With respect to content, we will be initiating discussions on a content proposal.

* * *

• (1440)

CANADIAN WHEAT BOARD

REQUEST THAT CASH ADVANCE LIMIT BE INCREASED

Mr. Jack Murta (Lisgar): Madam Speaker, my question is for the Minister of Agriculture. I hope he will be able to answer on behalf of the minister responsible for the Canadian Wheat Board. The minister knows that because of very low grain prices producers this fall, for all intents and purposes, will be in a desperate situation for cash at harvest time. At the present time, a cash advance given to a producer, which is the producer's own money, is in the neighbourhood of $15,000. Is the government, in conjunction with the Canadian Wheat Board, giving very serious consideration to increasing that cash

advance to $50,000 because, with the low grain prices, producers will be very hard pressed for funds this fall?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am sure the hon. member is aware that there are two programs, one for grain farmers and another smaller program which affects other farmers that are not under the jurisdiction of the Canadian Wheat Board. Those two programs have loaned out interest free in total, I believe, close to $500 million in the current crop year. We are aware of the need for extra money. Farmers have made representations, and yes, the matter is being considered.

TIMING OF ANNOUNCEMENT

Mr. Jack Murta (Lisgar): Madam Speaker, can the Minister of Agriculture give an indication to the House as to the time frame the consideration will take? The minister knows, for example, that right now grain is selling, and it is projected to sell, at about $1 to $1.50 below last year's prices. By this fall, August, September or October, there will not be any cash flow on the prairies whatever. This is my main concern. Will the minister give top priority to that matter and give us some indication of when an announcement will be made?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member has used some other facts concerning grain and why farmers need extra money. But when one checks, world stocks of grain are the lowest they have been in 22 years, so there is really no need for the prices to be $1 a bushel less than they were last year. If the marketing system functions the way it should, the prices should increase more than $1. We are very concerned that the farmers who cannot deliver their produce have money to pay their bills. We think the programs that we have are very good.

I cannot say at this time when the increase will be announced. We do know from talking to farm suppliers that in some instances farmers have not bought their normal supply of chemicals, fertilizers and those types of things. Suppliers are worried about that and we are worried because production can drop if farmers do not go ahead and buy the products with which to be most productive.

* * *

THE ECONOMY

REQUEST THAT INTEREST RATES BE LOWERED

Hon. George Hees (Northumberland): Madam Speaker, I have a question for the Prime Minister. Has the Prime Minister given consideration to my suggestion, as he assured me he would do two weeks ago, that in order to pull the economy out of the present slump, interest rates should be lowered to slightly above the rate of inflation, and the resultant drop in the value of the dollar be used, first, to stimulate exports, particularly manufactured products, because they are the ones that produce the jobs; second, to encourage Canadians to spend their holidays in this country, and Americans to vacation here, to bolster sagging consumer product sales which have fallen so drastically in the last few months and, third, to make possible the production in Canada of many new products to replace imports which will become less and less competitive as the dollar falls, and which can be produced in Canada just as easily as in foreign countries if the right leadership is given? What has the result been of the Prime Minister's consideration of such a program, which was very beneficial to the economy in the past, as in 1962, when it was instrumental in pulling the country out of a slump at that time, and starting ten years of great prosperity and high employment?

Mr. Lawrence: Yes or no.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, when I answered a question along those lines put by the hon. member two weeks ago, I indicated that I believed several of his suggestions were worthy of study and perhaps even implementation. I have asked the minister responsible for trade to consider the valuable suggestions put forward by the hon. member.

* * *

EMPLOYMENT

DIFFICULTIES FACING APPLICANTS FOR SOCIAL INSURANCE NUMBERS

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is for the Minister of Employment and Immigration, Mr. Manpower. I am sure the minister is aware of the very serious situation that exists, particularly in his province where many people, especially those of native ancestry, are having difficulty obtaining social insurance numbers. It is estimated that roughly 100,000 Canadians do not have social insurance numbers some of whom are having difficulty obtaining a SIN because they do not know what is their date of birth. By not having this number, people are experiencing difficulty getting pensions, applying for jobs and, indeed, getting welfare when there is that need. This matter has been brought to the minister's attention on several occasions. Can he report what he is doing in his department to overcome this serious situation?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as the hon. member states, there are many individuals who do encounter difficulty obtaining a social insurance number because of lack of supporting evidence and documentation. I have asked the department to review the recommendations to see if they can find some other way of verifying statements, of developing authenticated documents or support that would allow people to make an application for a social insurance number without the kinds of difficulties encountered in the past. I will be very happy to report to the hon. member when those reviews are completed and we will be instituting whatever steps are necessary.

Oral Questions

KENT ROYAL COMMISSION

GOVERNMENT POLICY ON RECOMMENDATIONS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is for the Minister of State for Multiculturalism. What is the government's policy on Tom Kent's proposal for controlling the press in Canada?

Hon. Jim Fleming (Minister of State (Multiculturalism)): Madam Speaker, I hope that within a matter of weeks cabinet will have considered the matter and reached conclusions. We will announce them at that time.

LENGTH OF STUDY

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, in view of the fact that this is probably the most dangerous attack on freedom of the press in Canada in most of our lifetimes, in view of the fact that the report was released last September and since that time the minister has commissioned two public service studies of Tom Kent's study, and he is now studying those two studies, how much longer does the minister need to make up his mind?

Hon. Jim Fleming (Minister of State (Multiculturalism)): Madam Speaker, every day we hear from the opposition about other important issues with which the government is dealing, but this is the first question I have had on the Kent commission in months, I believe, so the opposition has not been very preoccupied with the matter. I should make it clear that the hon. member suggested that it was an effort to control the press. That is certainly not the case at all. Mr. Kent headed a royal commission. A set of recommendations have been delivered. We will determine what policy should be followed by the government and that I hope will come, as I said, shortly. I think it is very dangerous for the opposition to suggest that this government has any intention of controlling the press.

Some hon. Members: Oh, oh!

Mr. Fleming: I think it is exactly the opposite.

An hon. Member: Pierre is smiling.

Mr. Fleming: The danger is that the Canadian public hear so much rhetoric from the opposition that they do not consider the real question, which is concentration of control by any power, private or public, over the press.

* * *

INDUSTRY

CONSOLIDATED COMPUTER INCORPORATED—SHARE HELD IN TRUST FOR HOSPITALS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the President of the Treasury Board. During the minister's investigation of the Consolidated Computer caper, did he notice that the one share issued with respect to the company known as Financeco Limited was issued in the name of the National Trust Company which, in turn, held it beneficially for St. Michael's Hospital in Toronto, Mount Sinai Hospital, and the Hospital for Sick Children? If the President of the Treasury Board did notice that, would he inform the House why it was seen fit to give those three hospitals the benefit of that share?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I do not intend to comment on leaked documents.

Some hon. Members: Oh, oh!

Mr. Johnston: But in the history of Consolidated Computer, or CCI, there is one thing I did notice, and that is that the hon. member for York-Peel did not do anything about Consolidated Computer Inc. to resolve those problems when he did not have to depend upon brown envelopes but had the files right in front of him. I am surprised that he has—

[*Translation*]

—the nerve to get up and ask a question like that.

[*English*]

TRANSFER OF SHARE

Hon. Sinclair Stevens (York-Peel): Madam Speaker, if the President of the Treasury Board had informed the House fully, he would have pointed out that we had Consolidated Computer high on the privatization list for our government. Would the minister at least explain to the House why it was subsequently seen fit to cause the share to be transferred from the beneficial ownership of those three hospitals, and in particular would he indicate if full notice was given to the three hospitals of the benefit being transferred away from them by redirecting the share to the Nabu Manufacturing Company, as contemplated in the November 26, 1981, agreement?

• (1450)

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am not sure the hon. member understood my answer to the first part of his question. I gather he is relying upon leaked documents. It is not our policy to comment upon what may or may not be in the brown envelope which was delivered to him.

Mr. Stevens: We got the agreement.

Mr. Johnston: I must say it is somewhat amusing to listen to him talking about it being high on his privatization list. Perhaps he would tell the House how many companies he succeeded in privatizing while he was President of the Treasury Board.

EXTERNAL AFFAIRS

EL SALVADOR—NECESSITY FOR NEGOTIATED SETTLEMENT—CANADIAN POSITION

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Prime Minister concerning the serious and tragic situation in El Salvador. By refusing the invitation Canada has recently, and appropriately, joined more than 50 of 60 nations which were invited to witness the so-called democratic elections in that country. Will the government now follow this up by joining with President Lopez Portillo of Mexico in urging the necessity of a negotiated settlement taking place before any democratic election?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, by indicating that we did not want to be officially accredited as observers to that election if we were not free to observe it in a way which would permit our judgment to be entirely valid, this did not mean that we do not think the election should not take place. It means we are viewing it with more caution than if we had been put in the position to be observers in the sense that we were observers of the election process in Zimbabwe and Uganda.

At this stage, Madam Speaker, there is no change in the government's policy in that the election to be held is, in our view, a priori, better than not having an election. We will have to make what judgment we can after the election has taken place to see whether indeed it has increased the legitimacy of the government or the constitutional process which is envisaged in the election.

POSSIBILITY OF UNITED STATES MILITARY INVOLVEMENT

Mr. Edward Broadbent (Oshawa): Madam Speaker, the Prime Minister knows or should know that the bishops of the Catholic Church in the United States, almost every civil liberty group around the world, most of the countries in western Europe, and committees of this Parliament have all said that the so-called democratic elections in El Salvador are anything but democratic. Most groups who believe in civil liberties are in fact not even taking part in the election.

My question to the Prime Minister is, knowing this, and knowing that the civil war will certainly continue after the election takes place—

Mr. Stevens: Tell us about the free elections in Cuba.

Mr. Broadbent: —does he not agree that the United States can use these elections somehow to warrant additional military involvement? If he agrees with that possibility, does he not think it makes sense to join with people like President Lopez Portillo in proposing a serious negotiated settlement which could bring an end to the bloodshed?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is quoting the authority of the bishops of the United States, but my recollection is that the bishops of El Salvador themselves were taking a contrary view.

Mr. Broadbent: Just some.

Mr. Trudeau: Well, some, yes. Some bishops, like some bishops in the United States—

Mr. Broadbent: The vast majority.

Mr. Trudeau: —are of one view and some are of another. Or like some bishops in Canada are of one view, and some are of another. In so far as President Portillo's initiative is concerned, Madam Speaker, the hon. member will recall it was an initiative which was supported by only two other countries in the whole of Latin America, whereas the overwhelming majority of the countries did not support that initiative.

Mr. Broadbent: Non-democratic as well.

Mr. Trudeau: Well, I do not know if the hon. member is arguing that the countries which did support it were very democratic, like—

Mr. Broadbent: Yes.

Mr. Trudeau: Well, I would like the hon. member to tell me how recently has Grenada had elections?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

PUBLIC SERVICE

FIRING OF KINGSTON PUBLIC SERVANT—NATURE OF OFFENCE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have two questions for the Minister of National Revenue. Would he tell us under what specific legal authority Mr. Neil Fraser was fired? Then, in light of the statement in the letter to Mr. Fraser that "you caused media coverage of your criticism of government policies, programs and political leaders", because that was one of the reasons given, will the minister tell us whether Mr. Fraser's offence was that he spoke, or was it that he was reported by a free press?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I think that matter was adequately dealt with yesterday.

Some hon. Members: Oh, oh!

Mr. Rompkey: I stated exactly why Mr. Fraser was dismissed. The Prime Minister has covered that, and the President of the Treasury Board covered other aspects of it in his answer today. I think the matter has been adequately dealt with, Madam Speaker. It is under grievance now. Mr. Fraser has recourse to that action and is taking it.

Oral Questions

PERMISSIBLE TOPICS FOR PUBLIC SERVANTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister is unable to cite a legal authority on which he dismissed a public servant for speaking his views.

Some hon. Members: Oh, oh!

Mr. Clark: There is a great deal of nervousness on the Liberal side, and I can understand that on this day of internment camps, and action against a free press and public servants in this country.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister in Parliament yesterday approved the statement by the Minister of National Revenue when he said:

> It seems to be ironic that a man would collect taxes on the one hand, and criticize the programs on which those taxes are spent, on the other.

That was the minister's statement, approved by the Prime Minister. Now, in an age in which government has grown to the extent that government programs touch everything from daycare to internment camps, will the Prime Minister tell the House of Commons on just what topics can public servants speak in their private capacity?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, what I indicated yesterday without, as I said, having had the benefit of looking at the file very closely was that I agreed with the position of the minister who, after several warnings, took certain disciplinary action. The person who claims to be aggrieved has a right to contest that action, to debate and to appeal to his deputy minister, as I understand he has, as to whether the disciplinary action was justified or not. There are some clear cases in which a civil servant cannot engage in criticism of a government. These cases are easy to define. There are others which are more difficult, which is why we are anxious to see this process of appeal take place and perhaps have certain criteria defined by the PSSRB which we could discuss and find helpful.

Certainly the principles put forward by the minister and the President of the Treasury Board seem to be unimpeachable in theory. It is certain that in practice it is probably difficult in some cases to decide how far freedom of speech should permit any citizen of this country to criticize his employer. I think the President of the Treasury Board was perfectly justified in giving an example, perhaps, of a member of the Progressive Conservative caucus research group. If one member of that group were to criticize consistently the policies put forward by the Leader of the Opposition I suppose some disciplinary action would be taken. Now, would this be destroying freedom of speech in this country? I doubt it. It is a very difficult subject, Madam Speaker.

An hon. Member: Especially if they are your policies.

• (1500)

APPLICATION OF GOVERNMENT STANDARD

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, public servants in Canada are not employees of the Liberal Party of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: The principle established yesterday by the Minister of National Revenue and approved by the Prime Minister was that public servants, in their private capacities, cannot speak on any topic touched by a federal government program. If that is the standard, I ask the Prime Minister is there any topic on which a public servant may speak in his or her private capacity? If so, would the Prime Minister name it?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Leader of the Opposition is deliberately twisting my words.

Some hon. Members: Oh, oh!

Mr. Trudeau: Who said the public servants were employees of the Liberal Party of Canada?

An hon. Member: You do!

Mr. Trudeau: When did I say that, Madam Speaker? I wish the Leader of the Opposition would answer my question.

Mr. Clark: Answer the question.

Mr. Trudeau: I am doing that. No, Madam Speaker, these are—

An hon. Member: Answer the question.

Mr. Trudeau: —allegations, these are prefaces to a question made, I dare say, with a minimum of good faith. They have nothing to do with the subject.

The employees of the Public Service of Canada are employees of the Government of Canada. The Government of Canada—

Mr. Crosbie: Is Liberal!

Mr. Trudeau: —has, as its first duty, the duty to govern. The first duty of the Public Service of Canada is to assist in the governing of the country of Canada.

Some hon. Members: Hear, hear!

Mr. Trudeau: These are principles which I believe are just as unimpeachable as saying that the duties of the employees of the Conservative caucus are to assist in the research of the Conservative Party. These are clear parallels, and it seems to me that it is not easy—

Mr. Hnatyshyn: No.

Some hon. Members: Oh, oh!

Mr. Trudeau: If the hon. members opposite do not agree with these premises, then all I can say is let us see the example of that in the way they governed when they were in power. They obviously failed to govern because they did not believe that the first duty of the government is to govern.

Madam Speaker: I will allow a brief supplementary question.

An hon. Member: Three o'clock!

NAMING OF PERMISSIBLE TOPIC

Right Hon. Joe Clark (Leader of the Opposition): On what topic is a public servant in Canada free to speak in his or her private capacity, given the standard enunciated by the Minister of National Revenue and approved by the Prime Minister?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I could not enumerate all the topics.

Mr. Crombie: How about one?

Mr. Trudeau: Well, I am asked for one. Philosophy.

Some hon. Members: Oh, oh!

Mr. Crombie: Good.

Mr. Trudeau: Two—

Mr. Lawrence: Steer away from history, though, eh?

Madam Speaker: Order, I believe it is time to put an end to the question period.

The hon. member for Peterborough (Mr. Domm) on a question of privilege.

* * *

PRIVILEGE

MR. DOMM—ALLEGED CONTEMPTUOUS COMMENTS MADE BY PUBLIC SERVANT

Mr. Bill Domm (Peterborough): Madam Speaker, I rise on a particularly timely point of privilege which relates to the Metric Commission—

Some hon. Members: Oh, oh!

Some hon. Members: Sit down!

Mr. Domm: —and my ability as an elected member of this Parliament to fulfil and properly discharge my duties. I will show Your Honour how, in fact, this ability as a Member of Parliament has been seriously impaired by my having been referred to contemptuously and in an insulting manner by one in the employ of the Public Service of Canada. What is more, these remarks were not made by that person privately, not made by him as a citizen, but made in a professional capacity on behalf of his employer, the Metric Commission of Canada, and directly to a representative of the press.

No one more than I values and cherishes the right of every citizen freely to criticize the government in any one of its varied and broad aspects and programs. Indeed, I could not agree more with the judgment of a former speaker of the House of Commons who, when speaking to a similar question of privilege on June 23, 1977, as reported at page 7044 of *Hansard*, noted, in citing a study by a committee of the U.K. parliament, that:

> —the House should be slow and reluctant to use its penal powers to stifle criticism or even abuse, whether of the machinery of the House, of a member or of an identifiable group of members, however strongly the criticism may be expressed and however unjustifiable it may appear.
>
> Your committee regard such criticism as the lifeblood of democracy. In their view, the sensible politician expects and even welcomes criticism of this nature.

I entirely endorse this view and gladly subscribe to it. My purpose is not to complain about some private or even corporate remark made by an individual on behalf of himself, his firm, or his organization which impugns my reputation and which happens by accident or design to be picked up and reported in the press. On the contrary, this I would consider to be fair game and part of political life, which must be taken along with the more favourable reports of one's efforts here in the House of Commons, in one's riding, and in the country generally.

My purpose is to bring to the attention of the Chair and of the House of Commons a situation which is quite outside the normal purview of democratic licence and of the constitutional exercise of freedom of speech soon to be adopted. It concerns the on the record, gratuitous and deliberate abuse of an incumbent Member of Parliament by one who is in the employ of, and speaks for, an agency or department of government.

We know what happens when a public servant presumes to recognize his ancient mandate within our democratic tradition by criticizing the government non-abusively, without rancour, and on matters totally beyond his area and field of employment. He is fired with little fanfare and less ceremony, ruthlessly, deliberately, and without hesitation or the least application of enlightened principle. Mr. Neil Fraser of Revenue Canada in Kingston, Ontario, a senior official with 11 years experience and a salary range in excess of $40,000 a year, recently suffered this gross indignity. But we do not know what happens when an individual employed by the federal government to further an official program of that government and speaking in this professional capacity presumes not just to criticize the point of view, but also the attitudes and actions of a sitting Member of Parliament, actions which the member considers to be dutiful and in keeping with his place in the Government of Canada, for indeed the House is where the Government of Canada ultimately resides.

Now while I can fully support the opinion of the U.K. committee as cited by the previous speaker in 1977, I would

now draw Your Honour's attention to a further remark from the same source and likewise cited:

> Nevertheless, a point may be reached at which conduct ceases to be merely intemperate criticism and abuse and becomes or is liable to become an improper obstruction of the functions of Parliament. For such cases, however rare, the penal powers must be preserved and the House must be prepared to exercise them.

On November 25, 1981, an individual employed by the Metric Commission, a Mr. Bob Mellor, was interviewed by Ms. Judy Creighton, a reporter for the Canadian Press. Subsequently, Ms. Creighton's report went out nationally, and in it Mr. Mellor is directly quoted as having referred to me as "the anti-metric red-neck from Peterborough".

Some hon. Members: Shame, shame!

Mr. Domm: Madam Speaker, with your indulgence, I will first put this remark in a general context according to the standard references, and then in a more specific context which reflects a more contemporary point of view. Both, I believe, are germane.

First, the House will know of the guidance offered by Erskine May at Chapter X, pages 152 and 153 where it is noted that:

> 'Written imputations, as affecting a Member of Parliament, may amount to breach of privilege, without perhaps, being libels at common law' (b), but to constitute a breach of privilege a libel upon a member must concern the character or conduct of the member in that capacity (c).

Continuing on to page 153, it is stated that:

> Both Houses will punish not only contempts arising out of facts of which the ordinary courts will take cognizance, but those of which they cannot, such as contemptuous insults, gross calumny or foul epithets by word of mouth not within the category of actionable slander or threat of bodily injury.

• (1510)

Going on, I submit that in the first instance my question of privilege fulfils these terms. If you see fit, I would suggest the following motion, which I have submitted to you, under Standing Order 17, which was found to be acceptable as reported at page 7044 of *Hansard* for June 23, 1977, at which time the hon. member for Durham-Northumberland (Mr. Lawrence) presented a number of motions and they were accepted to be in order:

> That this House do recognize that contemptuous insults have been directed toward me by officials of the government and as reported in the national press, that these contemptuous insults reflect upon my conduct as a Member of Parliament, and that the full penal jurisdiction of this House of Commons be applied to the extent that this high violation of the rights and privileges of the House are repaired.

I use as my authority for that language in the motion Erskine May, page 152 and part of page 153. Some members may not consider that term "red-neck" particularly contemptuous or insulting. For their information, I refer to the Oxford American dictionary which at the entry for "red-neck" has in parenthesis the word "contemptuous". That is the key to my question of privilege. The definition follows as "a member of the white, rural working class of the southern United States". That is hardly an accurate description of me and, needless to say, one which I strongly resent.

The more specific context within which these remarks fall deals with the citizen's prima facie right to make a fair comment "upon such activity of a member as a matter of public interest." As the committee said, and as was repeated by the then Speaker in 1977, "His right is even stronger to speak and publish the truth of a member's conduct".

We know, as I have said, what will happen to a citizen who speaks against the conduct of members for Mount Royal (Mr. Trudeau) and Papineau (Mr. Ouellet). The former heads the present government; the latter is responsible for the Metric Commission. When Mr. Neil Fraser of Kingston questioned their conduct with regard to the metrication of Canada, he was fired. The famous and justly faceless official of Revenue Canada answered for his political leaders in the press by saying "It is a standard condition of federal government employment that an employee may not make any public criticism of government policy or its political leaders."

Does this not seem to contradict the judgment of the parliamentary committee and of the Speaker of the House who said in 1977 that "these rights of free speech should not in the normal way be defeated"? Does it not contradict the Speaker's judgment that criticism is the "lifeblood of democracy"? Does it not contradict the Speaker's judgment that "as elected people", for we are all elected people, even the members for Mount Royal and Papineau, "we can and do expect to be the targets of attack"? At any rate, Mr. Fraser's lamentable case applies to my question of privilege by illuminating through comparison.

The person who criticized me, or rather was responsible for directing a contemptuous insult toward me, to use May's phrase, was not speaking as a private citizen. He spoke as an employee of the government. We have seen what has happened to another employee of the government who levelled what in comparison must be seen to be the gentlest criticism at the government.

How will my grievance be redressed as a member of this government in opposition—for surely Parliament, all of Parliament, is an integral part of the Government of Canada—as a consequence of my being not only criticized, but abused by this gross and contemptuous insult? I ask then that my question be taken under advisement with a view toward applying the statutory penal jurisdiction of the House of Commons.

Before placing the motion, I would like to add some brief comments. I am now going to show the House that the acting executive director of the Metric Commission needs to be immediately fired from his job, the same as Mr. Neil Fraser was fired.

Mr. Ganapathy, the acting executive director of the Metric Commission, referred to me in a contemptuous and insulting manner on the CBC program "Platform". Everyone knows that the Department of Consumer and Corporate Affairs, with the blessing of the Metric Commission, forced retail grocers out of business when they refused to use metric weigh scales in Peterborough.

I regret to inform the House that Mr. Ganapathy went on the CBC program "Platform" and refuted this statement, and he did not just refute this statement made by me as a Member of Parliament in opposition, but said, "That is a lot of nonsense what the member for Peterborough is saying, and that is not true."

How can a responsible civil servant get away with calling a Member of Parliament, a member of the opposition, a liar and hold his job when at the same time Mr. Neil Fraser, who said, "The white paper of 1970 on metric conversion was to bring metric in voluntarily and the government has now decided to break its promise and bring it in by force," loses his job, and yet Mr. Ganapathy who calls me a liar, a gentleman who has never been to Peterborough, as he admitted over national television, does not know the merchants I am talking about, knows better than I do as the Member of Parliament for Peterborough that my businesses were forced out of business because they would not buy a metric weigh scale? As acting executive director of the Metric Commission, he must be fired.

Second, I think I have already shown that we have allowed two categories of MPs to be created in the House. Knowingly or not, our present government, the members sitting opposite, have created a situation where a civil servant is allowed to make contemptuous, insulting statements against a Member of Parliament, provided that member is a member of the opposition and not on the government side of the House.

I am going to name that civil servant, which I have already done, and I will name him again, because that civil servant should no longer be on the payroll of the Government of Canada and going around this country telling people that Members of Parliament in opposition are red-necks. If he does not know what the word means, somebody should tell him. If he does know what it means, he has no business being in the job he is, criticizing a Member of Parliament in a contemptuous way, according to the Oxford dictionary, which is the best authority I can find on the term "red-neck".

Having named that civil servant, Mr. Ganapathy, the acting executive director of the Metric Commission for Canada, is not better. How can the House of Commons condone a situation whereby it allows willingly that any civil servant who criticizes the government in power is out of a job and any civil servant who criticizes the opposition maintains a secure job because he is doing the job for the government, not for the people? I maintain that is not right. Therefore I move, under Standing Order 17:

> That this House do recognize that contemptuous insults have been directed toward me by officials of the government and as reported in the national press and on the CBC program "Platform", that these contemptuous insults reflect upon my conduct as a Member of Parliament and that the full penal jurisdiction of this House of Commons be applied to the extent that this high violation of the rights and privileges of the House are immediately repaired.

With all due respect, Madam Speaker, this matter should be referred to the Standing Committee on Privileges and Elections for a full parliamentary investigation into who civil servants represent. Do they work for the government or do they work for the Parliament of Canada and the people? I maintain that it is time civil servants were allowed to speak out of their jurisdiction in the private sector, before municipal councils as ratepayers in those communities on behalf of their rights when they have invested in property in their communities. Since they have the right to vote municipally, they certainly must have the right to say what they think about matters that they are not even directly connected with in the government's business of the day. Thank you, Madam Speaker.

• (1520)

Some hon. Members: Hear, hear!

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I have listened with considerable interest to the alleged question of privilege raised by the hon. member for Peterborough (Mr. Domm) in trying to figure out what it was. I have not yet figured it out.

It seems to me that his proposition was based somehow on a statement which he made, and I found it difficult to believe. I believe he made the statement, and it can be verified on the record, of course. He said that Parliament was a part of the Government of Canada. Of course, Parliament is not a part of the Government of Canada.

An hon. Member: You are right.

Mr. Smith: An employee of Parliament is very different from an employee of the Government of Canada. If my hon. friend from Peterborough does not yet understand that, I suggest that he go to the library and obtain a first-year text on political science in Canada.

I believe that we are basically talking about a statement made by an employee of the Government of Canada. If you refer to Beauchesne, fifth edition, at page 12, section 19(1), it says:

> A dispute arising between two members, as to allegations of facts, does not fulfil the conditions of parliamentary privilege.

It seems to me even clearer that a dispute arising between a Member of Parliament and a citizen as to an allegation of fact is even less a question of privilege. Surely that is the situation which exists here.

I do not believe that the hon. member for Peterborough suggested that this particular civil servant called him a liar or any such name. There seems to be a dispute as to facts. There seems to be a dispute as to the question of fact, and that does not, Madam Speaker, in any way raise a question of privilege, to my understanding.

The hon. member also quoted from Erskine May. I have read those quotations. It says at page 152, " . . . but to constitute a breach of privilege, a libel upon a member must concern the character or conduct of the member in that capacity." I do not recall hearing anything which constituted anything other than a dispute as to facts, not something which was an imputation concerning the character or conduct of the member. Therefore, I would suggest that what we are dealing with here is a dispute as to facts between a member of the House and a

private citizen, and that certainly does not raise a question of privilege in the House.

Hon. Erik Nielsen (Yukon): Madam Speaker, I will be brief. The hon. member for Peterborough (Mr. Domm) raises a very interesting and rare question of privilege which is deserving of very careful consideration by you.

I was surprised to hear the interjection by the parliamentary secretary. I had occasion to study this matter very carefully a few months ago when remarks which I felt at the time to be extremely contemptuous, were made in the French press in Quebec where a list of names of all the Liberal Members of Parliament appeared and, if I remember correctly, I believe they were described as despicable traitors. I fully expected that one or more of those members would have raised a question of privilege at that time based precisely on the argument made by the hon. member for Peterborough today. I do not think there is a member of the House who would not have been sympathetic to such a question had it been raised. However, that was the purpose of my studying the matter a few months ago.

This relates very directly to the question raised by the hon. member for Peterborough under several references to Erskine May as to what amounts to contempt. I submit that the hon. member for Peterborough does have a good case. The words which were used were contemptuous of the conduct of the hon. member in his capacity as a Member of Parliament and member of the House of Commons.

I am sure that the Chair is aware of the rarity of questions of this nature being raised in this place. I fear that perhaps the Chair might come to the conclusion that it should not be called upon to make a decision as to whether or not the offender should continue his employment because of one of the remarks made by the hon. member for Peterborough. I suggest that the Chair would be perfectly correct in coming to the conclusion that it has no business interfering in that area. However, the remedy which seemed to emerge from my studies of the question when I was considering whether or not the remarks of the French press against the Liberal members concerned would be contemptuous, was that the proper recourse—and certainly the power exists in the Chair acting on behalf of all members of the House—was to have the offender appear before the bar of the House.

I believe the last time that happened was so long ago that the official record of the House of Commons, *Hansard*, was not even an established institution of this place but was still being published in local newspapers. I had to go back to those newspapers to dig out the precedents. However, the precedents are there, and I think that the offender in that case was from the city of Winnipeg.

The House, then, has the power indeed to go as far as to impose a jail term on an offender unless other solutions are found.

I would suggest that there is a serious substance to the question which has been placed before you. It is sufficiently serious, I submit, to cause you to defer your decision on the matter until a study of this very rare procedure might be made by the Chair and its assistants in some depth.

Once again, I can only relate back to those rather shoddy newspaper advertisements which I noticed when I was studying the matter and say that had the question been raised by one or more of the Liberal members at that time, they would have found support from this side of the House for their position alleging contempt for their rights as members. I ask for that same support from that side now when the same contemptuous remarks have been made with respect to the conduct of a member on this side of the House while carrying out his duties as a Member of Parliament.

A person employed by the government has no right to make public criticisms of a contemptuous nature. That distinction must be drawn. What the hon. member for Peterborough said about the right of free speech is absolutely correct, but there are limits on anyone's free speech. That is the reason for the law of libel and slander in this and any other civilized country. Those limits were exceeded in the remarks made by this government employee when he referred to the hon. member for Peterborough as a red-neck, particularly knowing that the hon. member has specialized in being the chief critic for our party of forced metrication.

I do urge that you defer your decision, Madam Speaker, and study the matter. It will be my submission that you find in favour of the member for Peterborough, and either exercise the always undisturbed jurisdiction of the House and have the offender appear before the bar of the House or perhaps, as the hon. member for Peterborough suggested, refer the subject matter of his question to the Standing Committee on Privileges and Elections.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I do not know how you will ever rule on a matter such as this. The hon. member for Peterborough (Mr. Domm) makes an interesting case about being offended by the remarks of a public servant. I hope, however—and I say this in all fairness—that we in the House would never attempt to invoke privilege to prevent any citizen from commenting on the appropriateness or inappropriateness of anything we as Members of Parliament might say.

• (1530)

I think it unfortunate that the hon. member tied his comments to the most recent firing which has taken place over comments made by an employee of the Department of National Revenue inasmuch as I hoped, as I listened to his argument, he would agree with me that the firing of the gentleman from the Department of National Revenue was inappropriate and that that particular gentleman form the Department of National Revenue, who is now in the process of appealing his dismissal, will have his appeal upheld. The right of every single citizen in Canada to express his or her opinion about the actions not only of the government but also of Parliament as a whole and individual Members of Parliament should in no way be impeded by an action taken by the House.

I can appreciate that the hon. member for Peterborough believes in good faith that he was perhaps maligned in one way or another and that the person making the comments about the truthfulness or otherwise of the statements of the hon. member for Peterborough may have spoken out of turn. It may well be that in the normal relationship between citizens and their elected members this particular citizen stated his point of view a little more forcefully than might have been required in the circumstance. However, I put it to the Chair that there are many things said in the House of Commons which are much worse than calling a member of the Conservative Party a red-neck. In fact, for some that might even be a compliment.

I therefore hope that in viewing this matter Your Honour will find that we ought not to interfere with the rights of citizens to express their opinions, no matter for whom they work and no matter in what ministry they are employed.

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I want briefly to supplement the remarks of my House leader and say that it was with considerable astonishment that I heard the remarks—and I listened with great care—of the hon. member for Peterborough (Mr. Domm). His party was championing the right of freedom of speech only an hour earlier on behalf of public servants and was bitterly decrying—in my view quite properly—the firing of Neil Fraser in Kingston because Mr. Fraser was speaking on a matter of public policy.

Mr. Nielsen: Not contemptuously.

Mr. Robinson (Burnaby): Following this attack, an attack with which this party agrees, what did a member of the Conservative Party do? He stood up and suggested that because he has been attacked as being a red-neck—

Mr. Nielsen: Libeled.

Mr. Robinson (Burnaby): —what we should do is to haul this public servant before the bar of Parliament and perhaps throw him in jail. What unbridled hypocrisy on the part of the Conservative Party in this Parliament! What unbridled hypocrisy!

Members of the Conservative Party proclaim the right to freedom of speech on behalf of all Canadians, but if they themselves are attacked in their role as Members of Parliament, do they allow that freedom of speech? No. What they suggest under those circumstances is that we bring that person before Parliament and perhaps throw him in jail because we cannot legally take his job away. Members of the Conservative party speak on the one hand of freedom of speech for public servants, if those public servants happen to espouse the policies they believe in, but if those public servants happen to criticize the policies they support, then it is a very different story, and they take great offence.

Well, Madam Speaker, we do not accept that. We support the right of Neil Fraser to speak out on matters of public policy, and we insist upon his rehiring, if freedom of speech in this country is to mean anything and if the right accorded under the Charter of Rights and Freedoms to freedom of speech is to mean anything.

However, we go further and say that we as Members of Parliament should not be immune to that kind of criticism. To suggest that because we are criticized, whether rightly or wrongly—and I make no comment on the colour of the hon. member's neck—for the job we do or the policies we espouse, somehow that individual should be brought before Parliament and thrown in some sort of medieval parliamentary jail is utter hypocrisy, and I call upon the Chair to reject it, and to reject it now.

Mr. Doug Lewis (Simcoe North): Madam Speaker, I hope in your ruling you will stick to the point at issue, which is whether a federal civil servant has the right to make derogatory and libellous remarks about a Member of Parliament. If the hon. member for Burnaby (Mr. Robinson) felt so strongly about freedom of speech, where were he and his party during question period? We heard not a peep from them during question period about freedom of speech for federal civil servants. We heard not a thing.

I ask you, Madam Speaker, to ignore the remarks of the hon. member for Burnaby, to look at this issue and not to pay any attention to the cheap political rhetoric of the hon. member for Burnaby.

Madam Speaker: I thank the hon. member for Peterborough (Mr. Domm) for submitting this question of privilege. He gave me proper notice, and he has quoted the relevant citation from Erskine May, which I would like to consider at length against the arguments and facts he has brought forward.

I am just a little wary about the fact that this incident took place, I believe, on November 25, 1981. When questions of privilege are raised in the House, every other proceeding must be stopped, the implication being that if they are not dealt with immediately the proceedings of the House may not continue. However, I will take this question of privilege under advisement.

Mr. Lewis: Madam Speaker, if I may draw something out which perhaps was not brought out in the argument, the question of privilege which—

Madam Speaker: No. I have said I will take the matter under advisement. The hon. member has spoken once on this question of privilege. He knows I am in the habit of allowing only one intervention from an hon. member on a question of privilege. I have heard the hon. member. I will take his arguments into consideration. I have said that I have heard sufficient argument. I said that precisely because no other hon. member rose, and I decided to take this matter under advisement, so the matter should be left at that.

Business of the House

POINT OF ORDER

MR. YURKO—REQUEST FOR CHANGE IN ORDER PAPER

Mr. Bill Yurko (Edmonton East): Madam Speaker, in the last couple of weeks I have been called some juicy names by civil servants at all three levels of government.

I rise on a point of order to request a change in the Order Paper. The Order Paper lists under "notices of motions" two motions standing in my name. They are Motion No. 13 and Motion No. 66. Without affecting the privileges of any other members of the House, I ask the consent of this assembly to substitute Motion No. 66 for Motion No. 13, and vice-versa.

Madam Speaker: Does the House agree?

Mr. Nielsen: Madam Speaker, I have not had the time to read those motions. I do not know what they say. No doubt our consent would be forthcoming, but it would be forthcoming tomorrow after I have had an opportunity to read the text of both motions.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. MAZANKOWSKI—REQUEST FOR CONSTRUCTION OF POSTAL FACILITY IN TOFIELD, ALTA.

Hon. Don Mazankowski (Vegreville): Madam Speaker, I ask leave to present a petition on behalf of 224 residents of Tofield and its surrounding area in the province of Alberta. The petition respectfully requests that urgent consideration be given to the construction of a new postal facility in the community of Tofield to meet the increased service requirements caused by the extensive growth in the rural and urban areas of this community. Present facilities are grossly inadequate both for general delivery and box delivery, resulting in postal services being well below an acceptable level.

* * *

• (1540)

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER BILL C-89 ON SECOND READING

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I wish to inform the House that there have been consultations among the representatives of the parties but it has not been possible to reach an agreement under the provisions of Standing Order 75A or 75B with respect to the proceedings at second reading stage on Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act.

I wish to give notice that at the next sitting of the House I shall propose a motion pursuant to Standing Order 75C to allocate one additional sitting day to the said stage of the said bill.

Some hon. Members: Shame!

Some hon. Members: Hear, hear!

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,516, 3,527, 3,559, 3,682 and 3,724.

[*Text*]

HERD MAINTENANCE ASSISTANCE PROGRAM

Question No. 3,516—**Mr. Neil:**

1. By province, how many livestock producers qualified for payments under the herd maintenance assistance program and, in each case, what was the total amount paid?

2. By province (a) how many producers' applications were rejected (b) how many producers appealed from an original rejection and how many such appeals were allowed?

3. What were the criteria used by the appeal board?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by Agriculture Canada and the Department of Regional Economic Expansion as follows:

1. By province, the total number of applicants who qualified for herd maintenance assistance payment and the total payment to producers in each province were as follows:

Province	Number of Applicants Qualified	Total Payment (by province)
Alberta	1,349	$ 3,248,576
Saskatchewan	15,035	24,626,593
Manitoba	8,961	16,004,944
Northern Ontario	362	759,761

2. (a) By province the following number of applications were ultimately rejected for assistance under the program:

Province	Number of Producers Ultimately Rejected
Alberta	1,445
Saskatchewan	3,649
Manitoba	464
Northern Ontario	16

(b) By province the following number of producers appealed their original rejection and had their appeals allowed:

Province	Number of Producers Who Appealed	Number of Appeals Allowed
Alberta	301	179
Saskatchewan	2,775	1,722
Manitoba	1,537	1,184
Northern Ontario	16	13

3. The herd maintenance assistance program review board was charged with two principal tasks. The first task was the review of decisions by the program administrators on eligibility of individual producers. For these reviews, the original program criteria utilized by the board was:

Basic breeding herd on farm as of December 31, 1979.
Less than 60 per cent normal precipitation.
Less than 80 per cent normal crop yield.
Any special circumstances which could result in an inequity to the appellant.

The second task was the preparation of recommendations to ministers for changes in the program criteria or the consideration of special circumstances. The recommendations put forward by the board were general and applied to all applicants for each recommendation, but did not indicate that any specific criteria were utilized.

DISTRIBUTION RIGHTS IN EUROPE FOR NUMISMATIC MATERIALS

Question No. 3,527—**Mr. Cossitt:**

1. Does a firm known as Numarco, which is based in Brussels, Belgium, have any type of government contract for distribution rights in Europe of Canadian numismatic materials and, if so, what was the date the contract came into effect and has it been in effect for approximately six years?

2. Is a Mr. André Morin the president of Numarco?

3. Were the distribution rights given to Numarco during the tenure in office of Mr. Yvon Gariepy, former Master of the Royal Canadian Mint?

4. What was the date the contract was signed or renewed?

5. In each year that Numarco had the contract, what was the total commission received by the firm from the Mint and what was the total for the entire period?

6. Was or is the government involved in the occupancy by Mr. Gariepy of a cottage at Ste-Adèle, Quebec owned by Mr. Morin and, if so, what are all the details?

7. Does the government condone heads of Crown corporations receiving cottages rent free or at reduced rents from firms doing business with such corporations?

Hon. J.-J. Blais (Minister of Supply and Services): 1. No, Numarco has no type of government contract for distribution rights in Europe or elsewhere for Canadian numismatic materials. However the Royal Canadian Mint did have an agreement with Comarex AG to administer the sales of numismatic coins in Europe. Comarex in turn had a contract with Numarco. The agreement between Comarex and the Royal Canadian Mint was effective January 1, 1977, and was terminated as of December 31, 1981.

2. We are informed that Mr. Morin is "Administrateur délégué" of Numarco.

3. No, distribution rights were never given to Numarco before, during or after tenure in office of Mr. Yvon Gariépy.

4. No contract was signed and therefore no date of signing could be provided.

5. Numarco has not had any contract with the Royal Canadian Mint and no payment of any kind or commission has ever been advanced by the latter or the former.

6. No, the government has never been involved in the occupancy by Mr. Gariépy of a cottage at Ste-Adèle.

7. No, the government does not condone the heads of Crown corporations receiving cottages rent free or at reduced rents from firms doing business with such corporations and has no knowledge of any such occurrence.

VISAS ISSUED TO SOVIET CITIZENS

Question No. 3,559—**Mr. Cossitt:**

During the past 12 months, how many tourist or visitor visas were issued to Soviet citizens by the Department of External Affairs and, in each case, what was his/her name, address, profession and reason for coming to Canada?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): From December, 1980, to the end of November, 1981, a total of 469 visitors' visas were issued to Soviet citizens. The additional information requested in the question is not readily available and would require a great deal of manual research for which the commission/department does not have the necessary resources.

DEPENDENT CARE ALLOWANCE

Question No. 3,682—**Mr. Herbert:**

What amount is paid per week by the Department of Employment and Immigration for babysitting services for those persons who are accepted for training courses and who have young children?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): The department does not pay for babysitting services as such. It provides a dependant care allowance for pre-school age children to trainees referred under the Canada Manpower training program. The allowance is intended to assist trainees with the costs of caring for dependants who require it, not to cover the full cost of services. The current rates are:

One dependant	$20 per week
Two dependants	$35 per week
Three dependants	$50 per week
Four or more dependants	$65 per week

OFFICIAL LANGUAGES

Question No. 3,724—**Mr. Herbert:**

What percentage of public servants working in the Department of Industry, Trade and Commerce in Quebec indicate English as their first official language?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned: of all the department's public servants working in Québec, 7.5 per cent indicate English as their first official language.

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,214 standing in the name of the hon. member for Edmonton North (Mr. Paproski) could be made an order for return, this return would be tabled immediately. I might point out for the edification of the hon. member for Yukon (Mr. Nielsen) that it weighs about ten pounds.

Madam Speaker: Is that agreed?

Some hon. Members: Agreed.

[*Text*]

MONEYS ALLOCATED TO ETHNIC GROUPS IN CANADA

Question No. 2,214—**Mr. Paproski:**

1. During the period January 1, 1980 to January 31, 1981, what amount was allocated by the government to each ethnic group in Canada and, in each case (a) what was the group's origin and mailing address (b) on what date (c) for what purpose (d) under which program (e) what was the amount originally requested?

2. For the same period, what amount was allocated by the government to each ethnic publication and/or newspaper in Canada and, in each case (a) what was the publication's and/or newspaper's ethnic origin and mailing address (b) on what date (c) for what purpose (d) under which program (e) what was the amount originally requested (f) was it a grant or an advertising fee and, if an advertising fee, what was the text of the advertisement?

Return tabled.

[*English*]

Mr. Smith: Madam Speaker, may I ask that the remaining questions be allowed to stand?

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call Notices of Motions for the Production of Papers Nos. 36, 37 and 49.

[*Text*]

COMMUNICATIONS RESPECTING INTERNATIONAL RESEARCH DEVELOPMENT CENTRE

Motion No. 36—**Mr. Stewart:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this House, copies of all communications, transcripts or notes of interviews, memos, notes of telephone conversations, applications for grants, bursaries and fellowships between the government through the International Research Development Centre and any other person or group requesting or being considered for financial grants from the International Research Development Centre, particularly fellowships or financial sponsorship to individuals who hold or held elected or appointed office in governments of other countries or who were or are members of recognized political parties in other foreign nations.

[*English*]

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Regional Economic Expansion): The International Development Research Centre has been considering applications for grants, bursaries, and fellowships for over ten years.

Successful applications alone number in excess of 3,000. There is an even greater number of unsuccessful and pending applications.

Extensive files exist on the vast majority of these applications. Therefore, it would be impractical to lay before the House copies of all communications, transcripts or notes of interviews, memos, notes of telephone conversations, applications for grants, bursaries and fellowships between IDRC and any other person or group requesting or being considered for financial grants.

Furthermore, Madam Speaker, IDRC records will not indicate whether applicants are members of political parties. Neither are records indexed according to whether applicants hold or held elected or appointed office in governments of other countries.

Therefore, Madam Speaker, I would ask that this motion be withdrawn.

Mr. Stewart: Transfer for debate.

Madam Speaker: Transferred for debate.

Motions Nos. 37 and 49 are stood.

[*Text*]

CORRESPONDENCE AND COMMUNICATIONS BETWEEN MINISTER OF COMMUNICATIONS AND CANADIAN BROADCASTING CORPORATION RESPECTING BIAS OF REPORTING

Motion No. 94—**Mr. Herbert:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all minutes of meetings, letters and other communications during the last year between the Minister of Communications and the Canadian Broadcasting Corporation that deal with the balance or bias of reporting.

[*English*]

Mr. Herbert: I ask that the motion be transferred for debate, Madam Speaker.

Madam Speaker: Transferred for debate.

Mr. Smith: Madam Speaker, Notices of Motions for the Production of Papers No. 72 and No. 85 are acceptable to the government.

[*Text*]

REPORT ON IMMIGRATION PREPARED BY MR. DAVID MATAS

Motion No. 72—**Mr. Orlikow:**

That an order of the House do issue for a copy of a report on immigration and/or refugee problems prepared for the Minister of Employment and Immigration by Mr. David Matas.

Motion agreed to.

ESTIMATES FOR DAYCARE CENTRES IN 1981-82 BY DEPARTMENT OF PUBLIC WORKS

Motion No. 85—**Mr. Herbert:**

That an order of the House do issue for copies of all estimates and plans for daycare centres prepared in the fiscal year 1981-82 by the Department of Public Works.

Motion agreed to.

[*English*]

Mr. Smith: I would ask, Madam Speaker, that the other Notices of Motions for the Production of Papers be allowed to stand.

Madam Speaker: Shall the other motions stand?

Some hon. Members: Agreed.

* * *

[*Translation*]

WAYS AND MEANS

PETROLEUM ADMINISTRATION ACT

Hon. J.-J. Blais (for Mr. Lalonde) moved that a Ways and Means Motion about a bill to amend, among other things, the Petroleum Administration Act, laid upon the Table of the House on Tuesday, February 23, 1982, be concurred in.

Motion agreed to.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed from Tuesday, February 23, 1982, consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Hon. John C. Crosbie (St. John's West): Madam Speaker, I rise to speak on second reading of this legislation. Today notice has been given of a motion to impose closure on debate. I do not know why hon. members opposite want to impose closure

on a piece of legislation which is such a feeble effort to overcome the housing crisis in the country.

First of all I should like to speak about the need for housing in Canada today—

Mr. Garant: Speak about your trip.

Mr. Crosbie: I will deal with my last trip when I come to it but I am not going to the great roundup for a while yet!

I want to deal first with the need that exists, and then with how these needs were viewed by the Liberal party several years ago. I will go on to deal with the solutions that the governmet proposes and their inadequacy. After that I will outline what we proposed and point out how the people of Canada would have been helped had we not been stopped by the NDP-Liberal conspiracy to restrain justice in Canada in December, 1979. I will then go on to make some suggestions about what should be done to help the people of Canada.

First of all, we must ask ourselves what some of the needs for action are in the housing field today. We only have to consult the latest CMHC report to see what the need is. A report published yesterday by the Canadian Press reads in part as follows:

High interest rates will cause housing starts to fall by 9 per cent and will make 1982 another bad year for the housing industry—

Referring of CMHC, the second paragraph reads as follows:

The federal Crown corporation predicts little change in mortgage rates during the first half of this year and perhaps slightly higher rates in the second half.

Mortgage rates are now running at about 19 per cent, Mr. Speaker, and the government's own agency, Canada Mortgage and Housing Corporation, expects the rates to be higher in the second half of the year. The article states that housing starts are expected to drop to about 162,000 units this year compared to 177,973 units last year.

I might point out that in 1976, the best year the country has had for housing starts, 273,203 units were built. This year it is expected that 100,000 fewer will be constructed. Has the population of Canada somehow declined or vanished if we need 100,000 fewer housing starts this year than in 1976? Of course it has not.

The article goes on to say that corporation predicts that this year starts on single-detached houses will drop to 83,000. Imagine, Mr. Speaker, in this whole gigantic country from St. John's, Newfoundland, to Vancouver Island, there will be 83,000 starts on single detached homes in 1982. This is the marvellous record of the hon. gentlemen opposite who have been in office for two years and whose record is so shameful that one would expect them to leave quietly without even calling an election. They should vanish from the country in shame at such a record.

CMHC forecast that for my own province of Newfoundland there will be 3,500 housing starts this year, Madam Speaker.

That is a pitiful number. In the highest and best year for housing starts, over 5,000 were built in that province. I do not have the figures in front of me but as I recollect, the figure is 3,500 as compared to 2,000 more in 1978, which was the year with the highest number of starts in Newfoundland.

For evidence of just how bad the situation is I refer to a report which appeared in *The Globe and Mail* on May 27, 1981. It quotes Mr. Richard Shiff, Chairman of Bramalea Ltd. of Brampton as follows:

> What we are witnessing is a financial crisis that has squeezed low and middle-income families out of the market.

He says it will squeeze them out of the market. Well, Mr. Speaker, he should know; that is his company's business. The article goes on to say:

> He estimated that an Ontario family would have to have a combined income of $46,000 this year to afford a $70,000 mortgage, representing a 40 per cent cost increase in the past year.

• (1550)

He said:

> Less than 10 per cent of Canadian families, who are currently renting, earn this level of income.

In other words, less than 10 per cent of Canadian families can expect today ever to own their own homes or ever to have the opportunity of owning their own homes. Of course he ascribed a great deal of blame to government housing policies and to the high interest rate situation of today, which he said has reached the outrageous height of 19.5 per cent. One of his recommendations was to permit home owners to deduct from income for tax purposes mortgage interest expenses above a realistic mortgage rate of about 13 per cent. He estimated that it would cost the government about $500 million in 1981 alone.

This reminds me of the solution we put forward in the House in December 1979 which was defeated—and I will come to that in more detail in a few minutes—by a combination of the Liberal Party and the New Democratic Party, which cared not a whit about helping home owners of Canada or those who might want to become home owners when they have that opportunity.

What other evidence about the need for action in housing do we require? I am looking now at a column by Dian Cohen which appeared in the Ottawa *Citizen* on November 3. Her calculation was that from 85,000 to 100,000 people could lose their homes in Canada in the next year. She quoted Mr. Claude Renaud, vice-president of the Mortgage Insurance Company of Canada, who estimated that 70,000 home owners will have nothing to fall back on when they renegotiate their loans as they come due during the present year. There we have 70,000 to 100,000 home owners with mortgages who, as Dian Cohen, the economist, and Mr. Renaud, vice-president of the Mortgage Insurance Company of Canada, say, will not be able to renegotiate their mortgage renewals this year and will lose their homes. Somebody on the opposite side might start croaking, "What evidence do you have that anybody is losing his or her home?"

Just in my district of St. John's West, Newfoundland, I have more than sufficient evidence. I should like to refer to a letter that was sent to me just this week. It is a letter from Judith Murphy of 228 Mundy Pond Road in St. John's West. Mrs. Murphy herself is in dire straits, as the government likes to call it. She wrote a letter to the newspaper on September 12, 1981. She sent a copy of the letter she had written to the Prime Minister (Mr. Trudeau) in which she pointed out how, after being married 11 years, her husband and she now have to do battle with double mortgage payments. Three years ago they managed to purchase a new home of their own. Now they are faced with the prospect of losing it because of high interest rates. She asked the Pime Minister to do something about it, to help her keep her home so that her two children will have the benefit of growing up in their own home and not in tenement housing. In the letter she said:

> There are no words to describe to you how it feels to be on the threshold of losing the security which one dreams of having in being a home owner.
>
> I must confess to you that there is possibly one way to hold on to my home, that is if we really cut back, and what I mean by cutting back, more so than I already have, is to stop buying food.

She has nothing left to cut back on. She continued:

> I have two children, they don't get to travel to faraway places on vacation, they enjoy the back garden.

They do not go to Morocco, they do not go to Kenya, and they do not go on summer vacations to North Africa with papa because papa does not have the Government of Canada and its huge exchequer behind him to send him and his children to these exotic countries of the world. No, this woman has only her own backyard for those two children to travel to during the summer, so she realizes that the Prime Minister will not understand how it feels to her. She said:

> We can't afford a vacation—
>
> This is not a crank letter—I am sure I have voiced the thoughts of thousands more like me.

She wanted a reply from the Prime Minister by return mail as to what he could do. Of course she did not receive any reply from the Prime Minister as to what she could do, but she received a reply from me as to what she could do. I told her that there was very little she could do as long as the government was in power—this government which does not care, this government which will deceive and use deceit to get into power and then will just forget every promise or obligation it made during the few months it was out of power.

Also, Mrs. Judith Murphy sent me the advertisements in the St. John's newspaper of foreclosures and forced sales of houses under mortgages in just one week. In my district of St. John's West, there were 17 sales under mortgages in that particular week which she clipped from the paper. These are the notices of sales under the power of sale, all in my district. With the exception of one sale in Chamberlain and one sale in Gander, the other 15 are from St. John's West. All of those homes were held under mortgages. Here is one on 81 Munden Drive, Mount Pearl, it was sold on Monday, February 22. This is a person in dire straits who had his home sold just on Monday. If anyone is looking for bargains, I can give them other addresses in Mount Pearl and throughout St. John's West—Ferryland,

St. Vincent's and Colinet in my district. These houses all went up for sale under powers of sale this month. This shows the need. The government should not tell us that there is no need.

Also, I have a petition from Mrs. Murphy with 38 names of people who are in dire straits or in this perilous situation themselves. Now, if a person has a $30,000 mortgage and has to pay 19 per cent interest on it this year, it will cost $5,700 in interest alone. A $30,000 mortgage is not a large mortgage. The average small three-bedroom home in Newfoundland today costs at least $60,000. A piece of land in St. John's, now serviced to build on, costs $30,000. One cannot get it for under $30,000, but a $30,000 mortgage at 19 per cent costs $5,700 per year.

What about Mrs. Murphy? On February 9 she wrote that her husband's gross salary in 1981 was $15,600 and that her gross salary was $9,000. These are not lazy people, they have two children and they are both working. She wrote:

How would Mr. Trudeau like to feed and clothe and house his children on that?

He has been cuddled into the bosom of government for years, since 1968, paying for nothing. He has been over at 24 Sussex Drive and at Harrington Lake. He does not have to worry about salaries of $15,600 or $9,000. He has a staff to look after his children, nannies, nursemaids, and everything under the sun, but Mrs. Murphy has to. She said that they got into their home three years ago under the assisted home ownership program at a lower interest rate. Now she faces a renewal, and God knows what she will have to renew her mortgage at. If it is at a 19 per cent interest rate or anything over 12 per cent or 13 per cent, they are finished; they will lose their home.

What else is evident in these? I have another clipping from the Montreal *Gazette* on January 26, 1982 which reads:

There were almost three million Canadians living in poverty in 1980, about 200,000 more than in 1979—

After all the promises and protestations of the "marvellous" Prime Minister which the country has had since 1968 about the just society, we see three million Canadians were living in poverty in 1980, which was 200,000 more than the year before. The article continued:

—639,000 families and 826,000 single people were poor in 1980—

That is 10.4 per cent of all families and 31.4 per cent of all singles in Canada in 1980—

This was a study carried out by the National Council of Welfare. There can be no doubt of the need for relief of home owners from high interest rates. I will come to what they are offered in this legislation in a few minutes.

By the way, the starts in Newfoundland in 1976 were 5,709. In 1978 they went down to 2,865. In 1981 they were 3,210, down 2,492 from the peak year of 1976. This year they estimate that it will be 3,500. What are the interest rates today compared with a year or so ago? Wait until I find my note; if I am unable to do so, I will give the interest rates from memory.

An hon. Member: That will never do.

Mr. Crosbie: I have a fantastic memory, so I will do it from memory. The interest rates in December 1979 and in March 1980 when the government took over were 14 per cent at the Bank of Canada; that was the bank rate. Mortgage rates were down around 12 per cent or 13 per cent. The interest rates at the bank, at the highest, had gone to 15 per cent when we were in power for a few short months. We were bearing the consequences of the ten or 12 years of neglect which we had behind us when the Liberals had been in power. As usual, a Tory government was following a Liberal government, and they were getting ready to say, "Tory times are hard times." Then the darned fools forgot themselves and they defeated us; the Liberal Party followed the Liberal Party and now we hear, "Liberal times are bad times." The people of Canada really know what causes bad times. It is the Liberal Party and Liberal policies that cause bad times. The Liberals are facing responsibility now for their own 12 years of neglect. So Liberal times are hard times, and the old slogan about Tory times being hard times are a result of the Tory party having to follow the Liberal Party in power every so often. But now the Liberals are in power and they are squirming and squealing. They are doing nothing. They are like a group of stuck pigs under a fence wondering how to get out from under it.

• (1600)

Let us hone in. What did the Liberal Party members say they were going to do when they were out of power? Here is what was said by the present Minister of DREE (Mr. Gray) before the commons committee on finance on October 30, 1979. He attacked the 14 per cent interest rate by saying:

—it will mean the loss of thousands of jobs; it will mean increases in the cost of living. It will probably bring the housing and construction industry to a halt—

It will put housing beyond the reach of most middle and lower-income Canadians. It will hurt small business—

—It will hurt farmers—and will add, therefore, to the cost of food.

That is what the minister said in October, 1979, when interest rates were 14 per cent. Today he is a member of the Government of Canada. Interest rates are far higher, but he does not think any longer about putting housing beyond the reach of most middle and low-income Canadians. He does not think any longer about bringing the housing industry to a halt. He does not care. He does not give a darn. He cares not a twit because he is in the warm embrace of the governmental bosom and could not care less for the next two or three years. He has cared less for the two years that have just passed. But that is what the minister said when he was in opposition.

What did the government's housing critic say when he was in opposition? He is now the Minister of Employment and Immigration (Mr. Axworthy). He is now the man responsible for the over one million unemployed that we have. He is just as sincere and dedicated now as he had been then. He was then the housing critic. On October 29, 1979, he said that if there is

a requirement to raise interest rates, there is an equal requirement to help those people who are hurt by those interest rate increases. That was the great Liberal principle when they were out of power. If interest rates have to rise, there is a requirement to help the people who are hurt by those interest rate increases. That was the great humanitarian Liberal principle of October, 1979. That minister, who has since become the hero of Canadian womanhood, announced what was the Liberal principle when the Liberals were in opposition.

What else did the Liberals say in those days? When it came to the election campaign, here is what the Prime Minister said about interest rates, as reported in the *Toronto Star* on February 10, 1980:

> I would want to manage the economy in such a way that interest rates would in fact come down—because the economy would be administered in a sounder way.

That is something to laugh about, Mr. Speaker, that interest rates would come down because of the way this Prime Minister would manage the economy. The hypocrite has not attempted to manage the economy. When he did attempt to do so in the last month or two, it has been a disaster. Again, during the election campaign, as reported in *The Toronto Sun* for February 4, 1980, we read:

> It is my belief we can manage the economy in a way that would allow us to have lower interest rates than we have now and I think we can have greater independence in interest rate policy.

If the Prime Minister thought that the economy could be administered in a sounder way than by bringing down interest rates, what has happened to him since? We know that he has visited practically every country in the world. But he has forgotten all about interest rates and how he was going to manage the economy and bring them down.

Here is what the President of the Treasury Board (Mr. Johnston) said on October 25, 1979, in this chamber:

> I deplore high interest rates. The minister has made the decision to impose high interest rates. I am not prepared to say at this point that it was the right decision.

That was the President of the Treasury Board. But now what is he prepared to say? He was not prepared at that point to say it was the right decision when interest rates were 14 per cent, but he has been there since when interest rates were 19 per cent and went up to 21.5 per cent. Now he is prepared to say that it was the right decision, now that he is in power himself. The President of the Treasury Board finds that it was the right decision. He does not mind 21 per cent and 22 per cent interest rates. He only deplores 14 per cent interest rates when there is someone else in the government. He does not deplore them when he himself is in the government and could do something about them. This chamber stinks. It is rife with the hypocrisy of the people who spoke like that when they were out of power. They have done nothing to follow up on what they said when they were out of power since they have been in power.

What was the Liberals' housing program in the last election? They are too shamefaced over there to even bawl, cackle or howl. They are quietly shamefaced as they listen to this recital of their treachery. The Liberals' housing policy for 1979-1980 was:

> Our policy is guided by the basic principles of assisting low-income people to secure proper housing, and of increasing the affordability of ownership so more Canadians can choose between renting and owning.

That was the great principle the minister responsible for housing had when he was out of power. Now that he is in power, he does not give a darn about helping low-income people secure proper housing or increasing the affordability of ownership. All he has done is to bring this weak-kneed, spineless bill before the House on which he is now imposing closure to force it through. It is a pitiful rump of a bill that he has brought forward.

What else was said by this gentleman? I will not go too much further into this because it is too painful. In Toronto on January 12, 1980, the Prime Minister was giving his economic program to the people of Canada. He said:

> This party will not simply stand by and let the recession come. We will fight it and overcome it.

That was the great Liberal principle on January 12, 1980. The Liberals would not stand by and let the recession come. They were going to fight it and overcome it. Has anybody seen a recession that has been fought and overcome lately? Has anyone seen a recession fought and overcome since the government got back in power in March, 1980? All I have seen is a bunch of pantywaist people falling on their faces in front of a recession, afraid to do anything. The Minister of Finance (Mr. MacEachen) brought in a budget that was the worst ever brought into this chamber that did exactly nothing to fight a recession but instead made it ten times worse.

What did the Liberals say after they got back into power? I will do this very quickly because I do not like inflicting this kind of punishment on the poor, dumb brutes opposite. Here is what they have said since they got back into power. The Minister of Finance said, as reported in the Montreal *Gazette* for March 19, 1980:

> Mortgage interest relief for Canada's home owners depends in part on the oil deal Ottawa gets with Alberta, says federal Finance Minister Allan MacEachen.

He said mortgage interest relief depends on the deal Ottawa gets with Alberta. That was when he was just beginning his career as this sliven, a sliven to top all slivens in the portfolio of the Minister of Finance. In the fall of 1981 Canada got an oil deal with Alberta which is giving the minister billions and billions of additional revenue. Indirect taxation is up 54 per cent this year. Indirect taxes are up $8 billion. The Minister of Finance has got the money. Why does he not carry out that program of mortgage interest relief that he said depended upon the negotiations? He tried to blame Alberta about mortgage interest relief. Then the minister went to Halifax and on September 9, 1980, he said "it was to create jobs, improve living standards and promote greater equity that I took on the position of Minister of Finance." Never have more boastful words been uttered by a man who did less to carry them out. He took on the position to create jobs, improve living standards and promote greater equity. What a laugh. What a disappointment that the man does not resign his portfolio today. If he had any backbone, gumption or any streak of honesty at all in him, he would swallow those words, he would eat them right in front of us in this chamber the way he has failed after making those boastful remarks in Halifax, Nova

Scotia, on September 9, 1980. Then a few months later, on November 21, 1980, Canadian Press reported:

> Canadians will have to accept a lower standard of living to adjust to higher energy prices, Finance Minister Allan MacEachen says.

Who said that? It was the Minister of Finance, the man who a few months before said that he would create jobs, improve living standards and promote greater equity. He said that in September, but in November he said that Canadians will have to accept a lower standard of living to adjust to higher energy prices. He said also:

> We just can't as a country escape some adjustments in our standards of living for a time. That's a hard message but I think it just has to be put across.

If that is not hyprocrisy, if that is not the lowest of the low, if that is not twisting and turning because he could not see any way out, what is it? We have to get used to lower standards. We are not going to get used to more equity. We are not going to get used to more jobs. We are not going to get used to improved living standards for which he said he became Minister of Finance. But no, now his message is to get used to a lower living standard. That was never mentioned when the Liberals were seeking power.

• (1610)

Let us go on to the next month, Mr. Speaker, December 6, 1980. What did the Prime Minister say? The Prime Minister who told us what a wonderful job he was going to do on interest rates said that Canadians should change their spending priorities to maintain the same level of food on their tables while reducing spending in other areas. He said:

> They don't have to accept less on their tables, but they might want to switch priorities and spend more on food than they are on other things.

That is the Prime Minister's theme in December 1980, after telling us how they were going to do such wonderful things for the Canadian people. Are they going to go to the electorate in the next election with the great slogan: Come, shorten your belt, tighten your belt, change your priorities, accept less on your tables, spend more on food than on other things? Is that the slogan for the next election? Are they going to promise Canadians dire straits in the next election? "Vote Liberal and we will make sure you are in dire straits." That should be their slogan in the next election.

On May 9, 1981, interest rates have gone berserk. The Ottawa *Citizen* says "Mortgages soar—we're on our own". This is what the Minister of Finance said:

> It would be wrong for me to give advice to particular individuals as to how they are to manage their affairs.

He did not mind advising them what to do in the election. He said, "Vote Liberal and prices will come down". He gave them advice then, but now he is the powerful Minister of Finance of Canada, this sensitive man from Cape Breton, and he says:

> It would be wrong for me to give advice to particular individuals as to how they are to manage their affairs.

This Uriah Heep of all Uriah Heeps would not advise individual Canadians. He said the government would not bail out individuals facing a mortgage renewal or first-time home buyers trapped by circumstances. The article says:

> The minister noted that an analysis last year found most home owners could handle the payments resulting from higher rates.

This minister had the audacity to say that his analysis showed most home owners could handle the payments resulting from higher rates. Home owners of Canada out there looking on, the thousands of you, do you realize that you can handle these higher rates? Eighteen per cent, 19, 20, 21, 22? Don't be bothered by it; the Minister of Finance, Mr. MacEachen, says his analysis has found most of you can handle the payments resulting from higher rates. Can you hear that, Mrs. Judith Murphy down in my district of St. John's West? Don't worry, you are going to lose your home. Can you hear that, the 17 people whose homes are up for sale in my district? Just hear this: You are foolish, you should not have your house up for sale, you should not have allowed them to take your house from you. Why, you can handle the payments resulting from higher interest rates, according to that Minister of Finance of Canada, Mr. MacEachen.

The Acting Speaker (Mr. Ethier): Order, please. On a couple of occasions the hon. member has taken the liberty of referring to hon. members by their surnames. He should refer to them by the riding they represent.

Mr. Crosbie: I agree with you, Mr. Speaker. I can well understand why the Minister of Finance does not want anyone to know his name. If I were him, I would not want them to know my name either. So I agree with you completely.

Now I come to my final selection, of September 11, 1981. What have the great promises come to now? They are down in Ingonish pondering what they can do about interest rates, and the Prime Minister says he has no plans to offer general relief from record high mortgages and mounting energy prices. Any help will only be for those in, and I quote him, "absolute dire straits." That was not his economic program in 1979-80. You are only going to get help if you are in absolute dire straits. What is "absolute dire straits"? Well, one analogy I like to make is this. You are lying out there at the side of the road in winter, Mr. Speaker, without a stitch on. You do not have a home to go to or shed to crawl into. I would say that puts you in absolutely dire straits. What is this government's solution? If we look at the bill before us now, why, the minister responsible for housing and the Prime Minister are driving along in their big chauffeured Cadillac, or whatever it is, and they see this naked body at the side of the road. They stop. They are Liberals, they are very concerned when they see a naked figure at the side of the road in winter. They get out of the car, the Prime Minister takes the hands, the minister responsible for housing takes the feet and they move him off the road behind the trees so no one can see him. Now they have looked after your dire straits. That is the policy of this government, a policy which the people of Canada are not going to forget. They will never forget and never forgive you for leaving them in absolute dire straits, believe me.

What about the minister responsible for housing? A delegation of middle-class people in distress came here to Ottawa to see him. After getting the RCMP riot squad around him to make sure there would be no rough treatment, he met them and told them that something had to be done. These people are going to lose their homes and everything they have. He said, "Something has to be done and we will do something, I can tell you that." A positively Churchillian response to those people in their misery. After being in office for a year and a half, having defeated a government that was attempting to do something, he told them something has to be done and we will do something. The "something" he has done is in this pitiful piece of legislation before the House. What are they going to do? Well, there are 920,000 mortgage holders in the last half of 1981 and the first half of 1982 who had to renew their mortgages, most of them in trouble. The government is providing $38 million to help those 920,000 mortgage holders. Perhaps 12,000 will get some help. How do you get the help? If you are spending over 30 per cent of your income on mortgage payments, they will then give you assistance. If you have any equity in your home, they are going to give you another loan to add to the rest of your loans to meet higher interest payments. That is supposed to be help, and you have to pay it back some day. But if you have no equity left and you are paying over 30 per cent of your income on mortgage payments, then they are going to give you a grant of $3,000 to help meet the additional interest costs. That is the great program the minister referred to when he said something has to be done, and he will do something. He has done nothing, he has done less than nothing. He has shamed his government and his country, if this was all he could come up with.

Then there is the $112 million to help build 15,000 rental units. He has done nothing for tenants. There is no shelter allowance here. Mr. Speaker, when we presented our proposal to the House back in the fall of 1979 the Liberals and the NDP opposed it. They said, "This is no good, we want a shelter allowance to help the low-income home owner and tenant." Where is the shelter allowance? They have been there now for two years. They have increased taxes by many billions of dollars, 54 per cent in indirect taxes alone. A 31 per cent increase in revenues this year compared to last year. Where is the shelter allowance for tenants? There is nothing for tenants and home owners, nothing for anyone in this legislation on which the minister puts closure. He has the effrontery, the gall to come into this House and say we should rush through this pitiful piece of legislation. That is the best he can come up with for the people of Canada like my Mrs. Judith Murphy and the other people who are losing their homes down in Newfoundland this week under powers of sale. This is the best he can do for them. And the hypocritical Minister of Finance says to them that his surveys have shown that they can meet these higher costs, this doubling of interest rates. Disgusting hypocrisy, and the people of Canada are not going to forget it. They are not going to forget the members of the NDP who put them in the position where they could wreak this damage on the Canadian people, the same party which opposed the program we brought in to help the Canadian people. Well, what was that program? It was a program of mortgage interest and property tax deductibility. It represented a major effort to help the Canadian people. It would have, in the year 1982, put $2,800 million in the pockets of home owners in Canada, whether they had a mortgage or not. Part of the program related to mortgage interest, and part to property taxes. That would have been the result had the legislation passed, had the NDP and Liberals not stopped us in their vicious desire to get back into power. Although they had been there for most of this century, they could not stand being out longer than seven months.

• (1620)

The government might have forgotten that. The government should have acted for the good of the people of this country and should not have stopped this legislation which would have provided $2.8 billion. Home owners paying $5,000 a year for mortgage interest would have received the maximum relief, amounting to $1,250, and would have received another $250 in relief from their property taxes. That was the maximum assistance they would have received under the program, implemented over four years. They would have received a quarter of the benefit in 1979, half of the benefit in 1980, three-quarters of the benefit in 1981, and the benefit of the full program this year, 1982. I believe $2,850 million was the total amount.

That was what we offered and what we wanted to put before the people of Canada. How would that help home owners with their mortgages? The average amount of assistance under our program to Canadian home-owning families this year would have amounted to $590 per family. I say to the ladies and gentlemen of Canada who are out there looking on that that would have helped them with their increased interest rates. That would have helped them to a considerable extent, and they would not have this kind of ruinous interest rate because the interest rates would have been considerably lower had we been left here unobstructed and had our policies gone into effect over the last two years, and had the tar sands gone ahead. We would not be hearing this anti-U.S. and anti-private sector rhetoric. There would not be these vicious attacks on the Canadian dollar by the government, which leaves this government with nothing with which to defend the dollar but high, high, crucifying interest rates. No, the home owners of Canada would have had tremendous assistance had we been left there.

I will discuss further details of that program which was introduced in the House in December of 1979. It was to be phased in because we were fiscally responsible. It would have been phased in over four years with the full benefit in the 1982 tax year. It would have provided $2.8 billion. This year home owners would have received also another $1 billion from the energy tax credit, whether they paid income tax or not. You Canadians out there who are now looking on this chamber would have been receiving another $1 billion, amounting to a total of $3.8 billion to help you in your costs of meeting energy increases. Each family of four would have received $220. You would get the maximum if you had a maximum income of $25,000. It was a program to help lower-income people.

That was stopped by the Liberal Party. That was stopped by the hon. members of the New Democratic Party. That is the party whose leader goes across this country, the galloping Uriah Heep of Canadian politics, twisting his hands, telling people how badly off they are and how his heart bleeds for the Canadian people who are paying such high interest rates and paying so much on their houses, and paying so much on their mortgages, and paying so much to the banks. He rubs his hands and tells them how sympathetic he is concerning their situation when he is the one who put them in the position of dire straits. He is the one who put them back under the tutelage of the Liberal Party of Canada. That gentleman should also take a hint and resign, if he is worried about the people of Canada and what they are suffering from today. He is the one who is in bed with the government and its economic policies and in bed with the government and its constitutional policies. He could not wait to get into bed with all of those policies.

An hon. Member: You were in bed with the oil companies.

Mr. Crosbie: Pardon?

An hon. Member: You were in bed with the oil companies.

Mr. Crosbie: The only person with whom I go to bed—I will not mention her name in this chamber. I am not in bed with anyone, except occasionally.

Some hon. Members: Oh, oh!

Mr. Crosbie: Where does this lead us to? Here we have this piece of legislation, Bill C-89. The minister who puts his name to this piece of legislation will go down in Canadian history as—what is the name of the meanest character Charles Dickens ever invented?

An hon. Member: John Crosbie!

Mrs. Mitchell: Uriah Heep!

Mr. Crosbie: Uriah Heep, Fagin—he will go down as the most miserly housing minister in Canadian history. If the minister responsible for housing could not do better with the Minister of Finance than he did, he should resign. He should quote, to the Minister of Finance, some of these quotations that I found without any trouble at all. He should quote to the minister. Do hon. members know what the Minister of Finance said? He said his budget had three themes: restraint, equity and economic renewal. He should start to ask the Minister of Finance, "Where is the equity in your budget, minister? You are giving me $38 million to meet the needs of the 950,000 mortgage holders, or whatever the number may be, whose mortgages are coming due this year."

The Acting Speaker (Mr. Ethier): Order!

An hon. Member: Time!

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Crosbie: No, Mr. Speaker, I am just starting.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): According to the time allotted by our rules, the hon. member has finished his intervention.

Mr. Crosbie: Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, it is far from the first time that I have risen to debate this sort of bill in the House. Notable times which occur to me were in 1973, 1975, concerning two bills of this sort, and in 1979, to name a few that I can recall. The first time, in 1973, I had some advice for the government which essentially boiled down to two words, which were to "get out" of the housing field if it wanted to help matters for Canadian people.

Mrs. Mitchell: That is what they are doing!

Mr. Clarke: That is what the government has not done over the nine years since I first made those remarks. However, the minister of the day, the Hon. Ron Basford, did take my advice in that he got out. First of all, he got out of the housing and urban affairs ministry; a few years later, he got out of the justice ministry; and a few years ago, he got out of Parliament altogether and set himself up as a private citizen in Vancouver. Maybe at the time of the next election, whenever it comes, hon. members opposite will find that they are getting out of this House too, or at least out of this government, so that the enterprise sector of our country can start to provide some housing which is so badly needed by everyone in Canada.

However, did they get out? Did they do anything about trying to encourage the enterprise system? I refer the House to the public accounts of 1981, Volume III, the financial statements of Canada Mortgage and Housing Corporation which indicates that the No. 1 liability of the Canada Mortgage and Housing Corporation is borrowings from the Government of Canada which amount to over $10 billion. It has borrowed $10,085 million from the Government of Canada.

We know where that money came from, do we not, Mr. Speaker? It came from the taxpayers of Canada who are out there struggling, trying to provide themselves with housing while this burden of taxation is around their necks. Not only has $10 billion been borrowed from the taxpayers of Canada and put into the Canada Mortgage and Housing Corporation for whatever purposes the minister may have had in mind, but there is also an item in the public accounts showing grants, contributions and subsidies on behalf of the minister for the year ending December 31, 1980, and the total charged to the minister, as per Schedule 5 in those public accounts, is $997 million. Three million short of $1 billion has been charged off in the current fiscal year to the minister for grants, contributions and subsidies. That is a trend which started in 1979 with $840 million, amounting, as I say, to $997 million in 1980. The current estimates cut that slightly, but it is still well around the $900 million mark for the current fiscal year for the minister's discretionary expenditures on housing.

I want to refer back to 1975 for a moment, which is seven years ago, after all. In the debate at that time, I quoted an excerpt from *The Vancouver Province* of September, 1974. The editorial in *The Vancouver Province* observed that:

'—our housing difficulties, particularly in the rental field, compose a classic case of problem creation by government.

It continued:

We did not begin to experience real rental shortages in this country until the federal government removed the tax incentives that channelled a lot of private money into rental accommodation.'

Do we remember what things were like prior to 1971 when this government changed accounting principles, changed the taxation principles, and drove out large segments of the enterprise sector from the housing field? All of a sudden, the government changed the rules for accounting and said, "Yes, if you manufacture something, or if you have a big industrial plant, you can deduct the capital cost allowance, the depreciation, from your plant and machinery and from your building". However, it also said, "If you are providing housing for Canadians who cannot afford to buy or build their own, if you are building rental housing in Canada, you will not be able to deduct a loss created by depreciation, by capital cost allowance, from other income".

• (1630)

Having completely destroyed or perverted the accounting principles that had been accepted in this country for a hundred years and more, the result was predictable. High income Canadians, those in the position to invest in housing, have to protect themselves and invest their funds somewhere. However, those whom we want to encourage to provide housing and invest in Canada were driven out of the housing business. That is when the shortages started.

I have often said here and in other places that we have no housing shortage in Canada. The minister should know that; he need only count up the unsold, speculatively built units that are found across this country. There is no housing shortage in Canada. What we have is a money shortage among certain people who cannot find housing they can afford. This is the affordable housing that we on this side of the House talk about. We talk about it all the time. The hon. member for Vancouver East (Mrs. Mitchell) talks about affordable housing. This is the problem.

If you have enough money, you can go anywhere in Canada, even in Point Grey, as the member for Vancouver East says, or in my riding of Vancouver Quadra, and buy a single family lot for $500,000 cash, if you have it. Then you can build a house. Or you can do what others are doing in Vancouver and buy a run down house for $245,000, tear it down and build a new one.

There is no housing shortage in this country. What we have is a money shortage. This government has taken the money, splattered it all over the map and has not hit the target of where the money is needed.

The hon. member for Vancouver East sometimes thinks my housing policies are strange. However, I find support for my policies from unexpected sources. The Canadian Organization of Public Housing Tenants may seem a strange outfit for me to call on for support. It turns out they realize the same problems that I have seen and which this government has presented to them. They wrote the following in their official newsletter, "The Raised Roof". I quote from a 1979 speech that I made in this House. I find I am the greatest quoter of my own speeches in this House. The first page of this "Raised Roof" newsletter is headlined "The problem is not really housing". In their lead editorial they say, and I quote:

The group has tried to show members of government, housing corporations and authorities that the problem in housing is not really housing, but the entire economic question, of which housing is merely one part.

That is what I have been saying for a long time. I have heard others on this side of the House say the same, but the government cannot see that there are individuals with problems. They seem to think there is a housing problem. What do we have now in Canada? We have a great underutilized private sector that wants to provide housing, but they are unable to do that because of the whole economic climate that the minister's colleagues have imposed upon us.

These remarks that I am referring to were made seven years ago, but nothing has improved. I will not say nothing has changed, but nothing has improved. We might ask ourselves what went wrong.

I mentioned 1971 when the government changed the basic accounting policies and said that losses created by capital cost allowance depreciation could no longer be deducted. I compared that with the fact that one can deduct capital cost allowance depreciation on machinery or a factory building. It is absolute nonsense when you compare the merits of the two cases.

What happened? Why did we get into this terrible situation in which we now find ourselves? Why has it become so much worse over the past three, seven or ten years? We saw that high-income individuals had stopped investing in rental housing because the climate had been made so bad for them. It started off with the policies of this government. This government tends to produce ministers of finance who have strange attitudes when it comes to economic policies that create problems for all Canadians.

The minister of finance seven years ago was one named John Turner. He was the first to sound the idea of taxing the imputed value of home ownership to see whether the government could raise more money. After all, those who owned their own homes and had equity in their homes, whether it was clear title or just an equity, did not pay any taxes on that income. I do not know whether it was that idea or one of his other ideas that caused him to get out of the finance portfolio. In any event, he is gone.

There has been a succession of others who have not really done anything other than to pay lip service to the economic problems we have in Canada today. Talk about strange things. We now have a Minister of Finance (Mr. MacEachen) who wants to tax income before it is received. I am referring to the life insurance situation. He not only wants to tax income

before it is received, but tax income that may never be received. On deferred income securities, the Minister of Finance wants to accrue income for tax purposes.

The minister has made a broadside attack in his current budget on the institution of marriage by denying married people the same tax benefits as two single people who live together are entitled to. I refer here to the exemption of capital gains tax on a second residence. The married couple will be denied that even though two single people will be entitled to it. If a widow and a widower should happen to get together and want to marry, this government will impose a terrible penalty on them. The pension benefits of the widow and widower would be taken away from both of them whereas they would continue if they stayed single.

The Minister of Finance says that a businessman can deduct the wages of those who help him earn his income, such as a secretary, stock clerk or shop clerk, but a working mother who must have an attendant or some other child care expense can only deduct $1,000 for tax purposes, even though she may have a nanny living in the house whom she pays $7,000 for that service. If she takes advantage of a child care service, even the one that will be offered by the House of Commons this year, it will cost about $4,000. The Minister of Finance says, however, that only $1,000 can be deducted.

The Minister of Finance is supposed to be encouraging people to work in Canada and to pay taxes. These women are working because they want to or need to, or both, yet they are being denied the proper deductions to which they should be entitled.

The Minister of Finance says that interest expenses on certain investments in Canadian businesses will not be deductible, another departure from generally accepted accounting principles. It has always been accepted that if money, particularly interest, was laid out for the purpose of earning income, even if not this year's income, it would be a deductible expense.

Many Canadians invest in Canadian businesses, not with the prospect of immediate profit. They may be willing to wait one, two, three or five years. Sometimes they do not know. The Minister of Finance, who is creating this bad economic climate for the housing industry, is also creating this bad economic climate for all Canadians who want to invest in Canada.

It is not only the federal government that is creating these problems and has created the problems in the housing field. The provincial governments have also got into the act. Rent controls have been in existence in a number of provinces. These have prevented economic rents being charged and new buildings were therefore not built. Housing was not provided where it was needed.

• (1640)

New buildings were exempted from rent controls after a few years because provincial governments realized that there was no new construction. They indicated that if new buildings were rented they would relax the rent controls. Of course, the predictable happened although those governments did not see it. Older buildings which were still under rent control became uneconomic units. They were torn down and replaced with new, more expensive housing which just created more problems for those people this minister responsible for housing is trying to help through this feeble bill which is before us today.

It is no wonder that there was not a flood of new units once the others were freed from rent controls. Investors were nervous about entering the market with brand-new, expensive units while many units were already on the market under rent control, resulting in severe competition to the newly-built units.

What else has the federal government tried to do during the last decade? We have had an alphabet soup of programs and one which comes to mind now is ARP, the assisted rental program. This was a scheme whereby a monthly subsidy was paid to developers to provide new units at a rent less than the economic rent. It did not have anything to do with the tenants. All that tenants knew was that they were getting a good deal on their rent. This scheme depended entirely on continuing high inflation for its success. Not one minister responsible for housing who would dream up an assisted rental program such as this could have expected it to work unless he had the collaboration—and even the collusion—of the Minister of Finance, who would guarantee that inflation would continue at a good high rate. If that were not the case the building owner would ultimately go bankrupt because his debt was ever mounting and his interest liability would eventually begin.

Did all this government intervention help? Did it result in more housing units? Apparently not enough, according to the minister. My colleague from St. John's West (Mr. Crosbie) has quoted some figures on the shortfall of current housing starts to meet the needs of Canadians.

What did the government then decide to do? It gave us more alphabet soup. It introduced MURBs, a program designed to encourage multiple unit residential buildings. That program was introduced around 1976. It was only a restoration of the principles which were in effect in 1971. But did the program admit that it was wrong in cutting off this very valuable and efficient source of housing in 1971? No; it brought in a new portion of the alphabet which it called MURBs. It would not want to admit that it was wrong by restoring the old policy.

I suppose the MURB program was designed to confuse the industry and it certainly did that, along with the rest of Canadians. The plan was then to have the program expire at a specified date. The industry did not know when this date would be or whether it would expire at all. The industry put pressure on the government, which responded that it might be continued or it might not be. The industry did not know what to do.

This illustrates how the enterprise system has demonstrated time and again that it can tolerate any set of rules which the government may wish to impose upon it but cannot tolerate unknown rules and sudden changes to the rules. This uncertainty upsets all industrial planning. The government has not realized that fact yet.

As a result of this uncertainty, the housing industry was upset. It was continually turned off, then turned on, to the point that it did not know whether it was coming or going. The industry hoped that the MURB program would be renewed, which it was on numerous occasions, but always at the last moment. Finally, last December the MURB program was allowed to die. Whether it is a final death, only time will tell. Perhaps the housing minister will be able to resurrect it, but I am sure he will not get help from the Minister of Finance.

What was the result of the MURB program being finished in December? It created a panic in the housing industry which in its plans for 1982 it had laid on all this land, and which would not qualify for a MURB if it did not dig the foundations and instal the footings by the end of December. The predictable result of that was that jobs had to be done at overtime rates with high rentals on equipment which eventually resulted in added costs to construction. This will result in higher rents for those who occupy those MURBs.

I have talked enough about the government's programs. I would like to talk now about interest rates. Do interest rates not have something to do with the housing industry? If they do, the minister does not seem to confer with the Minister of Finance in order to do anything about it. The House will recall that one of the first acts of the Clark government in 1979 was to refer the problem of interest rates which were already too high at that time to the Standing Committee on Finance, Trade and Economic Affairs. I had the honour to be the chairman of that standing committee during the Thirty-first Parliament. It was a serious study which was conducted by members of the House. Economists, those knowledgeable about interest rates, consultants and professors were summoned from all across the country to try to advise the Standing Committee on Finance. Trade and Economic Affairs on how to resolve the problems created by high interest rates and show what avenues were open to the government at the time.

It is curious that the finance critic for the Liberal Party at that time who was a member of that committee, the hon. member for Windsor West (Mr. Gray), who is the present Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion, referring in his remarks to the hon. member for St. John's West who was then minister of finance, said to the Commons finance committee on October 30, 1979, that:

> Your high interest rate policy would slow down the economy: it will mean the loss of thousands of jobs; it will mean increases in the cost of living. It will probably bring the housing and construction industry to a halt, with thousands of jobs being lost in those sectors.
>
> It will put housing beyond the reach of most middle and lower-income Canadians. It will hurt small business, which depends on bank borrowing to operate. It will hurt farmers, who have the same dependency on bank borrowing and will add, therefore, to the cost of food.

That remark was attributed to the member for Windsor West in the Commons finance committee, October 30, 1979.

As you know, Mr. Speaker, an election ensued not too many months after that statement. During that election campaign and afterwards, that same member who is now the Minister of Industry, Trade and Commerce and the Minister of Regional Economic Expansion promised the House, his electors and the people of Canada that if interest rates did not stay down or could not be brought down he would resign. I will give a comparison between what the interest rates were and what they are now.

Before I do that, I would like to recall some remarks of the Prime Minister (Mr. Trudeau) who, during the election campaign in Toronto, on February 10, 1980, promised that he would manage the economy in such a way that interest rates would, in fact, come down because the economy would be administered in a sounder way. The government may be trying to administer the economy in some way but it certainly is not in a sounder way. If I were in the Liberal government and administering the economy with the result it has achieved, I would not want to admit it.

Where were the interest rates then and what are they now? The interest rates which were causing the hon. member for Windsor West such panic at that time, in the 1980 election, were as follows: the Bank of Canada rate was 14 per cent, the average mortgage rate was 13.5 per cent and the chartered bank prime rate was 15 per cent. By August, 1981, the bank rate had climbed to a record 21.24 per cent; the chartered bank prime rate was 22.75 per cent. Some lenders were charging in excess of 22 per cent for first mortgages.

• (1650)

The government opposite has had a bit of luck since then—I do not think it could be attributed to good planning or to anything but good luck—and mortgage rates are currently closer to 19 per cent than the 22 per cent rate. However, that is a far cry from the mortgage rate of 15 per cent about which the Liberal opposition was complaining.

We know what this government has done. An hon. member who is now a minister threatened to resign. The government has done nothing about interest rates or, at least, nothing which has had any effect.

During the Thirty-first Parliament our government put forward a proposal which was, I think, one day away from passage, the so-called mortgage interest and property tax deductibility scheme. Some members of the Liberal opposition were ready to stand up for it. Some had voted for it at earlier stages. That bill was debated for about seven days when finally the axe fell on it. This bill has been debated four and a half days, and the minister stood up today and told us that that is enough. He told us he has to get this puny bill through in a hurry. I will talk about the bill more in a moment. The minister is giving us notice that tomorrow the provisions of Standing Order 75C will come into play, and we will have a debate about that.

The mortgage interest and tax deductibility scheme we introduced in the Thirty-first Parliament would have helped every one of those Canadians who are having trouble now because of the economic policies of this government. Even prior to the introduction of our bill anyone with some money and some good tax advice could have arranged his affairs to

have his interest made deductible in any event. The bill we introduced was simply an attempt to bring all Canadians onto an equitable footing so that all Canadians could deduct interest—and property taxes too—paid on their principal residences.

Because of the inaction of this government with respect to that particular scheme, the situation which has developed is ludicrous. With the markets we have people are forced to take back second mortgages on the sale of their homes, and the interest on those mortgages taken back is treated as income for tax purposes. This is a regime enforced by the Minister of National Revenue (Mr. Rompkey). At the same time, when an individual goes and buys another home—just a replacement home, nothing special or different—and has to borrow because he does not have all his money out of his former home, he is not allowed, under the rules of this government, to deduct the interest on the new mortgage in calculating his taxable income. The government has imposed a double jeopardy on people like this who want to change homes for whatever reason. These moves might be required because of jobs, family reasons or whatever.

What we might question at this point is what this bill is all about. Bill C-89, which has been before us for these few days and on which the government opposite is imposing closure, will provide an "opportunity" for Canadians to go deeper into debt. Is that not a great favour from the government? It is encouraging Canadians to go deeper into debt. I have always felt that government should encourage people to become self-sufficient and retire their debts. But no, this plan allows individuals who are faced with higher mortgage payments to borrow more money and to go deeper into debt. Of course, the government will provide insurance so that lenders will not be jeopardized; they will be assured of getting their money back.

This bill also proposes to provide legislative authority for interest-free loans of up to $7,500 per unit to landlords constructing new buildings, as outlined in the budget. Seventy-five hundred dollars a unit might be all right in some cities such as Ottawa; perhaps the land cost per rental unit in Ottawa might be $10,000 up to $20,000. But in cities like Calgary and Vancouver $7,500 per unit would be absolutely worthless. Land costs in those areas are such that this bill would not encourage the construction of a single unit. Even if landlords get $7,500 loans, they will have to repay the loans, and rents will have to reflect the amortization of those loans from the government.

There are a couple of other things this bill proposes which are more serious and prehaps even more dangerous. The rate of interest payable on loans issued by the Canada Mortgage and Housing Corporation would be determined by the corporation and not by the governor in council. This Parliament is supposed to make decisions dealing with taxpayers' money. As I said earlier, $10 billion is a lot of taxpayers' money for the Canada Mortgage and Housing Corporation to be dealing with. The government likes to take responsibility for taking decisions away from Parliament and making such decisions through the governor in council. I do not think we should forget that there were some 3,500 orders in council in the last fiscal year. However, this responsibility is being taken away not only from Parliament but also from the governor in council—the cabinet—and it is being given to the Canada Mortgage and Housing Corporation. That is a very serious transfer of power away from elected representatives. I hope the minister is paying attention to this because he is losing control as much as all other Members of Parliament.

Another aspect of this bill is an observance of the fact that as many as 40,000 Canadian families may lose their homes because of the current high interest rates. A family income of $45,000 is now needed to afford an average-priced home in Canada. Hon. members do not need to be reminded of the mail they received from their constituents with respect to the current salary for a Member of Parliament of $48,000, which is only $3,000 more than the basic $45,000 needed to afford an average home in Canada. The salary of a Member of Parliament is not considered to be an average salary, it is considered to be a high salary, so where does that leave the average Canadian who earns less than $45,000 when he wants to buy a home?

Serious shortages are developing in many centres, and the number of housing starts in the last half of 1981 was barely half the number needed to keep pace with housing requirements.

I think I have said enough for this kind of bill. In closing, I just want to say that for over ten years the housing issue has been tossed around by this government. I referred earlier to the Hon. Ron Basford, who had this responsibility when he was minister of state for urban affairs. Not only has that minister come and gone but the ministry of state for urban affairs has also come and gone. I cannot remember who had responsibilty for housing in the meantime, but now the Minister of Public Works (Mr. Cosgrove) is responsible for housing in this country, and I can only remark that this indicates the lack of importance this government attaches to the housing issue. Housing is a very important field, but it is a responsibility of the minister responsible for public works, a subject which is also very important.

We on this side of the House say that this bill is totally inadequate and misguided. The government should give the enterprisers of this country who are just waiting to get out there and build houses the opportunity to provide the housing Canadians need. They would provide it at rates which are suitable to the market, and they would sell their housing. This government should concern itself with making sure that there is no shortage of money for those who need affordable housing and making sure there is no shortage of policies which would provide economic soundness to this country.

We know what the unemployment situation is. We hear about it every day in the House. There are over one million unemployed. That number could be reduced by 10 per cent. One hundred thousand jobs could be found immediately in the housing industry if this government would give some encouragement to the enterprise sector which wants to build housing for Canadians.

• (1700)

Mr. Tousignant: Madam Speaker, the hon. member mentioned that the salary of a Member of Parliament is $48,000. I do not want him to mislead people. Anyone who works 15 or 16 hours a day, seven days a week, can make that salary anywhere else in Canada.

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise to take part in the debate on Bill C-89 which proposes certain amendments to the National Housing Act, recognizing that it is one of the most important pieces of legislation to come before Parliament for some time.

There is a very serious housing crisis in Canada today. As Members of Parliament we had a right to expect that the government would come forward with serious and responsible solutions to that crisis, but I regret to say that Bill C-89 fails completely to address the concerns of my constituents in the municipality of Burnaby and of Canadians generally. I say that not only from the perspective of the provision of rental housing and ensuring that Canadians have sufficient funds to be able to afford adequate housing, but as the hon. member for Vancouver Quadra (Mr. Clarke) indicated, also from the perspective of employment and jobs. I mean the jobs that thousands and thousands of Canadians could be filling if the government would only respond to the crisis that faces the people of Canada.

Some people may ask on what basis I identify the situation as a crisis. Mr. Speaker, in the last several months I have listened very carefully to the people of Burnaby. In response to a questionnaire which I circulated with a newsletter, 700 constituents have told me how they are affected by the housing policies of the Liberal government. I have also received many letters from constituents outlining their concerns about the housing situation in Burnaby and in British Columbia generally. I have received phone calls and many people have come to my constituency office to explain—not in alarmist tones but often in tones of sadness, despair and with a lack of hope for the future—how they are affected by the housing crisis.

In some instances several generations are involved—the children of my constituents, the young people faced with the tragedy of knowing that there is virtually no possibility of obtaining their own home in their lifetime under the policies of the present government, their parents, senior citizens who are in very serious difficulty. There are long waiting lists for affordable accommodation for senior citizens. This is a very serious concern that the government has failed to address.

Finally, I heard from my constituents at a large housing rally held in a school in my constituency in November last year. At that time men and women, young and old, came from all parts of Burnaby to express their concern and anger about the failure of the government to act on what must surely be recognized as a fundamental social right in a democratic and civilized society—the right to warm, clean and affordable housing.

As I said, my constituents are concerned and they are angry. I am here today to take part in the debate on Bill C-89 in order to express, on their behalf, their demand that the government take responsible, tough and effective action now—not in the future—to deal with the housing crisis in Canada.

I mentioned the questionnaire which I circulated in my constituency. I do not want to take the time of the House to read all the responses, but I think the minister and the House should hear how my constituents and their families are affected by the government's failure to respond to the housing crisis. A renter in Burnaby replied:

> We, a family of 4, have had to move several times to be able to afford the place we live. Still where we live now we are having a very hard time, but we cannot find a cheaper place.
>
> At this rate we will never own our own home and if rents go any higher we won't be able to rent—

A Burnaby home owner who lives on Ewart Street in South Burnaby wrote:

> Our payments have jumped from $511.00 to $818.00 per month, almost half our income per month.

They added that extras or home improvements are out of the question for them. Their interest rate went from 10.75 per cent to 21 per cent. Another Burnaby home owner replied:

> Both husband and wife must work to maintain home, plus we rent part of our house to a couple to help cover the mortgage, and help the other couple too—

Having a family is out of the question, Mr. Speaker. What kind of sociological impact will the policies of this government have upon Canadian society today? Another Burnaby renter writes:

> The chances of my owning a home seem remote. I don't feel the government should deny me this opportunity with their present policies—

Another Burnaby renter from Forest Grove Drive replied:

> Can't afford a house as rent etc. has gone up so much in B.C. We have filed for bankruptcy—

A resident of Saturna Drive wrote:

> Yes, as a young professional it is impossible for me to expect to be a home owner, given the mortgage rates, despite a reasonably good income—

A home owner on Portland Street in south Burnaby wrote:

> Because of the "don't care" attitude of big business and big government, we will be forced to cut back our retirement dreams in order to pay the bank to keep our homes, while bank profits soar—

These are just a representative example of the hardship being faced by my constituents in Burnaby, Mr. Speaker. Another renter writes:

> My rent is roughly 60 per cent of my total income which means I must cut basic and pleasure spending—

The writer adds that his diet has been affected by the housing policies of the government.

That is the devastating effect that the lack of a comprehensive and humane housing policy is having on my constituents in Burnaby. Not only are interest rates unacceptably high, but it is virtually impossible for people to find a home at an affordable price.

I have a few clippings from recent issues of *The Vancouver Sun* and *The Vancouver Province*. What is commonly known as a "handyman special" is advertised for $125,000. The advertisement says that if you can overlook some traffic and do

a bit of upgrading-and there is not much of a view, apparently-you can get a house for $125,000 in Burnaby. Another advertisement triumphantly claims that the price is reduced by $20,000 to only $259,000 for a basic three-bedroom bungalow in South Burnaby. Another is listed as "builder's own" for $189,000.

There is also a problem with rentals for those people who obviously cannot afford the exorbitant housing prices in Burnaby, which are the highest in Canada. In South Burnaby a two-bedroom basement suite in a duplex goes for $600 per month; a small one-bedroom basement suite with shared toilet facilities goes for $350 a month; in Times Square, overlooking Burnaby's Central Park, one-bedroom suites start at $550 per month; a two-bedroom basement suite at the foot of Simon Fraser University is only $475 per month. The government is condemning thousands and thousands of Canadians in my constituency of Burnaby to totally inadequate levels of accommodation, Mr. Speaker.

• (1710)

The government says, "Let us get on with Bill C-89". The fact of the matter is that if the government was serious and brought forward legislation which dealt in a responsible manner with the housing crisis, we would be the first to support it. Bill C-89 is totally inadequate to deal with the real concerns of Canadians in the housing field.

Mr. Young: It is the Liberal scheme of caring and sharing.

Mr. Robinson (Burnaby): As the hon. member for Beaches (Mr. Young) puts it, it is the Liberal scheme of caring and sharing.

My constituents are angry and concerned about the government's failure to address what is unquestionably a housing crisis for all British Columbians; they feel a lack of hope for the future.

What is the housing policy of the Liberal government? Perhaps Paul Martin said it best in May, 1968, when he said:

> Our housing policy can be summarized in three words: Pierre Elliott Trudeau.

If the summary of the Liberal housing policy is "Pierre Elliott Trudeau", it is further evidence of why we in British Columbia have quite properly rejected any suggestion of Liberal members of Parliament in that particular province.

Mr. Heap: The Prime Minister himself lives in public housing.

Mr. Robinson (Burnaby): Yes, he is one of the few who is fortunate enough to live in public housing.

Mr. Kelly: Where do you live?

Mr. Robinson (Burnaby): As I say, it is no surprise that British Columbians have rejected the Liberal party.

Mr. Cosgrove: You are holding up the bill.

Mr. Robinson (Burnaby): There are some calls on the other side defending the policies of the Liberal government. Those persons will have the right to stand before their constituents and explain to them why they are losing their homes and cannot afford proper accommodation.

The Minister of National Revenue (Mr. Rompkey) came out to British Columbia not so long ago. He is my twin in Burnaby. I intend to put before the people of Burnaby the voting record of the Minister of National Revenue on the policies of the government and on the budget. I will let the people of Burnaby decide whether my twin, the Minister of National Revenue, is seriously interested in the concerns of those people. Recently the minister spoke to some Liberals in Burnaby at a convention where he said he could sympathize with westerners who felt alienated because the federal government seems to be so remote and "doesn't always respond to local needs". He called the Liberal government "quite a national government" in the matter of housing. If it is a national government in housing, certainly its policies seem to stop at the British Columbia border. We in British Columbia and we in Burnaby are hurting from those particular policies.

What about the Conservative Party? Some people suggest that while the Liberal Party has failed—and of course they are right—to address the concerns of Canadians in this time of a housing crisis, the Conservative Party may have some answers. Let us look at the policies and the record of the Conservative Party during its short tenure in government. It was not the NDP who threw out the Conservatives; it was the people of Canada who threw them out and no one else. During its short term in government, interest rates increased five times. This hurt small business people, home owners and many other people in the community of Burnaby. I should like to give one example. A large hotel owner in South Burnaby wrote to the then prime minister in a telegram as follows:

> Congratulations Mr. Prime Minister Clark. We both are flat broke. You politically, me financially. We all will be out of business very soon. It is impossible for me or anyone to pay 16.5 per cent interest on $2 million on debenture to the Bank of Montreal from business $2.3 million gross take.
>
> You just didn't have heart to nuzzle these interest rate hungry pirates.
>
> P.S. Please don't tell me it is good for Canada and the only way out. I can give you half a dozen ways to keep the dollar where it is today without bankrupting Canadians.

This telegram is reflective of many other people in British Columbia who quite rightly rejected Conservative policies on housing in Canada. The Conservatives took steps to totally dismantle CMHC.

Mr. Clarke: Hurray!

Mr. Robinson (Burnaby): I hear the hon. member for Vancouver Quadra (Mr. Clarke) cheering at the suggestion that CMHC should be dismantled. I suggest he should tell the thousands of Canadians who depend on CMHC for adequate housing that he believes it should be dismantled entirely—

Mr. Clarke: I will tell them what it is costing them.

Mr. Robinson (Burnaby): —and turned over to his friends in the private sector. In a moment I will deal with the friends of

the Conservative Party in the private sector. Of course, its allies in the Social Credit provincial government are trying to dismantle rent controls and have failed miserably to address the serious housing crisis in British Columbia. Their first action was to dismantle the B.C. Housing Corporation shortly after assuming power. The B.C. Housing Corporation was established by the progressive New Democratic Party government in the years from 1972 to 1975.

Mr. Jarvis: What did the people do to them? It seems to me they were thrown out.

Mr. Robinson (Burnaby): What else did members of the Conservative Party have to say about interest rates? There were some rather enlightening comments on the subject. Hon. members of the House may recall that it was the Conservative government and the Conservative minister of finance, the hon. member for St. John's West (Mr. Crosbie), who reappointed Gerald Bouey, or "Bouey XIV", as he was called by the hon. member for Broadview-Greenwood (Mr. Rae).

Mr. Blais: He called him "Bouey XVI".

Mr. Robinson (Burnaby): I am sorry, "Bouey XVI". He reappointed Gerald Bouey as Governor of the Bank of Canada. In the summer of 1981 the hon. member for St. John's West said:

> Yes, I would continue to back Mr. Bouey . . . I agree that our interest rates have to keep track of those in the United States—

This was the Conservative minister of finance agreeing with high interest rate policies.

This is not something in the distant past. The present Conservative finance critic, the hon. member for Etobicoke Centre (Mr. Wilson), said just a week ago that he accepted the high interest rate policies which government is espousing. He said:

> One after another the premiers proposed reducing interest rates, while accepting the inflationary consequences of a lower Canadian dollar. They were convinced that the benefits of lower interest rates and increased economic activity would offset the negative effects of increased inflation.

What did the Tory finance critic have to say about that? He said, "I do not agree with the premiers" that interest rates should be lowered. It is clear the Conservative Party offers no responsible alternative either. Is it any wonder that both the Conservative Party and the Liberal Party have failed to address seriously the housing crisis in Canada, when one looks at the fact that both parties receive substantial financial contributions from major banks of the country which are the only institutions to benefit from the pain Canadians are suffering as a result of the housing crisis?

I have before me the returns which show the donations made to the Conservative Party and to the Liberal Party.

Mr. Clarke: How much?

Mr. Robinson (Burnaby): The hon. member for Vancouver Quadra asks how much.

Mr. Clarke: It was $50,000.

Mr. Robinson (Burnaby): It was $50,000 from each of the five major banks in the country; $50,000 to the Liberal Party and $50,000 to the Conservative Party each year.

Mr. Clarke: A pittance.

Mr. Robinson (Burnaby): The hon. member for Vancouver Quadra indicates that they want more. I am not surprised. I am sure they will probably receive more. Not only do banks support both the Liberal and Conservative parties, but what about big land developers?

Mr. Howie: What about CLC?

Mr. Robinson (Burnaby): But what about the big speculators in the land? Let us have a look at the documents to see who they support. Nu-West Development Corporation gave the Conservative party $11,000. Deyong Management gave $15,000. Cadillac Fairview Corporation gave the Conservative Party $16,000. Genstar Ltd., major land speculators in Canada, gave $30,000 last year to the Conservative Party. Each and every one of these land speculators and developers also gave money to the party in power, the Liberal Party. They gave a little less. Daon Development gave only $10,800 to the Liberal Party. I guess they are happier with the policies of the Conservative Party, and again that is not surprising.

• (1720)

What we must recognize is that both the Liberal Party and the Conservative Party are squarely in the pockets of the land developers and speculators in Canada today. It is no wonder that they are so bankrupt when it comes to policies to benefit home owners, renters and workers at this time of housing crisis. It is no wonder they want to remove rent controls in Canada; they have to pay back their friends in the land development community. They are just looking after their friends.

Mr. Howie: What about our mortgage interest deductibility proposal?

Mr. Robinson (Burnaby): We in the NDP have a different approach to housing in Canada. It is a fundamentally different approach. We say that every Canadian is entitled to clean, warm, affordable housing as a fundamental right, just as they are entitled to health care, to proper education, to adequate diet and to a clean and wholesome environment. In fact, we feel so strongly about this that we proposed an amendment to the Charter of Rights and Freedoms that would recognize these as fundamental rights. Because as Frank Scott put it so eloquently, "the trappings of democracy hang loosely on an emaciated body politic". We need all of them. We need those fundamental rights to proper housing and the other rights that I suggest.

We have a positive alternative for housing. I am quite prepared to put it on the record today. We suggest that interest rates must be lowered, and lowered quickly.

Mr. Kelly: By how much?

Mr. Robinson (Burnaby): The hon. member opposite asks by how much. I welcome his contribution to this debate—and his suggestions as to how far we should be lowering interest rates. What we have said is that interest rates should be lowered to one point above the rate of inflation today. That would have an immediate and dramatic impact on the housing crisis in Canada.

We suggest that banks should set aside a specific proportion of their lending portfolios for long-term mortgages at lower rates, primarily for first-time buyers. Instead of dismantling CMHC, as the Conservative Party has suggested, we believe we should restore the presence of CMHC in the housing sector with the inclusion of an additional $500 million to the capital budget for social housing. That is a minimum. That is a start. It is needed to provide non-profit co-op and rental accommodation. That is just the beginning.

In the province of British Columbia the forest industry is in a state of crisis. Thousands of forestry workers, members of the IWA in particular, are out of work having been laid off, and others face the uncertainty of lay-off in the future. That industry is in a serious slump. It is about time this government came to its senses and recognized that the thousands of construction workers and forestry workers looking for jobs to meet a real need for affordable housing in Canada should be put back to work. Put Canadians back to work to build affordable housing for all Canadians. That is the kind of tough and effective program that we would implement were we in government.

We also believe that federal Crown land should be made available on a leasehold basis for affordable housing. We believe in tough and effective programs of rent control. Some say "Well, you are not in government." I point to the government of Manitoba which has recently announced a major program along the lines I have suggested today that will be of significant help to the renters and home owners in the province of Manitoba.

What about another large group in my constituency, the students? There is a serious problem with student housing, particularly in my constituency of Burnaby in which is located Simon Fraser University, the B.C. Institute of Technology, which is the province's only high-technology training institute, and the Pacific Vocational Institute. BCIT graduates some 1,900 students annually.

The Acting Speaker (Mr. Tousignant): Order, please.

Mr. Greenaway: Mr. Speaker, would the hon. member entertain a question?

Mr. Robinson (Burnaby): Mr. Speaker, I will entertain a question at the conclusion of my speech, if the hon. member will await that time.

As I was saying, BCIT graduates some 1,900 students annually. It accepts students from throughout the province. It has a student population of about 4,000, half of whom come from outside the lower mainland. There is an on-campus facility for only 250 students. This is not adequate. Each year 2,000 students require housing at BCIT. Many of them who cannot find housing are from rural parts of British Columbia and are denied an adequate education in these very important high technology areas. The demand has been increasing over past years. In fact, it would need 6,000 students to meet the demand for graduates from BCIT. It is a very successful institution in our province. BCIT cannot expect to meet its potential if out-of-town students cannot find proper housing in order to attend the institution.

About a year ago the municipality of Burnaby undertook to enforce its illegal suite bylaw. The inspectors swooped down at mid-term. Students at BCIT, PVI and SFU had to persuade the politicians that it would be disruptive to toss out students from these illegal suites. That is the situation we are in. Students are forced to double and triple up in illegal suites in order to find adequate housing accommodation.

The Pacific Vocational Institute had different housing requirements. Many students are trades people who come on campus for a four to eight-week period. They are there for a relatively short stay. They need unique and special forms of accommodation. PVI has approached CMHC for housing. Unfortunately the administration has been told that there is no money available for this form of housing. Right now, PVI needs 350 housing units for on-campus housing. In the very near future it will need 500 units.

Finally, Simon Fraser University, also located in my constituency, shares many of the same problems. Simon Fraser University has a critical situation on its hands. There are over 9,000 students at SFU. On-campus housing is adequate for only a small fraction of those students. There are 210 apartments on campus and a 225-bed dormitory. In September, 1981, 3,200 applicants applied for on-campus housing. There were 300 applicants for 20 beds. Where do the rest of those students go? They either go into substandard housing, basement suites where they are doubling and tripling up, or they are giving up and returning to their communities in despair and being denied the education to which they are so properly entitled.

Simon Fraser University has asked for housing assistance from the minister responsible for CMHC. Simon Fraser University has been told "Not a penny for your student housing."

Mr. Kelly: What about the B.C. government?

Mr. Robinson (Burnaby): Hon. members over there try to pass the buck to other governments. They will have their opportunity to speak. The federal government is cutting back on aid to provinces, but hon. members will have their chance to speak and to explain to my constituents and to the students of Simon Fraser, BCIT and PVI why they are denying those institutions adequate housing. Liberal members will have a chance to explain. The administration of those institutions cannot attract faculty because housing is prohibitively expensive if it can be obtained at all. Liberal members opposite can explain all of that. I welcome the opportunity they will have to explain that.

Mr. Young: The B.C. government is just as bad.

Mr. Robinson (Burnaby): Obviously the B.C. provincial government, the Social Credit government, has to accept its responsibilities as well.

I have a few more remarks on elements of this legislation that I believe should be changed. There are some serious problems with the provisions respecting mortgage financing. In many instances, Bill C-89 will do nothing but ensure a number of mortgage gimmicks, gimmicks that do not benefit the borrower in the end but which will certainly benefit the wealthy lenders, the banks, friends of the Liberal and Conservative parties.

There are four gimmicks that will be allowed under this bill. First, the interest deferred mortgage, the variable rate or floating mortgage, equity participation mortgages and second mortgages. I do not have time to go into the details of each of these, but there is no doubt that each gimmick does not begin to address adequately the real need for housing in our community. Even the bankers recognize the folly of this government program. I quote Peter Carter, who was then assistant general manager for retail lending and mortgage services with the Royal Bank of Canada:

• (1730)

As a responsible banker, working in a consumer-oriented society, I just cannot agree with a plan that sees the borrower ending up after five years owing more money than he borrowed in the first place.

That, Mr. Speaker, is the Liberal government's answer. That is what they said to home owners who cannot afford their monthly payments—"We will let you defer some of the interest and at the end of the year you will end up owing more than you started out owing at the beginning of the year". That is Liberal economic policy. That is the Liberal government's answer to the housing crisis and we reject it.

I mentioned that one of the areas we would promote is co-operative housing. We do have a concern with respect to the suggestion that the profit-making element may be allowed to move into the co-operative sector, and we are going to be examining carefully the proposed amendments to Section 15.1 and Section 56.1 to ensure that the intent of the co-operative movement is in fact met.

Mr. Cosgrove: They agree.

Mr. Robinson (Burnaby): If in fact the phrasing of those provisions is adequate, Mr. Speaker, certainly they will be supported. However, we want to ensure that this does not in any way permit the commercial profit-making sector to move in on the co-operative area. At the present time, Mr. Speaker, co-operatives have huge waiting lists. We should be significantly expanding this particular sector of the housing market.

I could go on, Mr. Speaker, to talk about the importance of adequate and effective rent controls. I could talk about how the present minister responsible for housing has indicated that rent controls must be disbanded. We do not accept that. We have seen the attempts of the Social Credit government in British Columbia to eliminate rent controls, and we reject those attempts categorically. More and more renters are finding that because of rent increases they are moving beyond the level at which rent controls protect them and they are being gouged. In addition, high interest rate costs are being passed on to renters and rents are escalating very dramatically.

In conclusion, Mr. Speaker, I want to emphasize that my constituents are angry and feel a sense of betrayal because this government promised, during and before the last election, that it would be taking effective measures to deal with the housing crisis. No one in my community, no one in the municipality of Burnaby, believes that any of the measures this government has taken, whether it be the disastrous budget, the high interest rate policy or this totally inadquate bill, will begin to address their serious and real concerns.

We have an obligation to hold out hope for the future. We have a great country with great potential, but what are we telling our young people? This Liberal government is telling them: "Forget it; you will not be able to afford your own home". Well, both I and my constituents reject that message. Young people, elderly people, native people, working people generally, all of us, demand that this government finally come to its senses and bring forward a realistic and responsible housing policy which recognizes the fundamental social right of all Canadians to affordable accommodation. That kind of policy will put Canadians back to work in the forestry and construction sectors, and we as New Democrats will be fighting for that in the weeks and months ahead. It is because Bill C-89 totally fails to address those very serious concerns that we will be opposing this bill on second reading.

[*Translation*]

Hon. J.-J. Blais (Minister of Supply and Services): Mr. Speaker, it is a privilege to participate in this debate. I was listening with great interest to what the member for Burnaby (Mr. Robinson) was saying. I understand that there were some discussions with the minister responsible for the Canada Mortgage and Housing Corporation about co-operative housing, and that an agreement was almost reached. I want to point out to the hon. member that I was very concerned when I heard him say that he does not agree with this bill and that he intends to vote against the bill as a matter of principle, all this in spite of the fact that there has been so much co-operation and collaboration on the part of the Minister of Public Works (Mr. Cosgrove) who tabled the bill.

[*English*]

I have heard the hon. member for Vancouver Quadra (Mr. Clarke) and the hon. member for Burnaby debate this bill this afternoon. I got the impression from the hon. member for Vancouver Quadra that he supports this bill in principle; at least, he did not say he is going to oppose it. In that he seems to be of the same view as the hon. member for St. John's West (Mr. Crosbie), that in effect he is going to support the bill. However, the hon. member for Burnaby in his conclusion said he would not support the bill. I am not surprised. The NDP are like that. They are very contentious and disputatious and oppose most of the measures introduced by the government as a matter of principle.

Mr. Robinson (Burnaby): Because they are wrong.

Mr. Blais: However, what he fails to recognize is that this bill favours British Columbia more than any other province on a per capita basis. Of the 15,000 units envisaged by this bill, 3,000 are going into the lower mainland of British Columbia. So by opposing this bill the hon. member is in effect saying to 3,000 families—

Mr. Cosgrove: Of moderate income.

Mr. Blais: —"we are not interested in supporting your access to additional housing". He did not address that question, but that is exactly what he is saying.

Mr. Robinson (Burnaby): Nonsense.

Mr. Blais: Plus all the jobs, of course, created as a result of the use of products from the B.C. forest industry. They are not going to use northern Ontario jack pine or white pine in order to build houses in British Columbia; you can bet your bottom dollar on that.

Having said that, I want to commend the minister responsible for housing for the attention he has paid to British Columbia. We all recognize that Vancouver and the lower mainland have had a difficult time in the recent past because of the increasing demand for housing. As was said by a famous American humorist, "Invest your money in land because they don't make it any more." They do not make land in the lower mainland of British Columbia. It takes a long time for the Fraser River to deposit sufficient silt in order to create additional land for use in housing. The lower mainland is a beautiful market for speculators. That is its history. We are attempting to address that as best we can, which is what this bill attempts to do.

Having said that, Mr. Speaker, I am a bit concerned—less so now because we are going to have time allocation—at the opposition's attitude because I get the impression that the members who have spoken on this bill—and I have not had time to read all the speeches—do not really oppose the bill. And they cannot be seen in their own ridings as opposing this housing measure. I say that quite readily. However, it does not seem to stop the hon. members from delaying the passage of this legislation, which frustrates the attempts made by the minister responsible for housing to alleviate some of the concerns and hardships which are being felt in the marketplace.

• (1740)

I am advised that to date there has been a grand total of some 720 cases brought to the attention of the minister. Of those, 384 have been brought by Members of Parliament, and 340 have been brought singly or privately by the parties concerned. A large number of these 720 cases will be dealt with by this legislation. Unfortunately, until the legislation is passed the minister's hands are tied.

Mr. Jarvis: You are still taking applications, J.-J. Nobody's hands are tied.

Mr. Blais: The hon. gentlemen opposite who are now making noises are the ones who are delaying passage of this bill. I therefore commend the minister responsible for having taken measures under the rules to limit debate and permit passage of this very, very necessary piece of legislation. However, I am not surprised—

Some hon. Members: Hear, hear!

Mr. Blais: —at that particularly niggardly attitude of hon. members opposite—

Some hon. Members: Shame, shame!

Mr. Blais: —because they have a terrible record when it comes to housing. The hon. member for Burnaby was quite accurate when he spoke about their very negative attitude during that short time, that brief period, when Your Honour and I were on the opposite side looking at the fumbling which was occurring on this side on a daily basis. If Your Honour recalls, during that mindless period there was an attempt by the gentlemen on the opposite side to deal with housing.

There are two items which come to my mind, that stick in my mind, as I am sure they stick in their minds. The first was the commissioning of a report on CMHC with a view to privatizing it. For those hon. members who do not understand the jargon, that means to send out into the private sector, into the glory of private entrepreneurship. What was the target for privatization? It was not the CCI, which was having major problems at the time the Tories had control over it, but, rather, the then central mortgage and housing corporation. That institution, that Crown corporation, had been responsible for the creation of more housing units than any other institution in the whole of Canada. It had been able to integrate and provide more access to housing for Canadians at a time when there was a high demand for housing, namely, in the early seventies, than any other government institution or corporation any place else in the country. They wanted to privatize that, so they hired a political hack, a fellow named Donald Matthews, to prepare their report. Of course, being of the Tory bent, he provided the sort of report that they love to read.

Mr. Jarvis: Dave Peterson may read this speech.

Mr. Blais: He said they should privatize CMHC. However, not only did he say that, but he also said, "Let us get rid of co-operative housing. We do not need co-operative, non-profit housing; that is a Liberal invention. It smacks of socialism. We can get rid of that quite easily and return to our old reactionary practices".

That is what the Tories wanted to do. They did not do it because they did not get the time. However, what indirectly caused their defeat, again, was another housing measure. That was the ill-fated mortgage interest tax credit. That was one of their major inventions. Of course, if it costs a fortune now, one can imagine how much the treasury would have lost had they been successful in passing it. However, at the time it was a great Tory idea to favour the wide swath of the middle class which was paying interest rates for all of their friends.

However, they came to the fateful day when they were dealing with that particular measure in this House and they were facing opposition on this side; but effectively they perhaps could have passed that measure. But were they serious about passing it? I have my doubts, because although that measure was available to them to debate and to pass before Christmas of 1979 so that they could go and sell their budget during that Christmas period, they chose not to pass that bill, not to get it accepted by the House, but to—

Mr. Jarvis: After how many days of debate?

Mr. Blais: —to go ahead with the budgetary measures.

Mr. Jarvis: Seven days of debate.

Mr. Blais: The budgetary measure is that which they chose—

An hon. Member: You filibustered.

Mr. Blais: —knowing full well that they could not pass that budgetary measure but would have to go and defend the budget, the mukluk budget, before the people of Canada. I cannot see that a government with some wisdom would have wanted to be defeated. If hon. members opposite were serious about a housing bill, they should have preferred to pass the housing bill, if they were interested in housing measures, because there was sure defeat pending at the end of their noses. Since they went to the budget, it is undoubtedly because they did not want to pass the housing bill. I suppose it is a bit convoluted to my own way of seeing things, but their rationale seems to be self-evident. They preferred to face defeat rather than deal with the housing bill.

Mr. McCauley: A Tory syndrome.

Mr. Blais: I was immensely sorry to see that but I was not surprised, because now, in effect, they have received representations from housing groups in this country, including HUDAC—

Mr. Cosgrove: UDI.

Mr. Blais: —and the UDI, the Urban Development Institute, which said "Pass that measure". The wise minister responsible for urban—

Mr. Cosgrove: Housing.

Mr. Blais: —for housing—

Mr. Jarvis: That is part of the problem: you do not know either!

Mr. Blais: It said, "As the wise minister responsible for housing has presented it to the House, pass that measure".

Mr. Jarvis: You put your finger on the problem right there!

Mr. Blais: "Pass that measure as rapidly as you can because we need that in the housing industry". These fellows are sitting on their hands over there. Look at them! They are all sitting on their hands—

Mr. Jarvis: I want to speak.

Mr. Blais: —waiting for something to happen because, of course, they do not want to present any initiatives of their own. In effect, I feel that housing needs a shot in the arm.

[*Translation*]

Everybody is agreed on that. As far as housing is concerned, well, I come from northern Ontario, and in my area, there have been substantial lay-offs in the forestry industry because there is very little demand for construction lumber, which has led to production cuts and the lay-offs in question. The House will recall that not long ago, the Minister of Employment and Immigration (Mr. Axworthy) announced that a federal-provincial agreement had been concluded with the province of Ontario under which his department will be promoting jobs in the forestry industry in northern Ontario for 2,000 workers who were laid off because of a lack of markets. Obviously, since those markets include more than just the Canadian market, this bill or any other bill, for that matter, will not be able to generate a recovery in the housing market that would increase employment in my area, because the majority of forestry products from my area are exported to the United States, and when their market is slack, this obviously reduces the number of jobs in my part of the country. Mr. Speaker, it is a recognized fact that the main cause of these lay-offs is high interest rates, which in turn are affected by high inflation rates, because if we analyse the situation, the main problem, and everyone will agree, is the high rate of inflation which has been going on for far too long. The government has approached this question by saying that it will bring down inflation. Thus, interest rates will drop and lower interest rates will increase our economic stability, which means that people will be prepared to invest in business and housing. Once those investments have been made, the demand for housing and for lumber used in housing construction will increase and create jobs in my part of the country. Meanwhile, I am most indebted to the Minister of Employment and Immigration who chose my area for the purpose of assisting those people in the north who have lost their jobs because of the labour market situation.

• (1750)

[*English*]

In effect, the agreement that will allow approximately 2,000 temporarily laid-off lumber and forestry workers to continue working in forestry-related activities during the current downturn in the industry was a very good initiative on the part of the Minister of Employment and Immigration. It required not only his will and that of the government, but the will of the province of Ontario which provided co-operation, as well as the

forest products manufacturers in northern Ontario who recognized that there is now a soft market in the lumber industry.

I am very confident that there is a building demand in the marketplace for housing. There is an increase, not a dramatic but a gradual increase, in the number of family formations. There is a relatively low vacancy rate in most rental markets in Canada. Therefore, there is a demand, but that demand will not be satisfied when interest rates are volatile. It will be satisfied once interest rates are brought down as a result of inflation being brought down and the whole is stabilized. That is the basic aim of the government's policy.

I am very pleased at the initiatives being taken by the minister responsible for housing. However, I am somewhat dismayed at the lack of understanding, comprehension and especially foresight demonstrated by members of the opposition when they speak very briefly in response. I suggest they have no knowledge at all of the real world as it relates to Bill C-89 or to the current economic climate. Let me say that this government is determined to demonstrate leadership and restraint and to recognize the principle of equity in putting new programs in place. I applaud these measures that have been proposed by the minister of housing.

Now, for the sake of clarification and edification of members opposite so that they may more fully understand what these amendments to the National Housing Act will accomplish, let me review some of the proposals briefly.

First, the amendments would allow Canada Mortgage and Housing Corporation to have a greater impact on the supply of rental accommodation. That is most important. For many years now there have been certain business restrictions regarding the operation of CMHC in the marketplace. These amendments will enable CMHC effectively to resolve these difficulties.

For example, in the recent past premiums charged for graduated payment mortgages were inadequate regarding the business risks involved, and the deteriorating markets over the past four years have not helped the situation. It is to such an extent that premiums even on ordinary NHA home owner loans have been marginally inadequate to cover the risk.

The solution to this problem is before us. The amended legislation would allow CMHC to adjust mortgage insurance premiums and to set them at a level that would be appropriate for the risk involved. It would also allow CMHC the wherewithal to cover the cost and expenses of doing business. In short, CMHC would have the same flexibility with regard to premiums as a private insurer.

The advantages would be obvious, even to the most clouded thinker, and Lord knows there are a lot of clouds on the other side and very little in terms of silver lining.

An hon. Member: Clouded stinkers?

Mr. Blais: I said clouded thinker. "Clouded stinker" would be unparliamentary.

Mr. Clarke: Turn around.

Mr. Blais: As far as I am concerned, I am showing my best side to those who feel most comfortable with it.

Mr. Clarke: Show a little respect.

Mr. Blais: I am showing that as well.

Let me raise another important element in the legislation which the opposition has fogged in this debate, the Canada mortgage renewal plan. Between clouds and fog, we are getting the colour of the other side. Allegations have been made that the renewal plan is, in effect, too little and too late. To refresh the memories of members opposite, let us define who needs help the most.

It has been standard operating principle, followed not only by the government but by most major lending institutions in the country, that people should have a gross debt service ratio of not more than 30 per cent. That has been the rule of thumb. I recall that from when I was practising law. We talked of 27 per cent to 30 per cent being the gross debt service ratio. This means that Canadians who need help are those families and individuals who have to pay more than 30 per cent of their gross income on payments of principal, interest and taxes, and 50 per cent of condominium charges.

Think about it. This has been the benchmark that has been the guideline for years. Yet if you followed the convoluted rationale of some members opposite, we would be opening up the vault, no matter what the cost, to people who are not experiencing hardship and who can afford to make their payments without help from the government.

We can follow the rationale of the official opposition, the members of the Conservative Party, quite readily. They are the ones who advocated the mortgage interest tax deductibility program which, in effect, did not target any sector of the economy and favoured those with the most.

Mr. Clarke: They would have loved it in North Bay.

Mr. Blais: The high flyers borrow a lot of money to buy a $200,000 house. They may pay $120,000 a year on a mortgage at today's 20 per cent interest rates and deduct the whole works from their income. Imagine that! What about the renter? He would have been left holding the bag, the one who would have had to make up the difference.

We believe that the amount available should be targeted to those most in need. Were it not for the frustration that we face from the members on the other side as a result of what they are doing to this bill, we would have had this in place a long time ago.

An hon. Member: Three and a half days.

Mr. Blais: There have been five days of debate on this bill. The minister responsible told me that is how long he has to sit here listening to the guffaws of frustrated politicians on the other side who today recognize they missed their chance when they could have done something about housing and did absolutely nothing. See you tomorrow.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please! It being six o'clock and pursuant to Standing Order 2(1), I do now leave the chair until two o'clock tomorrow afternoon.

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, February 25, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE BUDGET

CALL FOR WITHDRAWAL—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, whereas the November 12 budget taxes benefits from health care and dental programs; kills a large number of company benefits such as leased cars and subsidized housing loans; disallows interest deductibility for retirement savings plans; threatens charitable organizations; introduces negative taxation measures for small businesses and discourages Canadian equity ownership, etc., etc., I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House, in the interests of keeping Canada together, urges the government to withdraw this disastrous budget. The Prime Minister and the Minister of Finance have no mandate to reign over the dissolution of this nation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SPORTS

NATIONAL HOCKEY LEAGUE GOAL SCORING RECORD ESTABLISHED BY WAYNE GRETZKY—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, Number 77, Number 78, and then Number 79. The Great Gretzky scored, and scored, and scored again, and rocketed his way into NHL history at the age of 21. I move, seconded by the hon. member for Edmonton North (Mr. Paproski), and on behalf of the hon. member for Halifax (Mr. Regan) and the hon. member for Brant (Mr. Blackburn):

That this House, on behalf of all Canadians, notes with pride the heroic hockey of Wayne Greztky, and that his Number 99 stands as a symbol of great sportsmanship for today and for younger generations to come.

Some hon. Members: Hear, hear!

Madam Speaker: I am sure the House will want to applaud Number 99.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

BOY SCOUTS OF CANADA

CONGRATULATIONS ON SEVENTY-FIFTH ANNIVERSARY—MOTION UNDER S.O. 43

Mr. Alexandre Cyr (Gaspé): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43, on the occasion of International Scouting Week.

The theme chosen by the Boy Scouts of Canada for the 75th anniversary of scouting is "The Spirit Lives On". During International Scouting Week, I move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That the members of this House join the Boy Scouts of Canada in following the example of their founder, Lord Baden-Powell, and extend a fraternal and joyous message to all.

Madam Speaker: I invite the members to join me in offering our congratulations to the Boy Scouts.

Some hon. Members: Hear, hear!

* * *

[*English*]

RAILWAYS

CROWSNEST PASS RATE—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, the budget of November 12, 1981, as brought down by the Minister of Finance (Mr. MacEachen), restricts the farmers in Canada and is threatening the very existence of farming. I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House call on the government to stop its action to remove the statutory Crow rate in view of the fact that farmers are faced with the highest production costs in the history of farming.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

NORTHERN AFFAIRS

TRAINING OF LOCAL PEOPLE TO WORK ON NORMAN WELLS-ZAMA LAKE PIPELINE—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas in July, 1981, when the Minister of Indian Affairs and Northern Development (Mr. Munro) announced the go-ahead for the Norman Wells-Zama Lake pipeline down the Mackenzie Valley, he promised a commitment of $10 million for training local people in the Northwest Territories so that they might be able to take advantage of the job opportunities associated with this project, and whereas seven months later not one red cent of these promised training funds has seen the light of day, I move, seconded by the hon. member for Athabasca (Mr. Shields):

That this House insists that for once the Minister of Indian Affairs and Northern Development keep his word.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

CALL FOR RESOLUTION OF DIFFERENCES BETWEEN TURKISH GOVERNMENT AND ARMENIAN COMMUNITIES—MOTION UNDER S.O. 43

Mr. Jim Peterson (Willowdale): Madam Speaker, I rise under the usual provisions of Standing Order 43. Whereas this House has passed a resolution drawing attention to the contribution of Armenians to the development of Canada, whereas this House wishes to express its abhorrence of all actions which violate the basic standards of human rights and decency embodied in the United Nations Declaration of Human Rights, and whereas Canada's Armenian community has respected these high basic standards of the United Nations Declaration, I move, seconded by the hon. members for Don Valley East (Mr. Smith) and Don Valley West (Mr. Bosley):

That the outstanding differences and problems between the Turkish government and the Armenian communities in Canada and throughout the world be resolved in a peaceful manner.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

• (1410)

DISASTERS

INQUIRY INTO SINKING OF "OCEAN RANGER"—LABOUR REPRESENTATION—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, in view of the fact that labour has participated in the past in commissions established to investigate injuries and health risks to workers, including the Burkett commission in 1980 which was a joint federal-provincial commission into safety in mines and mining plants in Ontario, the Wright commission in 1978 which investigated safety in metallic mining in Manitoba, and the Hamm commission in 1974, which was a royal commission on health and safety for miners, and since labour expertise has been invaluable in these commissions, I move, seconded by the hon. member for Beaches (Mr. Young):

That the Minister of Labour and the Minister of Energy, Mines and Resources make provision for labour representation on the inquiry into the *Ocean Ranger* tragedy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

CALL FOR BAN ON LANDING OF SOVIET AIRCRAFT ON CANADIAN TERRITORY—MOTION UNDER S.O. 43

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, I rise under the provisions of Standing Order 43. According to a recent report in the *U.S. News and World Report*, the Soviet Union is now flying arms to Nicaragua not only through Cuba but also directly through Newfoundland. Apparently Russian Aeroflot transport planes fly to Gander, Newfoundland, refuel, and continue on to Central America to deliver arms supplies to the revolutionary Sandinista regime. Therefore I move, seconded by the hon. member for York-Sunbury (Mr. Howie):

That in conjunction with the announced sanctions on the Soviet Union over martial law in Poland, and in the interests of stability in Central America and the world, this government announce its intention to ban totally Soviet transport aircraft from landing on Canadian soil.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

MEDICAL CARE

COMMITMENT TO NATIONAL HEALTH CARE SYSTEM—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, in view of the fact that extra billing in Alberta is back up to 44 per cent, with some specialities as high as 88 per cent, that nurses have been forced to go on strike in order to get better working conditions, and that regressive premiums continue to be used as well as increased in amount every year in Alberta, one of Canada's richest provinces, thus showing that medicare is as much a matter of philosophical commitment as it is of money, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House reaffirms the commitment of all parties in the House to a national health care system characterized by universality, comprehensiveness, accessibility, affordability, and public administration.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FARM CREDIT CORPORATION

CALL FOR MINISTER TO IMPROVE LOAN TERMS OR RESIGN—MOTION UNDER S.O. 43

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, in view of the ability and willingness of the Government of Canada to extend credit to Algeria for a monument, and $1 billion at 10 per cent interest to the U.S.S.R to build a gas pipeline which will be invaluable to the war machine of that country—this loan costs Canadian taxpayers $198.5 million and irritates our allies who are applying sanctions on the U.S.S.R for occupation of Afghanistan and the bludgeoning of Poland—I move, seconded by the hon. member for Grey-Simcoe (Mr. Mitges):

That (a), the Minister of Agriculture make immediate arrangements with his cabinet colleagues to supply the Farm Credit Corporation with capital to loan to farmers at less than 10 per cent—surely our farmers deserve better treatment than foreigners—for the economic production of food and

(b), failing success in (a), he resign immediately as a protest to the government's giving interest rate preference to foreign governments and failing to extend equal or better treatment to Canadian farmers.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

PUBLIC SERVICE

CALL FOR REINSTATEMENT OF DISMISSED KINGSTON PUBLIC SERVANT—MOTION UNDER S.O. 43

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I rise under the provisions of Standing Order 43 to ask for unanimous consent of the House to deal with a matter of urgent and pressing necessity.

In view of the fact an official of the Revenue Canada department was dismissed from his position, and in view of the fact that he was dismissed for an alleged breach of conduct which was not even in a written code, I move, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

That Mr. Neil Fraser be immediately reinstated in his position and that the government conduct an investigation to discover how such an unjustified action could have been permitted to take place.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

WITHDRAWAL OF PARTNERS IN ALSANDS PROJECT

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. It deals with the fact that three more partners have withdrawn from the Alsands consortium, putting that project in serious jeopardy. What is the minister doing about it?

• (1415)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, last night I had a meeting in Toronto with senior officers of Shell Canada, and today officials of the government of Alberta and the Government of Canada are meeting with officials and technicians representing the companies concerned. I expect there will be a meeting between the parties at the political level also—the level of ministers—in the very near future.

REQUEST FOR CHANGES IN PROGRAM

Mr. Harvie Andre (Calgary Centre): Madam Speaker, the national energy policy says at page 94:

The National Energy program will spur oil sands development. The positive impact of the program on oil sands development can be illustrated by its effect on the commercial viability of the Alsands project—

We now know that that statement is about as accurate as other statements the minister has made. Would the minister tell the House what changes he will make in the National Energy Program to ensure that at least this project goes ahead?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, with respect to the National Energy Program I draw to the hon. member's attention the fact that there has been an agreement with Alberta which provides that we pay the international price for oil from the tar sands.

Mr. Crosbie: So what?

Mr. Lalonde: My very knowledgeable friend who was the former minister of finance and who is a great specialist on taxes on oil and gas says, "So what". Does he suggest that we should ask the taxpayers and the consumers of Canada to pay more than world price for tar sands oil? That is not the view of this government. This government has taken the view that we should pay the world price or the international price for oil from those projects. The government of Alberta and the Government of Canada have also made provisions for very generous fiscal arrangements for those projects.

Mr. Crosbie: Bunk.

Mr. Lalonde: Those fiscal arrangements seem satisfactory to some of the partners. They do not seem satisfactory to some other partners. The remaining partners in the consortium are at the present time consulting with other potential partners. I myself have had discussions with such other potential partners, and in the next few days and weeks we will see how these negotiations will be concluded.

Mr. Andre: Madam Speaker, the minister did not attempt to defend the National Energy Program, which is hopelessly wrong.

REQUEST THAT MINISTER ADMIT PROGRAM NOT PERFECT

Mr. Harvie Andre (Calgary Centre): Madam Speaker, this project would generate thousands of permanent jobs and billions of dollars in investment. It would help our trade balance by at least $3 billion a year. It would increase our security of supply. In the words of the Economic Council of Canada, it is one of the only good things the economy has going for it in the 1980s. Given those stakes, would the minister not admit that he must do everything possible to ensure that this project goes ahead, even to the extent of swallowing his pride and admitting that the National Energy Proram, the resulting taxes and so forth, perhaps are not perfect?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have never pretended that the National Energy Program is perfect. The best evidence is that we have made changes to it. As a matter of fact we have an agreement with the three producing provinces which is satisfactory to those governments. This also made some changes. I will say to the hon. member, however, that the National Energy Program is far superior to anything the Conservatives put forward in their day.

Some hon. Members: Oh, oh!

Mr. Lalonde: It is a program which will ensure that during this decade the people of this country will own and control their oil and gas resources, rather than leaving them in the hands of the major multinationals, as the Tories were doing when they were in office.

With respect to the point raised by the hon. member, I want to draw his attention once more to the fact that both the government of Alberta and the Government of Canada have provided very generous fiscal incentives with regard to those projects. Some partners are satisfied with them; others are not. There may be other partners who will come in and who will be satisfied.

Mr. Andre: Who?

Mr. Lalonde: My friend asks who. I suggest he wait for a little while and be patient. There will be developments, I hope, in the next few weeks.

Mr. Shields: We have been waiting two years now.

Mr. Lalonde: I remind my friends on the other side that the Syncrude project in 1975 ran into the same types of problems, and they were resolved at the time by this government.

* * *

EMPLOYMENT

CUTBACK IN SPENDING ESTIMATES FOR JOB CREATION PROGRAMS

Hon. David Crombie (Rosedale): Madam Speaker, my question is directed to the Minister of Finance. It pertains to the spending estimates tabled in the House on Tuesday. I would like to ask the minister why in heaven's name the government is going to cut back on job creation in 1982-83 when we already have over one million people unemployed in this country.

• (1420)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I understand the hon. member's concern. If he had looked at last year's estimates he would have found that the job-creation estimates included at that time were considerably less than the actual amounts that were expended on job creation. As the hon. member may know, the job market is assessed in the course of the year and often additional sums are made available, so he should not draw the conclusion that there is less priority to the job-creation function of the government.

REQUEST THAT GOVERNMENT ACT TO CREATE JOBS

Hon. David Crombie (Rosedale): Madam Speaker, the estimates must surely speak for themselves; the facts are there for everyone to read. We are going from $318 million spent to $216 million spent. That is a loss of $102 million for the creation of new jobs. When is the government going to understand that its job is not to continue to create a depression in this country but to begin to create jobs and give people some hope in the country?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, that question has previously been addressed to me in the House and I have indicated that I am prepared to undertake appropriate measures as required. Certainly the field of job creation is one area that is receiving careful attention.

Mr. Crosbie: Buncombe.

* * *

THE ECONOMY

GOVERNMENT INTEREST RATE POLICY

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Minister of Finance. Yesterday in his speech in New York he said that the government had rejected all pleas to embark on a course of economic stimulation, and indicated that the government was quite prepared to sit back and wait for the recovery of the United States economy. At the same time the Prime Minister was standing up in this house telling us that the government was considering the possibility of lowering interest rates to provide stimulus to the economy.

Now that the minister is under pressure from the people of Canada, the ten provincial premiers, members of his own caucus and even the Prime Minister, is he prepared to abandon his disastrous high interest rate policy, or will he continue to refuse to take any independent action that would allow the country to lead its own economic recovery?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is true that I stated in New York yesterday that I did not see the solution to our problems to be spending our way out of the recession, and add to the deficit and add to the inflationary pressures in the economy. That is my view, and it is the policy that has been endorsed on three separate occasions in the House since the budget was presented.

I want to tell the hon. member that the comment which I made yesterday, to the effect that we are opposed to the suggestion that interest rates can be forced down significantly if only we accept the depreciation in the value of our dollar, is a statement of our policy. It is a policy that is not at all altered or changed by any comments made yesterday in the House by the Prime Minister.

DEFICIT IN TRADE IN MANUFACTURED GOODS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, that will not be welcome news to the millions of Canadians who are unemployed and the small businesses that are going bankrupt.

The minister also stated in New York yesterday that he would resist any pressure to protect this country's manufacturing industries. How can he continue to advocate that Canada remain the international boy scout of free trade when we racked up a $21 billion trade deficit in manufactured goods last year and lost over 300,000 jobs in total, in this vital sector of our economy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, what I said yesterday is that it is not our intention to join in a policy of increased protectionism at the present time. That is a very strong temptation in every country—to put up trade barriers and adopt "beggar-thy-neighbour" policies. We know from past experience that that would be very dangerous to Canada because we depend on a very dynamic international trading system. If we did anything to impair that, we would be putting ourselves at a very grave disadvantage.

• (1425)

CUT IN JOB-CREATION BUDGET

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, the position in the New Democratic Party is that, if they want profits, it is necessary for companies to provide Canadians with paycheques as well. Although the government continues to restate its concern for the unemployed in Canada, the weakness of its commitment became clearer than ever earlier this week when the estimates came before the House. In the face of over a million people unemployed, the government actually cut $102 million from its already meagre job-creation budget. On the one hand, how can the government keep telling the unemployed of Canada that it recognizes and is greatly concerned about their plight, but on the other hand callously cut 35 per cent from this portion of the budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, perhaps I should repeat the answer I already gave, because it is very important. Never have job-creation figures in the main estimates ever represented the total amount of money spent on job creation in a particular year. If the hon. member reviews past history he will see that the amounts included in the main estimates are usually greatly exceeded by subsequent commitments of the Government of Canada. That is the answer for the second time today.

Oral Questions

DISASTERS

SINKING OF "OCEAN RANGER"—LACK OF RESCUE CRAFT

Hon. James A. McGrath (St. John's East): Madam Speaker, I am told that I can only ask one question. Perhaps because of the importance of it you will let me put it in two parts. My question is directed to the Minister of National Defence. Would the minister tell the House why in the early hours of February 15, the critical hours, there were no fixed wing aircraft on the ground or no surface vessels in the area of the sinking of the *Ocean Ranger*, and what rescue operations there were, were not being directed by the Air-Sea Rescue Centre in Halifax but by the Mobil Oil company?

Could the minister also tell the house how he could find $22 million for two executive aircraft but could not find money to instal weather radar in the rescue helicopters in Gander?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I understand very well the concerns of the hon. member for St. John's East about the *Ocean Ranger* incident. I can assure him that I share his concern about what happened in this case. First of all, I do not think any orders were given by any of Mobil's people to the rescue centre. The co-ordination centre in Halifax is the lead centre and it gives whatever orders must be given concerning search and rescue. As far as improvements in Newfoundland in search and rescue capabilities are concerned, I can send to the hon. member a list of what we have done since 1976. We have stationed three helicopters in Gander and two ocean vessels since then. I think we have improved tremendously the effectiveness of search and rescue operations in the area.

INTRODUCTION OF LEGISLATION IN UNITED STATES CONGRESS

Hon. John C. Crosbie (St. John's West): Madam speaker, my question is directed to the Secretary of State for External Affairs. First I would like to congratulate the government for its belated recognition of its responsibilities. I think it has announced a joint inquiry into the terrible *Ocean Ranger* disaster with the province of Newfoundland. I hope this six-member commission will do the job of thoroughly exploring the issue. It now realizes that no ultimatum was given by the province of Newfoundland, and it has co-operated with them in this endeavour.

In Washington today, the Congressional merchant marine subcommittee headed by Mr. Biaggi is examining a bill to remove the right of non-American workers on United States-owned oil drilling rigs or vessels to recover damages from U.S. companies in U.S. courts for injuries suffered outside U.S. waters. The legislation will not be retroactive, but it is very important in view of the fact that the *Ocean Ranger* was a U.S.-owned rig operating outside U.S. waters. Has the government appointed representatives to appear before the committee to oppose the passage of the bill or to make representations on behalf of Canadian citizens and the Canadian government? If so, who are they and what are their instructions? Will we do everything we can to see that that legislation is not passed by the United States Congress?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, indeed we are well aware of the bill of Representative Biaggi. It was introduced on October 29, and therefore was not introduced in contemplation of this accident. It would not have the effect of barring completely law suits by aliens in United States courts, but it would make them seek remedies in other courts first before it would allow them to have recourse to United States courts. Of course we are watching it very closely, and there is some uncertainty as to legislative jurisdiction over semi-submersible rigs, depending upon whether they are to be classified in international law as ships of a country or as projections of a coastal state.

* * *

• (1430)

PIPELINES

EXTENSION OF GAS PIPELINE TO MARITIME PROVINCES

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. The Maritime Council of Premiers and the Association of Mechanical Contractors have expressed concern about maritimers being able to supply goods and services for the natural gas pipeline being constructed in the area. What measures is the Minister of Energy, Mines and Resources taking to stop the delays in construction in the TQM Pipeline, and what is he doing to see that people from New Brunswick, Nova Scotia and Prince Edward Island are given a fair chance to work on the project and to supply goods and services when it is under construction in the maritimes?

Will the minister confirm the commitment of his government that the spin-off from energy megaprojects like this will be used as development tools in these provinces that suffer from regional disparity?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Yes, Madam Speaker.

Mr. Howie: Marc, they won't think you that smart down east.

* * *

INDUSTRY

CONSOLIDATED COMPUTER INCORPORATED—TIMING OF DECISION TO TERMINATE GOVERNMENT ADVANCES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is for the President of the Treasury Board. The President of the Treasury Board will know that he was advised

of the difficulties being encountered by Consolidated Computer Inc. in a letter to him dated June 23, 1980, from the Minister of Industry, Trade and Commerce when he was advised that the company lost $10 million on $22 million worth of sales in 1979. Will the minister confirm that no action was taken by him to terminate advances to Consolidated Computer Inc. until he wrote to the Minister of Industry, Trade and Commerce on May 12, 1981, advising:

I am not convinced that CCI prospects warrant further government investment.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, yesterday I answered a question with respect to Consolidated Computer Inc. based on the leaked documents. I think I made it clear, and I think the history of this company, which goes back to the late 1960s or early 1970s, made it clear, from the leaked reports on which members have been relying, that there was a history of losses. This government, when it came into office, inherited the situation from the Conservative government—

Some hon. Members: Oh, oh!

Mr. Crosbie: Don't be so dishonest.

Mr. Johnston: I replaced the hon. member for York-Peel in this position. I think this government, through the Department of Industry, Trade and Commerce, took steps to bring the unhappy situation to completion—

An hon. Member: Grovel in the dirt.

Mr. Johnston: —and for that purpose it went so far as to appoint independent specialists, outside of government, Mr. Bill Rosenfeld an attorney from Toronto, and Mr. Terry Godsall from Shieldings Investments, in order to determine what was the viability of that company. When the data was available to government, steps were taken immediately to ensure no further losses would be incurred by the taxpayers of this country.

Mr. Crosbie: Only $125 million.

Mr. Baker (Nepean-Carleton): What is $125 million?

* * *

DISASTERS

SINKING OF "OCEAN RANGER"—ESTABLISHMENT OF JOINT FEDERAL-PROVINCIAL INQUIRY

Mr. George Baker (Gander-Twillingate): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the fact that the Newfoundland government and the federal government have finally agreed to a joint commission of inquiry into the tragic sinking of the *Ocean Ranger*, could the minister inform members of this House or provide us with the details of the terms of reference of that inquiry? In addition, can the minister assure both sides of this House that the report will be made public immediately upon completion of the inquiry?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, indeed there has been an agreement reached between the government of Newfoundland and the Government of Canada on a joint inquiry to be chaired by Mr. Chief Justice Hickman, and composed of six outstanding Newfoundlanders. The two governments have agreed that there will be indentical terms of reference. The exact drafting is not completed but I expect no difficulty in this regard. It has always been the intention that the report will be made public and this will be done once the commission has completed its work and it has submitted its report.

* * *

ENERGY

ALSANDS PROJECT—REQUEST THAT FURTHER TAX BREAKS BE DENIED TO CORPORATIONS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. Yesterday Dome Petroleum and Hudson's Bay Oil and Gas announced that they were pulling out of the Alsands consortium project. This morning Shell Explorer Ltd. followed suit, bringing to five the number of oil companies that have pulled out of the agreement in what looks, at least to the cynical among us, like a well orchestrated effort to force the government to sweeten the pot for the private companies involved in the project.

Mr. Crosbie: What nonsense.

Mr. Rose: Similar tactics were used in the mid-1970s to force a different kind of financing for the Syncrude project. The government paid 70 per cent of the cost and only got 30 per cent of the equity. Will the minister assure this House that he will not submit to this type of blackmail again by offering these corporations more and more tax breaks, unearned equity, or higher rates of return at the expense of the already well gouged taxpayer?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, indeed there has been some withdrawal on this particular project. I have indicated repeatedly in the House that there is a limit to how much the taxpayers of Canada should be asked to pay for any project. The two governments are working hand in hand in this respect. We are eager to see this project proceed, but again not at any price or at any cost to the taxpayer. We will have further negotiations and I will be very happy to inform my colleague about the development of those negotiations once they are completed.

FUNDS TO EXPAND EXISTING OIL PRODUCTION

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I wish the radiant minister of energy would feel the same way about nuclear projects. In light of these tactics being employed by private corporations, will the minister give serious consideration either to running this project as a public utility, as has been suggested, or rechannelling a lot of the funds that were

intended for this project into enhanced recovery programs for old oil and heavy oil, oil that could become available at one quarter to half the price of these marginal projects?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I do not think the Government of Canada and the government of Alberta have excluded any possibility on the basis of any doctrinaire position. But I think both governments are of the view that the best way of realizing this project is on the basis of a mixed project, including public and private participation. We certainly hope that there will be major private participation in the construction of this particular project.

* * *

AUTOMOTIVE INDUSTRY

CANADIAN CONTENT REGULATIONS—GOVERNMENT POLICY

Mr. Otto Jelinek (Halton): Madam Speaker, my question is for the Minister of State for International Trade. It has to do with the ailing auto industry. As the minister well knows, it has suffered the loss of 50,000 Canadian jobs in the last year alone. Because the Minister of Industry, Trade and Commerce sounds like a broken record on this subject regardless of what the question is, I would like the Minister of State for International Trade to tell this House and, more important, tell the industry, which is waiting in limbo out there, whether or not it is government policy to implement, by way of legislation if necessary, Canadian content regulations for automotive parts in Japanese vehicles sold in Canada. The industry can no longer depend on vague statements regarding delegations and meetings. Is it government policy, or is it not?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as I indicated yesterday in reply to a question posed by an hon. member opposite, in our meeting with the Japanese we will be initiating discussion on some form of a content proposal. But obviously we do not want to carry on the negotiations here in the House.

BASIS FOR NEGOTIATIONS WITH JAPANESE REPRESENTATIVES

Mr. Otto Jelinek (Halton): Madam Speaker, I would have expected that answer from the Minister of Industry, Trade and Commerce but not from the Minister of State for International Trade. We are not asking for vague comments, nor is the industry. The industry wants to know, and we want to know, whether the government wants to implement these regulations or not. If it does want to implement regulations by way of legislation if necessary, at what base level is the government going to start negotiations? If the government does not want to make that a policy, why is it not a policy when it cost the Canadian public 50,000 jobs in the last year alone?

Mr. Baker (Nepean-Carleton): Give us a straight answer.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I would have thought that my hon. friend with his expertise in the business community would know that it serves no purpose to carry on negotiations in the House prior to sitting down with the two principals involved.

* * *

• (1440)

FINANCE

REQUEST FOR EXTENSION OF NORTHERN ALLOWANCE REMISSION ORDER

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is for the Minister of Finance who must know that his proposal to terminate the temporary remission order affecting the northern living allowance will lead to mass unemployment in the resource producing industries of Northern Canada. In Labrador and northern Quebec alone, the United Steelworkers' locals representing over 10,000 workers have already told their employers that they will be forced to negotiate salary increases in the range of $4,000 to $8,000 a year as a result of the November 12 budget. The mining companies are not able to meet these extra salary demands, so northern communities are faced with the spectre of prolonged strikes, shutdowns, and thousands of additional lay-offs.

Will the minister undertake to extend the remission order for as long as it takes through a serious process of consultation with the union and mining companies to find a mutually acceptable solution to this critical problem?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in the budget statement I did, in response to representations from the north, extend the special remission order for an additional year. In that time I expect it will be possible for the government to consider what alternative system ought to be put in place rather than rely on the tax system. So the remission order has been extended and it is the intention of the government to replace it with a more appropriate system.

MEETING WITH UNION AND COMPANY REPRESENTATIVES

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my supplementary is to the Minister of National Revenue who will know that the taxation of northern benefits will take at least $40 million out of northern communities next year and will lead to widespread demands for higher wages, strikes and lay-offs. Since the Minister of Finance has so far refused to meet with those affected, including more than 10,000 steelworkers in the Minister of National Revenue's riding of Grand Falls-White Bay-Labrador, what alternative program of benefits does the minister have in mind, and why is there no provision for such a program in his own departmental estimates, which program will require between $30 million and $50 million for 1983 alone? Who is he trying to kid?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the question is, who is the opposition trying to kid? First of all, the remission order as it presently stands is unfair to the majority of people in the north because it applies mostly to those people in higher income brackets. It is a typically Tory position, Madam Speaker, to support the remission order as it presently exists. Many of us have been saying that it is not equitable and not fair because it does not address low-income people. I feel that is what we should be addressing over this year, and not simply prolong a measure which is inequitable.

As far as meeting with steelworkers is concerned, the Minister of International Trade and myself have a meeting on Saturday afternoon in Labrador City with the union and companies in that area. We are looking after our people, Madam Speaker.

Some hon. Members: Hear, hear!

* * *

FINANCE

SPEECH MADE BY MINISTER OF AGRICULTURE IN LONDON, ONT.

Hon. John Wise (Elgin): Madam Speaker, we see that the Minister of Agriculture has been out on the range again, prowling in southwestern Ontario earlier this week. My question is to the Minister of Finance because when the Minister of Agriculture was in London earlier this week he met with the Canadian Farm Survival Association. He encouraged that association to make representations with reference to the government moving forward on a moratorium on farm bankruptcies and foreclosures. Is the minister contemplating any action in this regard? Was the Minister of Agriculture speaking on behalf of the government in London earlier this week?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, when the Minister of Agriculture makes the representations alleged I will give them consideration. However, I understand from the minister that these statements are not quite in line with what he actually said.

QUERY RESPECTING FARM CREDIT LEGISLATION

Hon. John Wise (Elgin): Madam Speaker, there must be some misunderstanding because, under questioning this morning in the Standing Committee on Agriculture, the minister indicated that he made that comment. Well, Madam Speaker, we will check to see what the record shows. However, another statement holds more ramifications, and certainly indicates a need for clarification. In his second statement the minister indicated that his government anticipates reviving the Farmers' Creditors Arrangement Act. That statement obviously, as the Minister of Finance will know, raises some real problems with reference to the financial difficulties farmers face today. Was the Minister of Agriculture speaking on behalf of the government, or was he speaking through his big green hat as he usually does?

Some hon. Members: Order, order!

Mr. Beatty: Put the bull back in the pen.

Mr. Whelan: It is on that side of the House today.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, when the policy is announced in this matter I will be glad to make it available to the hon. member.

* * *

NATIONAL ENERGY PROGRAM

EFFECT ON ALSANDS PROJECT

Mr. Jack Shields (Athabasca): Madam Speaker, my question is addressed to the Minister of Energy, Mines and Resources. The Alsands project is threatened because of a very ill-conceived national energy policy. We all know that the economic impact of that project across Canada will be $450 billion during the life of the project. The minister knows that $81.8 billion will go into Ontario and $13 billion to $14 billion into Quebec. When is the minister going to make the necessary changes in that policy which will allow the Alsands project to proceed, along with the other projects needed for energy self-sufficiency?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): First of all, Madam Speaker, in regard to the question asked previously by the hon. member for York-Sunbury, I would like to indicate that I have raised the issue of the gas pipeline several times with my colleagues in the maritimes. I have urged them in the last two years to take steps to appoint distributors to try to make sure that they will show interest and provide leadership in this regard. I am happy they are finally doing so. I also invite them to help me—

Madam Speaker: Order, please. I think the question was asked by the hon. member for Athabasca.

Mr. Lalonde: I am sorry, Madam Speaker. I thought it was a speech rather than a question. I want to tell the hon. member that the governments of Alberta and Canada and the private companies remaining in the consortium are working hard at trying to make this project go forward.

REQUEST THAT MINISTER CHANGE POLICY

Mr. Jack Shields (Athabasca): Madam Speaker, since the national energy policy was introduced by the minister's department, oil exploration activity in Canada is down, Alsands is jeopardized, the Cold Lake plant is on hold or dead, production of oil and gas is down, 2,000 fewer wells were drilled in Canada this year than last, exploration expenditures are down, and the expansion of Syncrude has been cancelled.

Some hon. Members: Question.

Mr. Shields: When is the minister going to put the economic health of this country ahead of his own pride, and reverse some of the decisions he made in the national energy policy? When is he going to put the people of Canada ahead of his own pride?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Paproski: You think that is funny, but the people of Canada don't.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would invite my hon. friend to look at reality rather than his own rhetoric. I would remind him that this year planned expenditures in the oil and gas sector will increase by close to 40 per cent, as compared to about 7 per cent last year. They will increase at about twice the rate of expenditure in the manufacturing industries. Over the next five years it is foreseen that expenditures in the oil and gas industry will be very substantially higher, proportionately, than the increase in the manufacturing sector in this country. There is a lot of action taking place. I am afraid my hon. friend must be wearing blinders.

* * *

CANADIAN WHEAT BOARD

INITIAL PRICE FOR GRAIN—REQUEST FOR ANNOUNCEMENT IN MARCH

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, the minister responsible for the Wheat Board is in the other place, and the Minister of Transport is not here, so this question has to go to the Minister of Agriculture.

An hon. Member: Oh, oh!

Mr. Hovdebo: Last year the minister responsible for the Wheat Board did not announce the initial prices for grain in the early spring, when it assists farmers in their seeding plans. Since the government was condemned by the industry for not doing so, and since the government always does what the western farmers' consensus indicates, can the minister assure the House and grain producers that the government will announce the 1982-83 initial price for grain in March when it helps, rather than in July when it does not?

• (1450)

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member has answered his own question by the very fact that, as it was announced late, it did not have very much bearing on what the farmers planted last year because it was one of their biggest harvest or production years in the history of western Canada. Therefore, it had little bearing on what they were going to plant or what they were going to do.

REQUEST THAT PRICE COVER INCREASED PRODUCTION COSTS

Mr. Stan J. Hovdebo (Prince Albert): The western Canadian farmer wants to know, right now, if he will seed enough to reach the 35 million metric ton target which has been talked about by the government. What is the minister telling the farmer today, by word and by action? Because if it is, "Yes, grow more grain", then will he give the House a commitment that the farmers will get enough prices for their grain so that they can pay for the increased costs which are going into production? Will he also indicate that farmers will get transportation at a cost which will allow them to have an income which might be somewhat similar to what they got last year in an extra production year? For a group that remits several billion—

Mr. Baker (Nepean-Carleton): Order.

Mr. Hovdebo: —$4 billion in foreign exchange, they should have some commitment as to what they grow.

Mr. Kempling: Now, my question is—

Some hon. Members: Hear, hear!

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member seems to discredit farmers for having the ability to make up their own minds, themselves, concerning what they should plant and how much they should plant. Yesterday I answered a question by hon. members opposite from the other party concerning the need for proper financing. I stated that I agreed to that. But the hon. member should also remember that the crop year shows that last year was the largest year ever for shipping and exporting grain.

Mr. Hovdebo: Smallest price.

Mr. Whelan: Over 26 million tonnes were involved. Therefore the farmers have the ability to produce and to do these things on their own. However, the announcement the hon. member spoke about does not have a great bearing on what they will do, because last year they made up their own minds concerning what they would do, and they will do that again this year, regardless of when we make that announcement.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRINCE SALMAN BEN SAUD BEN ABDUL-ARIZ FROM SAUDI ARABIA

Madam Speaker: I should like to draw the attention of the House to the presence in our gallery today of Prince Salman ben Saud ben Abdul-Ariz of Saudi Arabia.

Some hon. Members: Hear, hear!

REGIONAL ECONOMIC EXPANSION

REQUEST FOR MEASURES TO ASSIST INDUSTRIES IN NOVA SCOTIA

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Acting Minister of Industry, Trade and Commerce or the Acting Minister of Regional Economic Expansion. I would like to ask when we can expect to find some tangible measures taken to assist industries in depressed parts of Canada, which have export as well as domestic capabilities. I wrote to the minister on February 4 and sent copies to the Minister of Finance and Senator Olson. I have not, as yet, received any response. Two specific industries are very important to areas of Nova Scotia, that is to say, Sydney Steel and Hawker Siddeley in Trenton, Nova Scotia, both of which need orders, orders which could very well be allocated to these industries without in any way incurring extra expense.

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, in the absence of the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray), I shall review the hon. member's correspondence and try to provide a reply as soon as possible.

* * *

[*English*]

EXTERNAL AFFAIRS

STATUS OF "OCEAN RANGER" WITHIN TWO HUNDRED MILE LIMIT

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is addressed to the Secretary of State for External Affairs. In view of the uncertainty, to which he just added, concerning the status of the *Ocean Ranger* as to whether, in fact, it was a free-floating ship or whether, because it was attached to the ocean floor, it might conceivably be thought of in terms of an artificial island, I was wondering whether the minister has received legal advice concerning the status of that particular body within the 200-mile limit beyond Canada's shore.

Also in view of this uncertainty, will he say whether the Canadian government will make representations or has asked to make representations to the inquiry being mounted by the Coast Guard of the United States, because the status of that particular object out there, within the 200-mile limit, could be within Canadian jurisdiction, or could not?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, we certainly do not want to take any steps at the present time which will in any way affect the status of any Canadian litigant. However, I must say that while there is some uncertainty in international law as to jurisdiction over such a semi-submersible rig, whether it is rightly classed as a ship and jurisdiction therefore belongs to the flag country, or whether it is considered to be within the 200-mile zone and therefore within the jurisdiction of the coastal state, our position is that it is within our jurisdiction.

QUESTION OF CANADIAN JURISDICTION

Mr. Donald W. Munro (Esquimalt-Saanich): The minister has not answered the second part of my question as to whether, knowing that the United States Coast Guard is also mounting an inquiry, representations or at least a listening brief was being considered by the Canadian government on that other inquiry. If it is within Canadian jurisdiction, is the minister excluding the Coast Guard from carrying out its inquiry?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, we are, of course, watching the U.S. proceedings; but, just as we would not want to take any step which would prejudice the rights of Canadian litigants, so we would not want to take any steps which would prejudice our claims as a government under international law. Therefore we certainly have no present plans to make submissions before the U.S. inquiry.

* * *

THE PERFORMING ARTS

CHEQUE DUE TO EDMONTON SYMPHONY ORCHESTRA

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, my question is directed to the Secretary of State in charge of art and culture. We on this side are very pleased to see that some of the lottery money which the government is getting back from the provinces is going into art galleries here in Ottawa.

Some hon. Members: Oh, oh!

Mr. Paproski: However, I would like to ask the minister a question. The Edmonton Symphony needs $84,000 and the cheque is long overdue. I would like to ask the minister if he would be so kind to give it to Charlie Lynch who will be there this weekend with the Allied Jazz Band, which is doing a benefit for the Edmonton Symphony, so that he can present it for a truly good cause.

Some hon. Members: Hear, hear!

Hon. Francis Fox (Minister of Communications): Madam Speaker, I would first like to point out to the hon. member that the moneys which were announced last week for the National Gallery and the Museum of Man did not come from the lotteries fund but, rather, from a commitment by this government to arts and culture in this country.

An hon. Member: You are anti-Lynch?

Mr. Fox: As far as the Edmonton Symphony is concerned, it will, of course, benefit from the deficit reduction program which was developed by this government. This cheque has now

been issued and has been forwarded to my colleague, Senator Olson, in order that he may give it to the Edmonton Symphony.

Some hon. Members: Oh, oh!

Mr. Howie: What does Olson play?

Mr. Paproski: We are very pleased, Madam Speaker, but I say to the minister that the last minister who was presenting money to galleries here six years ago was the Hon. Hugh Faulkner, and he is no longer here in the House.

* * *

EDUCATION

SCHOOLS' ACCESS TO CANADIAN BROADCASTING CORPORATION FILMS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is directed to the Minister of Communications. For the past ten years Canada's universities and schools have been trying to obtain access to CBC broadcasting materials that could be useful in our schools and universities across Canada for educational purposes. Our educational institutions require the films for short periods of time only, and are willing to pay a nominal fee, but they have met with limited success to date. Will the minister inform the House of what he has been doing to assist our schools and universities in solving this problem?

Hon. Francis Fox (Minister of Communications): Madam Speaker, basically, if the hon. member has thought about the National Film Board, there is a distribution system which makes the program production of the National Film Board widely available throughout the country. I am told that the hon. member is referring to the CBC. If he has any specific programs he would like to see made available to our schools, I would be delighted to raise the matter with the president of the CBC.

ESTABLISHMENT OF GUIDELINES

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, the British government has worked out a satisfactory solution to this problem, and the U.S. government has appointed a committee made up of publishers, educators, radio and TV artists and broadcasters. This committee is establishing guidelines for off-air recording of broadcast programming for educational purposes. Will the minister appoint a similar committee so that we may work toward a solution to this problem that has been with us far too long?

Some hon. Members: Hear, hear!

• (1500)

Hon. Francis Fox (Minister of Communications): As the hon. member knows, Madam Speaker, the field of education in general is a matter of provincial responsibility. The question to which the hon. member refers is one which relates to the copyright laws of this country. My colleague, the Minister of Consumer and Corporate Affairs, and I, have set up task forces within our departments to look at this whole question. The task force in my case is made up of eminent Canadians very knowledgeable in the area; Andre Raynauld of the University of Montreal, John Hylton, the former vice-chairman of the CRTC, and Claude Brunet of Montreal, an acknowledged copyright expert. I would be delighted to draw the hon. member's concern to their attention. I already know that this is the type of issue with which they will be dealing. Perhaps in closing I might add that I expect this group to report to me in early summer.

* * * &ed1760;-1

[*Translation*]

PETITIONS

MR. MAZANKOWSKI—REQUEST FOR CONSTRUCTION OF POSTAL FACILITY IN TOFIELD, ALTA.

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and eighty-third report of the Clerk of Petitions, stating that he has examined the petition presented by the hon. member for Vegreville (Mr. Mazankowski) on Wednesday, February 24, 1982, and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, this being Thursday, I would like to ask the government House leader to give us some indication of the House business for the next few days.

Mr. Pinard: Madam Speaker, I am honoured to be asked the question by my colleague. I want to confirm that tomorrow, Friday, will be an allotted day. Later on today we will resume debate on second reading of Bill C-89, the National Housing Act.

[*Translation*]

Next week, Monday we shall resume second reading of the bill dealing with the National Housing Act, and depending on the outcome of the division on the motion today, there will be a division on second reading Monday evening. From Tuesday until the end of the week, that is until Friday, we shall be considering a major bill we intend to introduce tomorrow. The bill concerns energy security and a notice appears in the Order Paper. Once again, the bill will be introduced tomorrow but consideration of the bill will not start until Tuesday, so as to enable hon. members to study the bill in detail during the weekend.

[*English*]

Mr. Lewis: Madam Speaker, I might ask the House leader for the New Democratic Party if he wants to comment on the allotted day motion presently on the Order Paper.

Mr. Deans: Thank you very much. It is not often I get asked a question. The hon. member is doing a better job than his boss!

Some hon. Members: Hear, hear!

Mr. Deans: I might indicate that although we have a motion standing on the notice paper with regard to an opposition supply day, it is my understanding that the opposition supply day tomorrow will be a Conservative day. While we would like to leave the motion stand on the Order Paper, we do not want to create any conflict. We do not ask that the Chair rule on which of the motions is acceptable. We are prepared to accept debate on the motion put down by the Conservative Party for tomorrow.

Mr. Lewis: That is fine, Madam Speaker. That is all I wanted to establish with respect to that motion.

* * *

ENERGY SECURITY ACT

MEASURE TO ESTABLISH

On the order: Introduction of Bills:

February 23, 1982—*The Minister of Energy, Mines and Resources*—Bill intituled: "An act to amend and enact provisions related to the Petroleum Administration Act, the National Energy Board Act, the Foreign Investment Review Act, the Canada Business Corporation Act, the Petro-Canada Act, the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act; to repeal the Energy Supplies Emergency Act; to amend an Act to amend the Petroleum Administration Act and the Energy Supplies Emergency Act; to amend the Adjustment of Accounts Act; and to enact the Petroleum Incentives Program Act, the Canadian Ownership and Control Determination Act, the Energy Monitoring Act and the Motor Vehicle Fuel Consumption Standards Act".

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I rise on a point of order. I am in a bit of a dilemma. The government House leader announced that tomorrow he will be introducing the energy security act for first reading. Based on the title alone, as indicated in the notice paper, we have some concern about its propriety with regard to its form. We would ask the Chair to examine the propriety of its form and, under Standing Order 69, make a ruling.

The dilemma is that the appropriate time for the decision of the Chair is at first reading. That is confirmed by a decision of Mr. Speaker Lamoureux reported in *Journals* of January 26, 1971. Obviously we cannot have a reasonable debate as to the propriety of the form until we have the bill. We do not have the bill until it is given first reading and is printed. Therefore, we have a Catch-22 situation. Mr. Speaker Lamoureux dealt with this on January 26, 1971, when he said:

In my view it should be the responsibility of the Chair, when such bill is introduced and given first reading, to take the initiative and raise the matter for the consideration of the House by way of a point of order—

My suggestion to the Chair is that the Chair permit a caveat on first reading to allow us the opportunity over the weekend to examine this bill to find out if in fact our concerns are legitimate, and on Monday, if it is deemed desirable, to discuss whether the bill is in order or not, allowing the opportunity for the Chair to exercise its discretion in a way that is not prejudiced by the fact that we will have completed first reading.

I am not sure if I have made myself clear in this Catch-22, chicken and egg situation. I am asking for an opportunity to see the bill and then have a discussion of the point of order as to whether or not the bill is in order. I think this needs a decision by the Chair.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the same request was put to you not long ago in connection with a borrowing authority bill, because it included several other tax measures, and because of this omnibus aspect you were asked the same question at the time by the hon. member for Yukon (Mr. Nielsen). On that occasion I said that if the hon. member thought he had a good case, he should raise his point of order at the appropriate time, that it was not up to me as government House leader to decide whether his argument was justified or not, and finally, that I was always prepared to debate the issue. I should like to point out that in the case we have here, a draft bill was published in July, that a very detailed notice of ways and means motion was published in the Order Paper, that the bill will be very similar to the draft bill I have just mentioned, and that the content of the notice of ways and means motion will be reflected in the bill. We are going to introduce the bill tomorrow, and if my hon. colleague is here tomorrow, I shall try to send him a copy beforehand, which means later today or some time tomorrow morning, which will be helpful if he again wants to argue a point that was unsuccessfully debated not long ago.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. Deans: Madam Speaker, I am sorry to rise again. There is a matter I wanted to clarify with regard to the House business. We have been meeting, as you are aware—perhaps you are not aware and you are not even supposed to be aware—to discuss the terms of reference for the referral of the matter of bank profits to the Standing Committee on Finance, Trade and Economic Affairs.

It had been my understanding that that reference, as amended, would be moved today. I notice that the reference still stands on the notice paper in its original form. Is the House leader in a position to tell me whether he in fact intends

to move the reference, and whether he intends to move the reference in an amended form or in the form it now is and has been for the past two days?

Mr. Pinard: Madam Speaker, we had a House leaders' meeting yesterday and we did come to an agreement. If it is the will of the House, I am prepared now to move the motion with the small change to which we agreed—it will be very brief—or I could wait until you call notices of motions.

Madam Speaker: Perhaps the minister will not mind waiting until I call notices of motions.

* * *

ENERGY SECURITY ACT

MEASURE TO ESTABLISH

On the Order: Introduction of Bills:

February 23, 1982—*The Minister of Energy, Mines and Resources*—Bill intituled: "An Act to amend and enact provisions related to the Petroleum Administration Act, the National Energy Board Act, the Foreign Investment Review Act, the Canada Business Corporation Act, the Petro-Canada Act, the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act; to repeal the Energy Supplies Emergency Act; to amend an act to amend the Petroleum Administration Act and the Energy Supplies Emergency Act; to amend the Adjustment of Accounts Act; and to enact the Petroleum Incentives Program Act, the Canadian Ownership and Control Determination Act, the Energy Monitoring Act and the Motor Vehicle Fuel Consumption Standards Act".

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I listened to the undertakings given by the government House leader about dealing with the bill you are about to speak to on the question raised by the hon. member for Calgary Centre (Mr. Andre). The problem may very well be a problem only if the undertaking is accepted as solving the issue because the bill, even by its title, seems to go beyond the terms of the notice of motion.

• (1510)

If I may say so, I think that the suggestion which was made by the hon. member for Calgary Centre is a good one, that the caveat be entered, that time is given and the Chair take the time to review this matter over the period suggested by the hon. member.

I am sure that the President of the Privy Council (Mr. Pinard) was acting in good faith—I am not suggesting that he was not—by giving that undertaking. However, the problem still exists, and I think it is implicit in the title of the bill which seems to go beyond the notice of ways and means motion. That is why there is some good sense to the suggestion of the member for Calgary Centre.

Mr. Pinard: Madam Speaker, the impression I have is that my hon. friend is afraid to be afraid. As a matter of fact, we have said that we will introduce a bill tomorrow. This bill will look like the draft bill which has been given to the opposition last July. It will reflect the ways and means motion. Once the bill is introduced, if they have a point of order to raise, that is their right. We will argue that. The matter is very simple; if they do not agree with the omnibus aspect of the bill—we say it is according to practice—we will argue that in due course. The opposition will have the weekend to study the bill, as well as Monday, and we will debate it on Tuesday.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we have an unusual situation here. There has been a draft bill circulated. The government House leader has just indicated that the bill which he intends to introduce, which no one on this side of the House, at least, has seen, will look like the draft bill. He has not said it will be precisely like the draft bill. We do not know the precise nature of the bill which will be introduced and we have some very real cause for concern that the bill which will be introduced will not be allowable and acceptable in the House, for various reasons which we will not burden the House with at this moment.

As you know, the dilemma is that we will not be allowed to debate at the time of its introduction for first reading. What we are asking seems to me to be straightforward and reasonable and is also backed up by a precedent decision of one of your predecessors, Mr. Speaker Lamoureux. What we are seeking is that the Chair indicate now that first reading would be a caveat, with the caveat being that the bill proposed to be introduced, which none of us has seen, is a bill which is, in fact, acceptable to the House of Commons.

In summary, that is the situation as put forward by my colleague from Calgary Centre. What we would ask is for you to act as your predecessor, Mr. Speaker Lamoureux, has acted and have the House give a caveated first reading.

Mr. Pinard: Madam Speaker, you proceeded in a definite way previously. We do not object to proceeding the same way but it is not for the House to give its consent, it is for you to exercise your discretion.

Madam Speaker: It seems to me the House has already dealt with this problem very recently. It seems to me that the caveat is not really necessary because I will certainly rule diligently on this matter which has been brought up by the hon. member for Calgary Centre. I will do that some time before second reading, so points of order may be brought up and I can hear those points of order. We have dealt with this before. I feel we can solve this particular problem in the same manner.

Mr. Andre: Madam Speaker, perhaps that does clarify it. If the Chair is acknowledging that we can, in fact, raise a point of order between first and second reading which the Chair will hear and base a judgment on the assessment and evaluation of those arguments, then we have no dispute. My concern was that the Chair might have indicated that since first reading had been completed there would be no opportunity to address any points of order which may be raised. That was my only concern and perhaps the remarks of the Chair have cleared that up.

Mr. Pinard: Madam Speaker, as far as I am concerned we will be ready to argue any point of order on this bill tomorrow.

POINT OF ORDER

MR. YURKO—REQUEST FOR CHANGE IN ORDER PAPER

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rose on a point of order yesterday to request a change on the Order Paper to alternate or switch to the motions that are on the Order Paper in my name. Yesterday, the House leader of the Conservative party indicated a reservation with regard to a member sitting as an independent being permitted the opportunity of switching two motions. I wonder if the acting House leader is now prepared to tell us what his decision has been and perhaps why such a decision has been made?

Madam Speaker: If the hon. member wishes to renew his question, which I assume he has done, to switch the order of his motions, I will ask the House again if it gives its unanimous consent to the changes which are asked by the hon. member for Edmonton East. Does the House give unanimous consent?

Some hon. Members: No.

Madam Speaker: The hon. member does not have the unanimous consent of the House to change the order of those motions.

ROUTINE PROCEEDINGS

[*English*]

FINANCE, TRADE AND ECONOMIC AFFAIRS

REFERENCE TO STANDING COMMITTEE

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, concerning government notices of motions I can say that there is unanimous consent, which my colleagues will undoubtedly confirm, to the following motion:

That the Standing Committee on Finance, Trade and Economic Affairs be empowered to review the profit situation of the chartered banks.

That the motion be amended by adding the following words:

"And that the committee be empowered to engage necessary expert staff."

Mr. Doug Lewis (Simcoe North): Madam Speaker, I can confirm that our party welcomes the opportunity for this parliamentary committee to study the interest rates policy and review the profit situation of the chartered banks. The government House leader has confirmed to us earlier and to the House, I believe, that this inquiry will be given the widest terms of reference possible. We agree with the addition to the motion of the provision to hire staff.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the unanimous consent that is given is, of course, to a motion to have the inquiry. In fact, there is not only unanimous consent to have the inquiry; it is eagerly sought by members of this party.

I am disappointed, I must say, that we were not able to convince the government House leader and the Conservative House leader to include a review of federal government legislation on some other matters which we felt were essential to the conduct of a proper inquiry. However, the government House leader and the House leader of the official opposition indicated that as far as they were concerned the committee had the power to ask for, and would likely receive, the opportunity to travel, if that became necessary, and it could hold public hearings. Knowing my astute colleague from Kamloops-Shuswap (Mr. Riis), we will be able to find a way, during the committee's deliberations, to investigate the federal government's complicity in the high interest rate policy of the banks which has resulted in the inordinately high profits.

Mr. Lewis: Madam Speaker, I would just like to comment that it was the government House leader who made the comments on travel. At no time did we make any comments about travel in inquiries like that.

Mr. Pinard: Madam Speaker, the committee is the master of its own procedure. If it desires to come up with an interim report to request permission to travel, then, as I told the hon. member, it will be seriously considered. In the meantime, the committee will decide what objective to attack first. It comes under the terms of reference which are broad enough to allow a very serious debate about the concerns expressed by the hon. member for Hamilton Mountain (Mr. Deans). Therefore, I seek unanimous consent of the House to adopt without debate the motion I have just read.

Hon. Marcel Lambert (Edmonton West): Madam Speaker, may I ask for a point of clarification. The motion of the House leader uses the term "Canada's chartered banks". He may recall that the last Bank Act provided for the incorporation of many banks. There are 30 or 40 already incorporated via letters patent. Were those banks operating as foreign banks in Canada prior to the new Bank Act and since then to be excluded from examination by the committee?

Mr. Pinard: Madam Speaker, I think the terms of reference are very broad. It is not our intention to limit at the level of the House of Commons the terms of reference of the committee. The committee will look into this and make a decision. If it is not clear and if the committee feels it should come back to seek further power or an order of reference which is more specific, we will consider that. However, at this stage I think the terms are broad enough to include the profits of the chartered banks and, I suppose, the banks about which my hon. colleague has just spoken.

• (1520)

Motion agreed to.

Time Allocation

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER BILL C-89 ON SECOND READING

Hon. Paul J. Cosgrove (Minister of Public Works) moved:

That, in relation to Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, one additional sitting day shall be allotted to the consideration of the second reading stage of the bill; and that 15 minutes before the expiry of the time provided for government business on that day, any proceedings before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the said stage of the bill shall be put forthwith and successively, without further debate or amendment.

Mr. Clark: Shame!

Mr. Cosgrove: Madam Speaker, it was three months ago almost to the day that I first asked for the support of all members of the House to consider the urgency of the measures in Bill C-89. The last two paragraphs of my comments on that day were as follows:

The task now, Madam Speaker, is for the House to translate into action its expressed concern for housing matters and Canadians thereby affected. I will soon table a bill to amend the National Housing Act. This legislation is important. It will enable the government to assist households renewing their mortgage; it will enable the government to assist first-time home buyers through modifications to the mortgage instrument; and it will enable additional stimulus to be provided to rental production by allowing CMHC to insure higher loan amounts on rental production.

I trust and pray, Madam Speaker, that just as my confidence in the government was vindicated by the budget, so too will my confidence in the good sense of the hon. members of the House be vindicated by their speedy passage of the housing legislation so sorely needed by many Canadians today.

I wish that confidence had been borne out.

In April of 1980 the Speech from the Throne set the basis—and should have alerted this House—to the general intentions of the government with respect to housing. The Speech from the Throne stated that the government would:

—act to assist those unable to bear the burden of renegotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided.

We described how this would be approached by the government. We were convinced that the government could do this:

—without the government embarking upon a major subsidy program.

Those signals were sent to the opposition many, many months ago. The Canada mortgage renewal plan introduced in the budget on November 12 did just that. It followed the intentions of the government I have laid out. It is a plan to assist Canadians who are unable to help themselves with guarantees, through interest deferral or grants up to $3,000 per household.

This legislation was tabled in this House prior to December. I had copies of the draft legislation hand delivered to the housing critics of the opposition parties. In January prior to the return of this House to its normal business I sought the co-operation of the parties through their respective spokesmen—in the case of the New Democratic Party, spokeswoman.

We have been discussing this legislation now for five days. What is particularly perturbing to me—and a disappointment—is the fact that hon. members opposite asked in October and November that I or my office use what influence we had to assist Canadians who were troubled about mortgage renewals. I received nearly 400 requests for assistance from hon. members opposite. This legislation is required in order that I can indeed assist not only hon. members opposite but also the many Canadians who have sought the assistance provided in the programs in Bill C-89.

In addition to that, when hon. members opposite returned in the fall, they tabled many petitions containing thousands of signatures of concerned Canadians. I personally signed responses to over 10,000 Canadians advising that the government would take action and that it would be in accordance with the principles I have enunciated in these brief remarks. This legislation is required to assist many of those Canadians.

I would like to stress that the commitment of the budget was $350 million over the next two years to encourage the construction of rental accommodation. One third of those units promoted by that budgetary commitment are what we refer to as rent-geared-to-income accommodation. Any hon. member who has any experience in the housing field knows that that program through the years in most of the provinces of Canada has been one of the most effective ways of providing affordable accommodation to Canadians at lower income levels. The delivery of that accommodation to Canadians is being delayed by the delay of this legislation. Without this legislation we cannot proceed with that program.

There has been the complaint that this bill is not enough, but I point out, as I did to the new critic for the New Democratic Party, that the 15,000 units are a minimum and that after we receive proposals and responses from the building community the $350 million could result in many thousands of additional units over and above the 15,000. The many jobs which will be created through the construction of that rental accommodation will be the result of this legislation.

Hon. members have recounted in this House the experience in their communities, and they have asked for government programs. That was done today by the hon. member for Rosedale (Mr. Crombie). Hon. members have been seeking government programs to create employment across the country. The legislation before us, Bill C-89, for which we have sought co-operation, is one of the tools which addresses that problem. There is a potential of 70,000 person years generated through the expenditure of $350 million. I felt that would have motivated more support and a speedier response to the legislation and possibly would have obviated the necessity of the government's proposing the motion I am proposing today.

In conclusion, I remind hon. members that the blueprint for action of this government in the Speech from the Throne in April, 1980, addressed not only the needs of those in this country who need help most and the intentions of the government to respond in a real way to those who need help most, but it also addressed the posture of the government in terms of how it goes about general government business. One of the principles is a recognition that Canadians do not necessarily want more government. They want more effective government.

The Canada Mortgage and Housing Corporation is dealt with in Bill C-89. From comments of hon. members on both sides of this House and from personal representations made by hon. members, I know that the Canada Mortgage and Housing Corporation has served Canadians and the representatives of Canadians well over the last few years. The Canada Mortgage and Housing Corporation needs this legislation to make its operation more effective in the handling of claims, in the area of underwriting and in being able to support the lending institutions with the types of new mortgage documents which are now generated in our changing economic climate. Those provisions have not been attacked. In five days of debate not a single word of criticism has been addressed to those objectives.

• (1530)

I will conclude by saying that I wish we had the support of hon. members opposite. I believe that the response of the government in this bill is a sensible and sensitive one to a difficult problem.

Hon. James A. McGrath (St. John's East): Mr. Speaker, we have just witnessed what I consider to be one of the most outstanding examples of hypocrisy that I have seen around here in a long time. The minister who is responsible for housing pleads with us; he tells us how he tried to cajole us into getting on with the bill and then damns himself out of his own mouth. The very man who stands in his place today to bring in a closure motion talks about the business of Bill C-89 being incorporated in the Speech from the Throne in April 1980!

So much for urgency, Mr. Speaker. It did not see the light of day again until the budget of November 12, 1981. Again, so much for urgency, so much for discharging a promise to the home owners of this country in the budget of April 1980. The bill does not come before the House for second reading until February 8, 1982, three full months after the introduction of the budget. And still the minister talks about urgency.

Let us look at the record of debate on Bill C-89 since second reading debate commenced on February 8, 1982. Debate was continued on February 9, then was interrupted on February 10 because the government wanted to deal with Bill C-90, the Customs Tariff bill. It was picked up again on February 11 and then we did not get back to it until February 22.

What happened during the intervening days? There was an allotted day. The government could have set that aside; it manages the business of the House so it could have said that it wanted to get on with Bill C-89 because it was a matter of urgency. Apart from an allotted day, we had the labour benefits bill, the Canagrex bill, the taxation and borrowing authority bill, a supply day, the labour benefits bill again—everything but Bill C-89. Yet the minister has the unmitigated gall to stand in his place and say that the House has dragged its feet and that this bill is a matter of urgency. We have had five days to deal with this bill. That is the only opportunity we will have to examine the housing crisis and the government's response to it.

It is worth looking at the record of those five days, Mr. Speaker. It is not only members of the opposition that have been carrying the debate; members of the government party have participated, as have members of the NDP. It was only when the minister felt that the debate was going on a little bit too long that he decided to pull his members back. But that is no reason for us to withdraw and not discharge our responsibilities to the people in this country.

There is not a member sitting in this House who is not faced with a critical housing crisis in his or her constituency.

Mr. Kelly: Nonsense!

Mr. McGrath: Yet the government has the unmitigated gall to invoke closure after five days of debate—to invoke closure on a bill that will probably pass second reading with a nod. No one is opposed to the principle of the bill. What we have said in speech after speech after speech is that the bill offers a mere pittance; it does not go far enough; it does not significantly address the problems of home owners nor the acute shortage of rental accommodation in this country. But because of the pittance it provides for those in dire straits, no one in this House is going to vote against it.

The Minister of Public Works (Mr. Cosgrove) should know that this is a money bill and that the opposition cannot move amendments to it. All we can do is try to make the case and hope that the government will be sufficiently impressed that it will subsequently bring in amendments to the bill.

Another matter that gave us cause to hope that the government might bring in some amendments is the famous letter signed by the ten that was released coincidentally with the commencement of second reading of the bill. It was signed by eight backbenchers on the government side and, significantly, by two members of the government.

We all know the contents of that letter and the press release that accompanied it. It called for a new housing initiative; it called for 50,000 housing units to be commenced immediately. The bill makes provision for only an additional 15,000 units. Surely we had reason to suspect as a result of that letter that something might be forthcoming. If not, we had an obligation to make the case to the government that the bill does not address the critical housing situation in the country today.

I should like to quote from the leaked document, Mr. Speaker. Referring to the consequences of high interest rates, the problem that this bill is supposed to address, the document quotes from a memo written by the minister who is responsible for housing to his cabinet colleagues—to the effect that the prospect is not only for tight rental markets but for waiting lists and doubling up with family and friends. It goes on to say that we will witness a substantial regression in housing conditions following 35 years of gradual improvement.

That is not the official opposition speaking, Mr. Speaker, and it is not the New Democratic Party; that is what the minister was saying to his colleagues just a few short months ago. Now he has the nerve to get up in the House after five days of debate, knowing full well that the bill will receive

general support—albeit critical support because it does not go far enough—and deny members of the House the only opportunity they have to try to press home to the government that there is a critical crisis in the country today and that in the budgets of 1980 and 1981 the government failed miserably to address that crisis.

Some hon. Members: Hear, hear!

Mr. McGrath: That is the responsibility we have, Mr. Speaker. All we have to do is take the minister's own projections. For this year we need 77,500 apartment units, but how many will we get? We will get 15,000 units because, according to the minister's own statement, no rental housing will be built in Canada this year other than that which is publicly assisted. We know that the only assistance for people building rental accommodation this year, for those who qualify, is the $7,500 interest-free loan. There will be a net decline in the number of social housing units built this year. The minister will find that information in the budget. Last year we built 30,000 units but this year the government intends to build only 25,000 units.

I am surprised that the Minister of Public Works, a sincere, honest and honourable man, would carry the can for the government's mismanagement of the economy. The government may have some excuse for mismanaging the economy of this country, Mr. Speaker, but it has no excuse for mismanaging this House!

Some hon. Members: Hear, hear!

• (1540)

[*Translation*]

Mr. Dennis Dawson (Louis-Hébert): Mr. Speaker, I am somewhat puzzled, because whenever I happen to speak in the House after one of the former ministers of the previous Conservative government, they have been trying to teach the Liberals a thing or two, and it is especially surprising in this case, since the hon. member supported the government that in 1979-80 had decided to get rid of the Canada Mortgage and Housing Corporation. At that time, privatization was the order of the day, and responsibility for housing construction was to be transferred to the private sector. The hon. member supported that government. Should he be taken seriously today, when he tells us that they are probably going to support this bill, Mr. Speaker? I think it is absolute hypocrisy. They have kept this bill in the House for six days, which includes today's debate, plus one more day next week, on Monday, which makes seven, and then he has the gall to tell us that they will probably vote in favour of the bill, Mr. Speaker.

It is hypocrisy, Mr. Speaker, and I think Quebecers and Canadians are going to realize this. After all, what the minister is proposing is to stimulate the construction industry, not only through government assistance but also indirectly by assisting the private sector. I am from a basically residential riding, Mr. Speaker, and I am well aware what this can involve for the private sector and for developers and contractors in my riding. Thanks to this government we have had several housing projects for senior citizens which were built with government funds, with the collaboration of the private sector. These projects included apartments for senior citizens and apartments built in collaboration with the co-operative housing program. In any case, Mr. Speaker, I do not think we have any lessons to learn from the hon. member and his party. When they were in power, they proved that they were unable to govern, and Canadians have judged them accordingly.

Mr. Speaker, I would like to be allowed to do so too. I am pleased to have a chance to discuss the measures that have been tabled in the House and to consider the proposals made since they are of vital importance to Canadians. For weeks I have been hearing members opposite complain that the bill does not go far enough. I heard them reading letters in which constituents described their particularly unfortunate circumstances. I wonder, Mr. Speaker, whether the hon. members opposite are really concerned and are prepared to act responsibly and listen carefully to the distress signals they are receiving from their constituents. This is exactly what we are doing, Mr. Speaker. We have stopped talking and we are taking action. If the hon. members had been more receptive to the needs of their constituents, they would have voted to adopt this bill without further delay, because it is what Canadians want. If they were responsible people, they would stop pushing this incredible proposal to have the bill provide for additional funds we do not have. The same opposition is saying that the government is spending too much. They said it this week when the estimates were tabled, but they still keep rising in the House to ask us to spend more money. Mr. Speaker, I am proud to be part of a team that is paying attention to the needs of Canadians, while at the same time realizing it has a duty to enact effective legislation, in other words, to propose and support measures the country can afford and to be fair to the people who elected them.

Mr. Speaker, the impact of the Canada mortgage renewal and rental assistance plans could indeed be spectacular. Many of our friends opposite have spoken about the housing shortage that is affecting Canadians in all parts of the country. I shall be more specific and mention those Canadian families who are obliged to spend more than 30 per cent of their gross income on housing. It certainly is ironic to hear members opposite talk about this. The bill being debated in the House today is, in fact, aimed at amending the legislation and at providing help where it is truly needed. Now I ask you, Mr. Speaker, why do the opposition parties insist on drawing out this debate? If they are so convinced of the need for this bill, they should have supported it when the debate began in the House. This bill provides for the spending of $350 million on housing projects to be set up for Canadians with the collaboration of the private sector, contractors and developers across Canada, in Quebec, and of course in the riding of Louis-Hébert, where the plan will be welcomed by my constituents, by people who are

looking for homes and people who are eager to build them. It will be a first step toward turning around the residential construction industry in Quebec and Canada.

I repeat, $350 million will be spent on helping Canadians who are seeking rental accommodation and those who are having problems with mortgage renewal. One of the spin-offs will be to create 70,000 jobs as a direct result of adopting these measures. Mr. Speaker, Canadians who are waiting for the hon. members opposite to take positive action deeply resent this contempt for their housing problems, and I think the Canadian people will punish the members opposite for their attitude to this problem. Changes are absolutely necessary. The proposed amendments to the legislation will not only help those who really need assistance, but will also enable the Canada Mortgage and Housing Corporation to operate more effectively. They would allow home buyers to benefit from new mortgaging techniques providing more flexibility to the Canada Mortgage and Housing Corporation as far as the type of loans it can insure is concerned. Moreover, CMHC would be in a better position not only to react to the restraints of the market, but also to continue to play and to improve its leadership role in housing, a role it has been playing for 35 years with the support of this government, and will continue to play in the future. Of course, the direct result for Canadians as a whole is that they will be, as they already are, the best housed people in the world. The provisions contained in Bill C-89 focus government support on specific target areas so that the Canadian housing market can provide both a sufficient rental housing stock and reasonably priced housing for home buyers.

In my opinion, delaying this debate as the members of the official opposition are doing deprives Canadians of their right to obtain the support they need, and this should no longer be tolerated. The previous speaker mentioned his indignation, but what provokes the indignation of Canadians and of members on this side of the House is to have lost precious time on a bill which, for all practical purposes, the members opposite will probably support because they know that it is what Canadians want and what Canadians will have as early as next Monday evening.

[*English*]

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I do not want to disillusion you. I think the bringing in of closure on this piece of legislation is an affront to the House of Commons and to the people of Canada, especially those who have gone through the last year looking for some assistance to meet rapidly escalating costs attributable to accommodation, resulting directly from the economic policy the government has followed. To suggest for one moment that because we have taken all of five days to discuss this piece of legislation, suddenly the government no longer requires the benefit of the views of hon. members from across the country with regard to the impact or non-impact of housing legislation on their communities, is ridiculous.

I draw to the attention of the House the fact that we need an all-out attack on major housing problem areas in every corner of Canada. We cannot see that in this legislation. There were 15,000 or 20,000 people who demonstrated not so many months ago, telling us that they could not afford to live in the houses they presently occupied because of the high interest rate policy of the government. There were 100,000 people standing on the steps of the Parliament Buildings not three months ago telling us that they could not find accommodation in the country within their ability to pay. Then we obtained the piece of legislation brought forward by the Minister of Public Works (Mr. Cosgrove) which perhaps will build 15,000 housing units. There is a demonstrated acceptable need for a minimum of 70,000 housing units per year more than we currently build. The minister agonizes that we have taken five days to discuss the housing problem, that we have taken this period of time which he cannot afford to spend in the House.

On this issue alone there is no room for closure. On this issue alone we should be devoting every single moment of the time of the House of Commons to discussing how we can build homes, how we can put people to work building homes, and how we can make available necessary mortgage money at a price people can afford, both in terms of their need to renew their present mortgages and in terms of making available additional moneys for new homes and new mortgages which are so necessary if we are to house Canadians in the way they are entitled to be housed. I am not talking about palatial surroundings. I am not talking about two or three-bathroom homes with five or six bedrooms on one acre lots. I am talking about modest three-bedroom homes in which families can be raised within the ability of those who work in that family to meet the cost.

• (1550)

I want to point out to you, Mr. Speaker, in the few moments that I have that it does not take a financial expert to see what has happened in this country over the course of the last two or three years. Some glaring examples of the mismanagement of this government as it affects housing are evident everywhere. But the one that comes to my mind most quickly is the high carrying costs attributable to home ownership and rental as related to income.

In 1978 in the city of Vancouver, based on an average income, it took 30 per cent of a person's or a family's, income to maintain housing. By the fourth quarter of 1981 that percentage had risen to 56.7 per cent of that same family's income. In 1978 in Toronto the percentage of a family's income spent to find accommodation was 32.9 per cent. By the fourth quarter of 1981 that percentage had risen to 47.5 per cent. In 1978 in Halifax the percentage was 29.5 per cent of a family's income, and by the fourth quarter of 1981 the percentage had risen to 38.5 per cent. In 1978 in St. John's the percentage was 27.3 per cent of a family's income and by 1981 that percentage had risen to 38.2 per cent.

This situation is evident in every single community in Canada. The outlay required from a family's income to find

accommodation fit to live in is rising by leaps and bounds. The amount has gone up by no less than one third in almost every instance. I put to the minister in his absence that the only decent thing he has done since he took over the ministry is to be absent. His presence has afforded nothing in the way of any housing starts worth mentioning. In terms of being able to influence his cabinet colleagues with regard to action to reduce the high level of mortgage interest his representations have fallen on deaf ears.

I cannot believe the minister would have the audacity and effrontery to come here and tell us that this is it, that this is the message. He says to us: "Oh, there will be more". When will there be more and what will the more be? When will we see the housing program of the government? The government knows, as you know, Mr. Speaker—and I know you know it as well as any member in the House—that housing starts were down dramatically last year over the year before. We have unemployment in construction up dramatically this year over last and up last year over the year before. We have carrying costs for accommodation up in every single community from coast to coast.

We have a CMHC commitment to housing which you would expect to see rise in relation to the need we see develop. But what do we see? We see that CMHC's commitment to housing is down dramatically in the 1982 budget even in spite of the fact that the minister has paid lip service to the recognition that there is a housing crisis. Affordable mortgage financing is down in every single community across the country. Try to get a mortgage, Mr. Speaker. Try to refinance your home today. If it is a modest home, as I suspect yours is, I know you would have grave difficulty finding any mortgage company that would give you the money necessary. Perhaps that is not fair in your case, given the high salary that you have. But in the case of many average income people, that would be true. In my own community, a community shared by the Minister of Indians Affairs and Northern Development (Mr. Munro), who is listening intently or sleeping—no, he is listening intently. That was a joke by the way; I knew you were awake. Are you aware, Mr. Minister, that in your own constituency certain of the mortgage lending institutions have red-lined—

Mr. Deputy Speaker: Order, please. The hon. member is aware of the requirement of the House that he address his remarks to the Chair.

Mr. Deans: Let me ask you, Mr. Speaker, are you aware that the minister is aware that in his own community there are certain sectors where mortgage institutions will not lend money? They have red-lined them. They will not lend money to people even though those people have been paying their mortgages faithfully month after month. When you call Canada Mortgage and Housing Corporation and tell them there is a modest home with a mortgage of $30,000 that can be purchased and ask whether they can help, the answer is inevitably and invariably no, that there is no money. They are not in the lending business any longer, even as a lender of last resort.

The reason we are so effronted by the legislative proposal of the minister and why we are so opposed to allowing it simply to pass is that it does not even begin to address the serious housing problems of this country. I tell the minister, who I know will be sitting reading this tonight when he gets home, that it is absolutely essential that we get on with the job of making homes available for people at a price they can afford, and that this kind of legislation we will not put up with.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I would like to address a few remarks on the legitimacy of ending this debate at second reading stage and getting on with trying to provide some assistance to those Canadians who are in dire straits with regard to mortgages.

First, I want to comment on what the hon. member for Hamilton-Mountain (Mr. Deans) has said. I was disappointed that he repeatedly referred to what was happening here today as being closure.

Mr. Deans: It is closure.

Mr. Smith: It is not closure. Anyone who knows the Standing Orders knows that closure is covered by Standing Order 33. Closure is a device that has been used on occasion since 1913 when it was brought in by the Conservatives. Notwithstanding the fact that we have been in office much longer than the Conservatives for most of the century, closure has been used more by Conservative governments than by Liberal governments. Be that as it may, this is not closure.

Mr. Deans: It is so.

Mr. Smith: We are operating under Standing Order 75C, which is time allocation. This is a reasonable and legitimate device when it is clear, obvious and evident that a filibuster is taking place. That is certainly what has been going on.

Mr. Miller: Nonsense.

Mr. Smith: Reference was made to this debate having taken up five days at second reading stage. In actual fact this bill was debated on February 8—

Mr. Hawkes: Mr. Speaker, I rise on a point of order. I am sure that the parliamentary secretary would not want to intentionally mislead the House, but if he looks at Standing Order 33 he will not find the word "closure" either in the heading or anywhere in the wording.

Mr. Smith: Mr. Speaker, I hope that interjection will not be deducted from the time allocated to me. I can assure the hon. member that if he even took the time to read such books as the "Canadian House of Commons Procedure and Reform" by John Stewart, Beauschene's "Parliamentary Rules and Forms", etc., it is widely recognized that closure is in fact Standing Order 33 which was introduced by the Borden government in 1913. The hon. member might take a little

history course on that so he can make more meaningful interjections.

In any event, second reading stage of this bill was debated on February 8, 9, 11, 22, 23 and 24. So we have spent six days on second reading.

• (1600)

In addition, we have this debate today and there will be the allocated day on Monday, totalling eight days. On Tuesday, when the President of the Treasury Board (Mr. Johnston) delivered the estimates to the House, there was an exchange between him and the opposition House leader and an invitation was extended to the opposition to co-operate in getting this legislation through. An interjection was made by the hon. member for Yukon (Mr. Nielsen), who said that up until then there had only been three and a half or four days spent on this bill, whereas in December, 1979, when the Conservative government brought in their mortgage deductibility scheme, seven days had been spent debating it and certainly we could expect an equivalent amount. Well, Mr. Speaker, if that did not clearly indicate that rather than trying to deal with the merits of the proposal there was a clear and obvious filibuster going on, for whatever purpose, I do not know what would.

What is clear is that when you include today as well as Monday, you will have had eight days spent in debate on second reading. Now quite apart from that, in view of the fact that this measure was included in the budget address, there was a fair bit of debate on this item during the budget speech debate. I think it is quite clear, Mr. Speaker, that what has been going on here has been a filibuster, particularly on the part of the official opposition. So what we really have to do is decide whether or not we are going to get serious and try to provide this type of program for people who need it.

Now, when I go down to my constituency office in Toronto for appointments, which I try to do pretty well every weekend, hardly a weekend goes by without someone coming in with a mortgage problem. I go through the facts and figures they have and in a number of instances—I would not, of course, give names because I would not want to embarrass anyone—I can assure the House that this program will in fact provide badly needed relief. I think it is unconscionable for it to be blocked. The NDP are saying, "Well, it just is not good enough." I am not quite sure where the official opposition are on it; that has not been made clear to me. But I do not think there are any grounds to believe that somehow the people of Canada will be better off by not having the measures this program would implement.

There are many people in this country who may well have budgeted for a house at a time when interest rates were lower, who bought a house which was well within their ability to carry, and who now, through no fault of their own, are in trouble. Perhaps some of them had at one point two family incomes. They may have had children since then and the wife had decided to stay at home, thereby reducing the family income at the same time as interest rates were going up. They need help. I think the time has come to get serious about this, to put it through.

There has been a lot of talk here today about amendments. Someone seems to have forgotten that this is second reading. We will have this bill dealt with in committee, we will have report stage, and if anyone thinks that somehow there will be no opportunity for amendment because of what is happening here today, I do not think they understand anything about procedure.

So, Mr. Speaker, I think today's procedure is reasonable and the sooner we get on with it, the better we will be serving the interests of the people of this country who need this sort of help.

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, I cannot remain silent in this debate, especially when we see a government that refuses to take our claims seriously. When I hear members on the government side accuse us of more or less taking advantage of the House by using up six days to debate an issue as vital as this one, I find that absolutely incredible and utterly scandalous. I remember when just two years ago, the same people on the other side of the House obstructed our property tax credit proposal for two or three weeks, and were it not for this obstruction, 900,000 home owners would not be faced with the problems confronting them today. It is nonsense to claim, as the minister would have us believe, that this bill is going to meet the needs of thousands of home owners who are living with the uneasy prospect that they may lose their homes in 1982. The funds allocated under this bill will cover about 10 per cent of those who really need the money, and the number of housing units is in no way adequate to meet the demand, owing to the lack of government measures and policies during the last two years.

Not long ago, Liberal members from Quebec, as the minister will recall, recommended a minimum of 50,000 housing units. The number of units recommended in the bill is nowhere near this figure. The minister is obviously afraid that his fellow members may be tempted to rise and publicly condemn his bill in the House. I think that is one of the reasons why he has asked his party to use closure in this debate, since the members opposite will be hard put to keep silent and let the minister responsible or the Minister of Finance (Mr. MacEachen) oblige them to betray their own signatures on a letter that has now made history.

I realize that the present government is in a difficult position, as it must face opposition members who are doing no more and no less than express the views of constituents in their various ridings. Could we ask government members to be as energetic and dedicated in seeking a solution to the problems with which they are confronted at the present time? Today, they have shown that they do not intend to do so, by limiting debate on an issue that deserves our attention. It is therefore the duty of members of the opposition to make every effort to

defend the cause of reason and to make the minister responsible for housing introduce proposals that are more attuned to the needs of the Canadian people than they are at the present time.

The minister did not tell us, for instance, that last week, spokesmen for the Canada Mortgage and Housing Corporation came right out and said that no changes could be expected in the housing sector until six months from now, and that at that point, a slow recovery might be possible. The minister knows perfectly well that hardly anything is going to change, considering the lack of adequate measures in, and the impact of, the budget brought down by the Finance Minister last fall. That is not the sort of thing the minister cares to tell us. All he wants us to do is to gulp down a pill that is not about to cure any of the housing sector's present aches and pains. The minister has carefully avoided mentioning what we can expect in the difficult period that lies ahead if he fails to get additional funds from the Minister of Finance or from cabinet.

I was listening to the member for Louis-Hébert (Mr. Dawson), who is from the same province as I am and who said he was proud of the government's record on housing and construction. Mr. Speaker, how can anyone be proud of a team that has dealt a mortal blow to the construction industry? I would be ashamed to be part of a team that was responsible for getting rid of a property tax credit policy that would have been very helpful to home owners today. I would be ashamed to belong to a team that is resolving the problems of only 10 per cent of Canadians who have a right to own their own home, and especially those Canadians who are faced with the very real possibility that they may lose their homes. The members of this team say they are proud of the work being done by the minister responsible for housing. No, I am not saying that the minister did not try to get a more representative and more responsible budget from cabinet and from the Minister of Finance. I am not saying he did not try, but if he did ask the minister responsible for additional funds, he failed to get them. The government members have failed, and now they are clearly betraying the cause of the Canadian people. Let them applaud on the other side! Meanwhile, they are trying to gag the opposition, because as members of the opposition we are trying, and this is the kind of leverage we have, to force the government to act and to act reasonably. No, they are going to keep on smiling, and the two ministers who recommended a minimum of 50,000 units, the eight members who at least had the courage to publish their letter and then disappointed many Quebecers last Friday when they sat down as usual, following the orders of the Prime Minister (Mr. Trudeau)—it is really incredible, Mr. Speaker!

These people are trying to prevent us from speaking and from taking further action, while depriving themselves of a chance to make the minister listen to reason and force the government to respond more satisfactorily to the needs we are discussing here today. Of course, some will say they feel sorry for us because we have to make the recommendations and representations that should be made in Parliament, but in any case, Mr. Speaker, we cannot accept things the way they are now. I hope it is not ignorance on their part. Or is it perhaps malicious hypocrisy, this refusal to respond to a vital need? Today, they are accusing us of trying to deprive a few home owners of substantial assistance, while the same people refused to support a policy that was very well received and would have helped all home owners who at the time were faced with the same mortgage payment problems. Two years ago, for two whole weeks, the same people opposed a bill that would have remedied the situation and helped to stimulate the construction industry, thus preventing the loss of thousands of jobs. Those people are responsible for the present situation, and they are trying to gag us, to deprive us of our right to speak in the House, because we want to make the minister responsible take action and make this government understand, once and for all, what the vital needs of our society are. This would help to stimulate construction and enable thousands of Canadians to own their own homes. That is the kind of government we have and that is why we are continuing our opposition to this bill, because it does not provide an adequate response to the needs of our country. Of course, we cannot refuse to support a project of 15,000 units, but we want to make it clear to the government that it is not enough and does not respond to the present needs of Canadians. They know this, but they do not have the courage to get up and act responsibly. Mr. Speaker, I am sorry, but we shall not stop as long as this Parliament is ruled by democratic process. Today, what we are seeing is a totalitarian gesture, an obscene gesture, and I would be ashamed to belong to a government that would act that way.

• (1610)

[*English*]

Mr. Roger Simmons (Parliamentary Secretary to Minister of the Environment and Minister of State for Science and Technology): Mr. Speaker, I want to take a few moments to discuss the Canada mortgage renewal plan in terms of the current situation in Newfoundland, and especially in terms of the ongoing obstruction of this bill by the opposition. The truth of the matter is that I have been looking over some of the mail from my constituents and have been speaking with some of my fellow MPs. It is becoming increasingly apparent to me that the stalling tactics of the opposition have put some people in some real economic peril.

Mr. Blaikie: The Academy Awards are next month, Roger.

Mr. Cosgrove: They think that is funny. It is a sad comment.

Mr. Simmons: I am sure the opposition is amused by its stalling tactics, but I want to tell hon. members that there is a group of people in my riding who are not very impressed with the stalling tactics, because those tactics have meant some very real economic peril for those people.

I want to speak for a moment about a particular group of people which desperately needs this mortgage renewal plan. I am thinking about young Newfoundland couples who are faced with the loss of their homes.

Mr. Blaikie: Thanks to your interest rate policy.

Mr. Blenkarn: Add the principal to the debt.

Mr. Simmons: As Your Honour knows, residential construction activity in Newfoundland has seen an escalation in house prices, coupled with an influx of workers. In the last few years there have been many Newfoundlanders who, seeing the likely trend in housing prices, have gone out and purchased homes while they could still afford them. To Newfoundlanders, especially those in smaller communities such as the 135 communities I have the honour to represent here, home ownership is a very strong tradition. It is a way of life.

These people might well have gone a little further out on a limb than they should have, in financial terms, in order to get a home, but they felt, and I believe correctly, that it was their only chance, their best chance, for home ownership. Many of these people are now faced with mortgage renewals. Contrary to what many people say, they do not want government assistance. They prefer to go it on their own, to go it alone. However, these are not easy times. In a situation of very high unemployment, it is doubly hard to make ends meet.

I may say that I represent an area in which there are two particular pockets of unemployment which are experiencing the highest unemployment rates in Canada, sometimes approaching 70 per cent to 75 per cent.

An hon. Member: Liberal policy!

Mr. Simmons: It is precisely the young couples who do not have the new, high paying jobs but who have those all-important houses that the Canada mortgage renewal plan will benefit. These are the people this plan is designed to benefit—

Mr. Blenkarn: How?

Mr. Simmons: —if we can ever get this bill through the House. It will not be with the help of the opposition, but we will do it over their obstruction. We have had to do it that way before, and if it means benefiting these young Newfoundlanders, these young home owners—

Mr. Blaikie: Is this for the TV at home. Roger?

Mr. Simmons: —we are prepared to do what has to be done—

Mr. Blenkarn: What a benefit!

Mr. Simmons: —to override, to undo—

Mr. Blaikie: Undo what you have already done.

Mr. Simmons: —the senseless obstruction of the opposition. It is the young Newfoundland couple who need some interest deferral at this particular time so that they can have time to reorganize their personal financial problems. It is the young Newfoundland couple or home owner who needs a grant of, say, up to $3,000—

Mr. Blaikie: Deferred dire straits.

Mr. Simmons: —if their is little or no equity in their home.

Mr. Lewis: That's good.

Mr. Simmons: I know that the hon. members of the opposition do not like what we are saying.

Mr. Blaikie: No, we do not like the bill.

Mr. Simmons: They are afraid the truth will get through. They are afraid that the average home owner out there, the young Newfoundlander, will actually get the message—

Mr. Lewis: From you?

Mr. Simmons: —that this bill will help them if the opposition will ever let it get through. This bill will help them with interest deferral. This bill will help them with a grant.

Mr. Lalonde: They do not care.

Mr. Simmons: That is the kind of information, the kind of hard, cold fact that hon. members opposite find to be something funny in this proposal, who find something amusing in this obstruction—

Mr. Lewis: Just the speaker.

Mr. Simmons: —who find something humorous and exciting in being able to sit here in this House, paid by the Canadian taxpayers, and obstruct a program which will help those same taxpayers.

Mr. Lewis: I agree.

Mr. Simmons: I cannot follow that sense of humour. To me, it is kind of warped. I do not understand the rationale behind it. I do not believe the young home owners who are waiting for the benefits this bill will provide will understand the logic behind the wise-cracking and the smiles on the faces opposite.

• (1620)

Mr. Blaikie: Something you would never do.

Mr. Simmons: I do not take any comfort from or see any humour in the sad situation in which some of these home owners find themselves. I say to the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) that we are doing something for them now, if you will let us get on with it. We will provide interest deferral for them. Are you against interest-deferral for the home owner?

Mr. Orlikow: Yes.

Mr. Simmons: Then have the courage to stand in your place and say it. Are you against the grant for the home owner? If

so, tell that to your constituents. Do not hide behind the camera, get in front of it. Tell the people who sent you here what you are doing to the programs which could be of help to them. It is easy to shout your lungs out when you are hiding from the camera. Tell your constituents what you really think about this plan.

Mr. Deputy Speaker: Order, please. I call to the attention of the parliamentary secretary that his remarks should be addressed to the Chair.

Mr. Simmons: I thought I was doing exactly that. I invite hon. gentlemen on Your Honour's left to level with their constituents and tell them that they do not want young home owners facing mortgage renewals to have access to grants or interest deferral.

Mr. Blenkarn: What grants?

Mr. Simmons: Read the bill.

Mr. Blaikie: The grant is to the bank.

Mr. Simmons: The grant is to individuals, up to $3,000.

Some hon. Members: Oh, oh!

Mr. Simmons: I know these hard facts come as cold comfort to people who want to undermine the program with all the red herrings which have been dragged into this debate. It is a good bill. This bill will alleviate some of the hardship that these young home owners I represent would otherwise face once we get it through, over the senseless, mindless obstruction of the opposition which is more interested in scoring points than representing the interests of their constituents.

Then there is the budget and the very real prospects for lower inflation. I invite members to look at the trend in recent months. The trend is that inflation is coming down.

Some hon. Members: Oh, oh!

Mr. Simmons: That is another truth they do not want to hear. Inflation is coming down—

Mr. Lewis: Coming down hard on Canadians.

Mr. Simmons: I do not mind sending the figures to my good friend if he does not have them.

Mr. Lewis: Your figures.

Mr. Simmons: Not my figures, figures of independent analysts. Independent analyses in recent months show that the trend is downward. Let the hon. member deny that. These are truths which the opposition cannot stand to have voiced in this House. It punches holes in their theory that everything in this country is bad, that everything is going wrong. Well, some things are going right. Something that is going right is the inflation trend.

Mr. Lewis: Would you like an election?

Mr. Simmons: I will take the hon. member on in an election any day he is ready. Is my time up so soon, Mr. Speaker?

Mr. Deputy Speaker: Yes.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, we have heard criticism levelled at the opposition today that we are mindless obstructionists, that we are filibustering this and other bills and that we are not co-operating with the government.

I would first like to point out that this is another closure debate. That is precisely what it is. Whether it is under Standing Order 75 or 33, it cuts off, or limits, debate. I would like to give a few figures from this session of Parliament to demonstrate that the opposition has taken its responsibility seriously. We have co-operated with the government when that co-operation was due.

In looking through the figures, I find that 84 bills have been given first, second and third reading in this single session of Parliament. In addition, 11 other bills have gone through first and second reading and some have gone as far as report stage. Others have been dealt with seriously in various committees.

The record shows that we on this side of the House have done our best to ensure that good legislation is passed when it is put forward by the government and passed as quickly as is reasonable and commensurate with a reasonable amount of debate on the subject.

I do not think on this or any other occasion in this session of Parliament have we acted irresponsibly or engaged in what members opposite so flippantly call filibusters. It is true on occasion Parliament has dug in its heels. For example, Bill C-48 would radically change the whole approach to oil and gas legislation in much of Canada. We did not like that. History will prove that was a bad law for Canada. In that instance we were fully justified in digging in our heels.

Had the government been prepared to show that it was willing to make some deals with regard to what other members in this House wanted and had it backed off a little, it would have had our co-operation on the oil and gas legislation, but that was not to be the case. The government wanted to ram it through at all costs.

Hon. members will notice that Standing Order 75C has been used in a number of instances, particularly on Bill C-48. Standing Order 33 has been used on a couple of occasions. I am becoming very concerned. In the past, closure was looked upon as something out of the ordinary. It only occurred when there was a real impasse. Governments were reluctant to use it. They respected the right of Members of Parliament to debate matters and hopefully arrive at sensible compromises. That is not the case with this government which uses closure as a matter of course. When the government now uses closure, members of this House and the public are not so abashed. It is like crying wolf. The first time a lot of people get upset and rush about. After it has been done 12, 13, 14 or 15 times, people get used to it. I am concerned that the people of Canada are becoming used to the government-imposed closure. I

think that this continual use of closure constitutes an abuse of Parliament.

• (1630)

As Members of Parliament we have to consider what we should be doing. Surely it is our function to engage in public debate on the major issues of the day. We are paid to consider these problems and to pose possible solutions to them. We are paid to engage in debate so that Canadians can follow that debate and present their views through us on a particular subject. The issue today is housing and it is a matter of great concern throughout the country. I, as well as many other members I am sure, have received a considerable amount of mail on this subject, not to mention telephone calls.

Particular issues on housing may differ from one area of Canada to another, as was illustrated by the hon. member for Burin-St. George's (Mr. Simmons) who just spoke. He expressed his views on how this bill would solve housing problems in one area of Newfoundland. I am not familiar with that part of Newfoundland and this bill may, indeed, help that area. I doubt it, but I can tell him that it will not solve the fundamental housing problem in my part of Canada.

In my part of Canada we are faced with the high mortgage interest rates which are uniform across Canada, and in addition we are faced with extremely high utility expenses. For instance, the electrical bill for an average home in my town, not including electricity to heat the home but just for basic uses such as lighting, fridge and stove, is approximately $250 per month. During the cold winter months when you must pay $1.50 per gallon for heating oil, since there is no gas in my area, the heating bill for the average house is approximately $350 per month. When you add the utilities and the heating costs together, it comes to more than $700 per month. This expense when added to mortgage costs makes it especially difficult for people to own their homes.

I have found this debate on the housing question interesting and useful. I have learned a number of things. I have discovered that the general approach taken by the three parties in the House is quite different. The approach of the government is to do very little. It is apparently satisfied with those policies which are in place. It proposes only to make a few technical changes and a few minor amendments.

Mr. Cosgrove: With $350 million?

Mr. Nickerson: The approach of the government is to introduce camouflage amendments. It indicates that it will introduce programs to help certain groups of people, but only those at the very bottom of the heap will obtain any assistance at all and very few will be able to take advantage of them. It is providing a limited amount of money to them and only for certain purposes. I can understand why it is not allocating a great deal of money to housing because it has already brought a number of financial difficulties upon itself.

The philosophy of the New Democratic Party is to advocate the expenditure of billions of public dollars to solve the housing crisis. I presume that they envision people living in all kinds of government apartments. We have seen pictures like that in the Soviet Union and other socialist countries. They have some simplistic ideas which appeal to their simplistic minds, which includes reducing the rates of interest by fiat. They do not give any consideration to what the long term effects on inflation and the banking system in Canada might be.

We on this side have a mortgage interest and local tax deductibility scheme which I think is a very good one. It would be expensive because this year we would have given assistance to home owners in the amount of approximately $2.8 billion. But if hon. members had studied the Crosbie budget when it was introduced, they would find that we thought the matter through. We considered from where we would have derived these funds and in such a way that we could have reduced the federal deficit and therefore the rate of inflation, at the same time. I believe that if the Crosbie budget could have been put into effect and the election which was brought about by the Liberals and NDP in 1979 had not happened, the interest rate today would probably be about 4 per cent lower.

The main point I wish to make on this debate on closure is that I strongly take exception to the fact that the government uses closure as a matter of course. It will not allow policy and legislation to be developed in the House. Legislation has been developed within the public service, brought forward and Parliament is asked to rubber-stamp it. I, and I am sure all parliamentarians, do not want Parliament to become simply a rubber stamp.

[*Translation*]

Mr. René Cousineau (Gatineau): Mr. Speaker, I do not really have the impression that hon. members have objectively examined the full meaning of the amendments to the National Housing Act and the Canada Mortgage and Housing Corporation Act, as we have been told repeatedly over the past three weeks. This bill has several features designed not only to come to the rescue of Canadians who run the risk of losing their homes, but also to help Canadians who need rental accommodation or seek employment. It will also be a shot in the arm of the economic community.

Mr. Speaker, the comments we have been hearing in the past few weeks have a rather hollow ring. Members opposite say that we ought to be spending more money and get more involved. Those remarks come from a party which as recently as yesterday—and we have to include the hon. member for Joliette (Mr. La Salle) who spoke earlier—was openly urging that the Canada Mortgage and Housing Corporation be privatized; in other words, that it be run right into the ground. "Privatization"is the latest fad word. They keep saying that the private sector would manage to come out of it unscathed. Day in and day out we heard the same comments about Petro-Canada. Those words were uttered by that same group of members who now decry the limited scope of the amendments

and argue that the government should pour more money into the programs envisaged under Bill C-89. Whatever happened to their sense of responsibility and their openmindedness?

An hon. Member: They never had any.

Mr. Cousineau: As my colleague is saying, they never had any, nor will they ever.

Mr. Speaker, dismissing for the moment the contradiction between privatizing the Canada Mortgage and Housing Corporation and urging that additional funds be set aside for housing, I should like to put a precise question, namely, would the private sector have put up the direct subsidies which were offered by the Canada Mortgage and Housing Corporation for social housing in 1980 and 1981? I am wondering if private industry, without government support, would have had sufficient financial resources to build, as proposed in our programs, an additional 15,000 units throughout Canada in areas where there are few or no vacant and available housing units.

I, for one, believe that one of the most significant aspects about which Parliament must now legislate has to do with the fact that, in our opinion, all sectors must get involved if we are to set the current situation on a more constructive course. It seems to us, Mr. Speaker, that our very first responsibility is to lend a hand to Canadian individuals and families that may be putting their house on the line because of the soaring interest rates they have to cope with when they renew their mortgage. Secondly, through the Canadian rental housing construction plan, the government calls upon private enterprise so that together we can face the challenge of providing rental accommodation in those regions where there is practically none. At the same time, we have proposed measures that will enable the Canada Mortgage and Housing Corporation to operate more effectively, by giving greater flexibility to operations relating to the insurance regulations already provided under the act, measures which from now on will authorize the Canada Mortgage and Housing Corporation to adjust premiums according to the risk involved.

This aspect of the amendments indicates once again that the government is very receptive to contributions from all sides and is in favour of team work. I wish I could say the same about the cooperation shown by some members of the opposition. Although we have observed that in some ways they are supportive of this important bill, it has now been three weeks since the bill was tabled in the House. They have wasted two weeks instead of acting right away to provide immediate assistance to Canadians across the country who need it most. We on the government side are convinced that it is very important Canadians should receive assistance through the Canada mortgage renewal plan, the Canada rental assistance plan and other amendments to the National Housing Act and the Canada Mortgage and Housing Corporation Act, all of which will help the corporation to meet requests for assistance more positively and to operate more effectively on the market in question. Mr. Speaker, that is why we feel that we must get on with this business instead of wasting precious time on useless verbiage. It is time to act. Whatever our politics may be, to all Canadians who today are waiting for federal housing assistance, actions speak louder than words. So, let us stop this empty chatter, let us stop indulging in petty politics to make the leader opposite look good. I wonder, Mr. Speaker, if this is not another string of filibusters! We on this side are prepared to act responsibly, and that is why we have invoked Standing Order 75C, to limit debate on Bill C-89.

• (1640)

[*English*]

Mr. Geoff Scott (Hamilton-Wentworth): Well, Mr. Speaker, here we go again. Any time the government senses that we in the official opposition are getting our message across to the public and any time it senses we are getting a little too close to the bone and exposing the weaknesses of its policies, zap! Down comes the guillotine. It is not unusual for this government, however, to cut off freedom of speech, freedom of expression and the right of individuals to express what they wish against government policies, whether inside or outside this Parliament.

This government seems to be gathering momentum these past 48 hours, and the cutting off of free speech has now become a rather ominous hallmark of this government. That applies to individual public servants who, in their free time, see fit to criticize government policies which deserve criticizing, and it certainly seems to apply to Members of Parliament who are duly elected to speak on behalf of their constituents and on behalf of the people of Canada in this Parliament. We can be cut off just as quickly.

The Parliamentary Secretary to the President of the Privy Council (Mr. Smith) attempts to split hairs and draw a distinction between Standing Order 33 and Standing Order 75C by suggesting there is a difference between time allocation and closure. With respect, Sir, the parliamentary secretary is a horse's foot if he thinks the public or we in the opposition are going to believe that. It is closure. Standing Order 75C or time allocation: closure is closure by any other name or any other number the government chooses to apply to it.

Closure has been used eight times—this will be the ninth—in the last year and a half. In July, 1980, closure was used on the pipeline debate for the summer recess. On December 4, 1981 closure was used at the third reading stage of Bill C-48, the Canada Oil and Gas Act. On June 8, 1981, closure was used at the third reading stage of Bill C-57, to amend the Excise Tax Act. On March 31, 1981, closure was used at the report stage of Bill C-59, borrowing authority. On February 12, 1981, closure was used at the second reading stage of Bill C-59, borrowing authority. On January 13, 1981, closure was used at the second reading stage of Bill C-48, the Canada Oil and Gas Act. On June 9, 1981, closure was used at the second reading stage of Bill C-30, borrowing authority. Today, February, 25, 1982, closure is being used at the second reading stage of Bill C-89, an extremely important piece of legislation.

When I first saw Parliament in action, it was engaged in an extremely emotional debate on closure arising from the pipeline debate of 1956. As I understood it, closure was only used when there was a flagrant abuse of the time of the House, and the onus was then on the government to prove, when it brought in closure, that there had been abuse of the time of the House. Nobody on the government side could possibly prove that there has been a flagrant abuse of the time of this House of Commons after five days of discussing one of the most critical issues facing Canada today and one of the most important pieces of legislation which has come before us, amendments to the National Housing Act.

There is absolutely no question that the subject uppermost in the minds of Canadians these days is housing. Uppermost in their minds as well are mortgage renewals. Not only are Canadians faced—indeed, crippled—with a housing crisis which has been exacerbated by high interest rates, but also know, because of my responsibilities as consumer and corporate affairs critic looking into the issue of hazardous products, about the nightmare people are facing in relation to urea formaldehyde foam insulation, a form of insulation which is hurting people. It is doing damage to people. This situation was manufactured by this government, encouraged by this government and promoted by this government. People were paid by this government to put UFFI into their homes. Then this government began to worry, temporarily banned and then permanently banned UFFI, and it is now doing its best to duck its ultimate responsibility for this monstrous blunder.

That is only one aspect of the terrible housing crisis facing the people of Canada. The plight of those victims must be addressed and, in light of the United States ban on UFFI this week, it becomes even more acute.

Let me get back to the procedural aspect of this and why we feel it is so important that we must have the maximum opportunity to discuss this housing legislation. The reason the government says it must bring down the guillotine and cut off debate is that this matter has to go to committee. The fact is that there are no other housing bills on the table. We want to discuss the entire housing situation, and the government is not yet ready for committee. It has not yet made witnesses ready, but the House of Commons has the attention of the nation as we discuss the critical housing situation before us.

The problem with committee is that once we get there we are frustrated to the extreme because bills of tremendous importance are automatically given "yeas" by the majority members of the parliamentary committee, according to the instructions given to them by their superiors. In my view, committees can be a sham under a majority Liberal government.

Then we come back after the committee to report stage and third and final reading here. As one hon. member said, once we get this bill through the committee and through third and final reading here—over the senseless, mindless opposition—then we can get on with the government's tinkering with the National Housing Act. Is it not too bad that there is an opposition here and that it is not just a one-party system in this country? That is the way these fellows would like to operate. It is too bad there is an opposition which can raise serious concerns on behalf of the people of Canada in terms of very meaningful and serious legislation and serious amendments we want to propose. They have their own internal operation. Anyone who thinks we can get fundamental amendments through committee, let alone through third reading stage, does not know how Parliament works under a majority Liberal government. When we reach the third reading stage then, of course, the government will probably bring in another closure motion.

• (1650)

The Liberal government may see fit to lower the boom on our ability to discuss this and other legislation. It can and will lower the boom in any way it sees fit; but I warn this government that the people of Canada will lower the boom on it in the interests of the preservation of free speech in this country.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Order, please. I want to recognize the hon. member for Winnipeg-Birds Hill (Mr. Blaikie), but I wonder if I might deal with the adjournment motion before he begins his remarks.

Mr. Blaikie: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Athabasca (Mr. Shields)—National Energy Program—Effect on Alsands project. Request that minister change policy; The hon. member for Hastings-Frontenac-Lennox and Addington (Mr. Vankoughnet)—Public Service—Firing of Kingston civil servant—Grounds for dismissal—Position of government; The hon. for Winnipeg-Birds Hill (Mr. Blaikie)—Canadian National Railways—Announcement of lay-offs—Government position.

Time Allocation

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER BILL C-89 ON SECOND READING

The House resumed consideration of the motion of Mr. Cosgrove:

That, in relation to Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, one additional sitting day shall be allotted to the consideration of the second reading stage of the bill; and that 15 minutes before the expiry of the time provided for government business on that day, any proceedings before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the said stage of the bill shall be put forthwith and successively, without further debate or amendment.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I will not have been a member of Parliament for three years until next May, but already I have lived through a number of debates about closure or time allocation. I want to preface my remarks today by saying that one might feel more well disposed to the need of the government for time allocation if one had the feeling that the issue of parliamentary reform had priority and was on the front burner rather than on the back burner of the government's schedule. I think all hon. members would acknowledge the need for some measure of improvement in the way we deal with matters in the House so that the opposition is not constantly put in the position of having to respond to moves like this by the government.

I think the real reason the government wants to put an end to debate on the measure to deal with the problem of people losing their homes as a result of its high interest policy is that it does not want to discuss the incredibly desperate situation that many Canadians find themselves in as a result of its policies in the public eye any longer.

My basic objection to the bill is, first of all, that it came before us so late. We heard in the throne speech in 1980, two years ago, that the Liberals were going to do something for people who were affected by high interest rates. Now we have the hypocrisy of the minister's blaming the delay on the opposition when we have only debated this bill for five days.

The reason for the motion is that the government does not want to hear about the plight of the Canadian people. I think it feels guilty about the abysmal inadequacy of the bill, which only postpones the day of reckoning for many people. Instead of doing something about high interest rates and the monopoly power of the banks over the Canadian economy, all it has done is to subsidize the banks. It has done nothing for the home owner who finds himself in a desperate situation.

The hon. member who just spoke mentioned the problems that some people have experienced with urea formaldehyde foam insulation. Mr. Speaker, one of my constituents is under attack by the government on three fronts. First of all, his mortgage is about to be renewed and, as a result, his payments will double. He is a young family man and that would be difficult enough, but his second problem, as a result of high interest rates and the downturn of the economy is that his employer, Canadian National Railways, has laid him off. CN says there has been a downturn in its revenues. Mr. Speaker, he has been laid off by a Crown corporation which made a profit last year and therefore should be employing more people. His third problem is that he has urea formaldehyde foam insulation in his house. He cannot renew his mortgage, he cannot sell his house and he cannot work. That is the situation in which this particular Canadian has been put by the government.

We are not just talking about some abstract economic instrument that in their wisdom the experts have been forced to use, when we talk about high interest rates, Mr. Speaker. We are talking about a basic decision that has been made by people. God only knows where. I cannot figure out where some of these decisions originate. Some people say they come from Washington, some say they come from the Trilateral Commission and some say they come from the Minister of Finance (Mr. MacEachen), but I suspect he is but a little cog in a very big wheel. Wherever it was made, the decision was that the problems of the western industrialized economies would be fought on the backs of people who do not have the power to protect themselves against high interest rates. That is an immoral, political decision.

Much of the debate in this House ignores the reality that high interest rates are not something which in general cause the powerful to suffer; it is the people who cannot wait for the end of what may turn out to be a longer recession than the Minister of Finance has in mind who are hurt by the policies of the government, or by the acquiesence of the government to policies which are set somewhere else. In either case, the decision is shameful.

The problem of high interest rates points to one of the fundamental absurdities of our economic system. The people who always talk about productivity are the same people who are now putting all their money into non-productive places. They are productive places in so far as they make money, but not in so far as they build houses, create jobs and produce the necessities of life. I think interest rates are the best example of the absurdity of the present economic doctrine under which we live. I hope the people of Canada will take the opportunity presented by the high interest rate crisis to see how contradictory and inhuman the system is.

The Liberals want to bring this debate to an end so that there is no opportunity for reflection by the Canadian people, in so far as that can be stimulated by Members of Parliament speaking on their behalf. It is in the interests of the government to stifle that kind of reflection. Its back is to the wall and it does not know what to do. It has offered a pittance to people in dire straits. All it has done is to defer the evil day by refusing to face up to the basic economic problems in the Canadian economy.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): The Chair will recognize the hon. member for Essex-Kent (Mr. Daudlin) but perhaps he

may wish to call it five o'clock and be recognized at eight o'clock.

Mr. Daudlin: Mr. Speaker, in view of the hour I think it would be appropriate to call it five o'clock.

The Acting Speaker (Mr. Blaker): It being five o'clock p.m., the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, private bills, notices of motions (papers) and public bills.

There being no items on the Order Paper under the heading of private bills, the House will proceed to notices of motions (papers).

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Notices of Motions (Papers) Nos. 22, 35, 1, 48, 28, 43, 5, 54, 69 and 34 allowed to stand by unanimous consent.

COMMUNICATIONS BETWEEN GOVERNMENT AND PROVINCE OF SASKATCHEWAN CONCERNING RESIDENTIAL MORTGAGES AND HOME FORECLOSURES

Mr. Hal Herbert (Vaudreuil) moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all communications during 1981 between the government and/or the Canada Mortgage and Housing Corporation and the government of the province of Saskatchewan dealing with residential mortgages and home foreclosures.

• (1700)

He said: Mr. Speaker, it is appropriate that we are able to debate this motion today in the middle of the ongoing debate on Bill C-89. It is particularly appropriate because it will give us the opportunity to discuss another aspect of housing—the difficulties created by the simple fact that the physical aspects of construction, in the literal sense, are a provincial responsibility. Provincial governments by their powers are able not only to intervene in the housing field, but they have a responsibility which is certainly not less than the responsibility of the federal government.

The motion refers specifically to correspondence between the federal government and the government of the province of Saskatchewan. When there is communication or correspondence, the normal procedure is for the federal government to request permission of the provincial government for the documents to be released. It is my understanding that this permission has been requested. It is possible in due course that the Saskatchewan government will give approval for the release of these documents. I take issue with the tendency of the two levels of government to communicate with each other in this fashion, because I believe all such communications should be open and available to the public so that the public at large can see precisely what each level of government is attempting to do, particularly in a field where there is some conflict of jurisdiction.

The Saskatchewan home owners protection act became law on December 11, 1981. It affords protection to home owners against loss of their principal residences from January 1, 1982, to December 31, 1982. Of course, this has concerned the Canada Mortgage and Housing Corporation because of its interest in mortgages which it insures and the possibility that there could be some additional costs incurred by the Crown corporation as a result of the provincial legislation. After some two months of operation two legal tests were conducted in Saskatchewan, and there was no clear impression left in anyone's mind as to exactly how it will operate for the rest of the year. Neither of the cases heard set any standard to determine who is to be protected under the law, and at the moment one of the two cases is under appeal. An application to foreclose on a couple who had not made payments on their mortgage since last August was made and dismissed by the court. The couple had declared bankruptcy last December, and the court in its judgment ruled that there was no basis upon which the action could proceed against them. Incidentally, there was considerable equity in the house despite the fact that the couple had declared bankruptcy.

Then in Saskatoon Justice J. H. Maher ruled that a Saskatoon resident must make mortgage payments at an increased interest rate despite pleas of financial hardship. Mr. Justice Maher said that the 17.5 per cent mortgage renewal offered was in line with prevailing rates. The old mortgage rate had been 11 per cent, so there was a substantial increase in the monthly payments. The result after some two months and two tests is that no one knows where we are going.

CMHC is concerned about insured loan arrears and claims on the mortgage insurance fund. The reason for this is that in the event of a claim under the mortgage loan insurance policy the corporation, under existing legislation, can only pay interest at the full mortgage rate for 12 months from the date interest is due, or accrued and unpaid, and mortgage interest less 2 per cent for a further six months. In other words, there is a total 18-month limitation on the liability of the corporation. As a result, CMHC communicated with its officers in the province of Saskatchewan that for any new loan commitment an NHA undertaking to insure will be conditional on the Saskatchewan home owners protection act having no effect whatever in the event of a claim under the insurance settlement provisions of the National Housing Act.

It is quite apparent that the influence of provinces on housing is considerable. I will go a step further and say that their effect has been detrimental to the interests of Canadian citizens. At the present time six of the ten provinces have rent control legislation. I understand why rent control legislation is in force and why there is pressure to maintain rent control legislation.

Nevertheless, let us look at the facts. At the moment in British Columbia there is a 10 per cent limit on rent increases; in Ontario, the figure is 6 per cent; in Nova Scotia, 4 per cent;

in Prince Edward Island it varies between 4 per cent and 8 per cent. We have rent controls in Saskatchewan, and in all probability Manitoba, where there was a recent change in government, will also impose some form of rent control. The estimated gap between rents required to render rental construction viable and market rents is now between $120 and $200 per month per unit. As a result we have a very tight rental market at the present time. It has been suggested that if there is not some adjustment in rents in the very near future to make rental construction viable, the situation will become even more serious; in fact, somewhat disastrous.

The alternative is for governments—and I mean both federal and provincial governments—to enter into permanent and costly long-term support for the construction of rental housing, depending upon degree. Of course, we can bandy around various figures, but there is no doubt that we are talking about many billions of dollars.

It is unfortunate that some provinces, particularly the province of Quebec, do not take advantage of the programs which are presently available. I listened to the hon. member for Joliette (Mr. La Salle) screaming earlier this afternoon. I think he should direct his attention to the provincial government in Quebec City which, because of its hatred of the federal system and its desire to dissociate itself in any form from the federal government, has not only failed to recognize the part the federal government has played but has refused to participate in programs which will be of direct assistance to the residents of that province.

I have looked at some figures concerning the assisted rental program. As I have put on the record previously, the program cost the federal treasury through CMHC some $186 million. Because some 80 per cent of that housing was in the province of Quebec, one can roughly calculate so far an involvement of about $150 million in rental housing in that province under ARP. That is not all by any means. That is only the up front moneys. The amount which is charged for the insurance of the mortgage under this program is 1 per cent and it has been estimated that the rate should be in the order of 8 per cent. This is also an indirect subsidy. I mention these figures because too often these days the government of the province of Quebec is choosing to ignore the part the federal government has played in trying to assist the citizens of Quebec.

• (1710)

I was particularly angry a couple of nights ago when a member of the Péquiste government said on the radio that the federal government is cutting the funds that were going into that province. I suspect that we are sometimes a little reluctant to talk about the moneys that go to the province of Quebec, but I want to put on the record that when that Péquiste member said the amount was being cut by some $600 million, I have no idea how he arrived at his figures but I suggest that he forgot that during this fiscal year—and I say during the fiscal year, not over the term of the whole year—the program of equalization of which the province of Quebec is a major participant saw the total funds from the federal treasury increased from $1.7 billion to $2.1 billion. Last spring the Péquiste government could have included in its budget the total of $1.7 billion. However, it is getting an additional $400 million this year. That is not talked about.

The Minister of National Health and Welfare (Miss Begin) when talking about the Canada Assistance Plan mentioned the amount of the increase this year. Extrapolating the figures for the province of Quebec, although the precise totals are not yet ready, one can see that the province has received something in the order of $150 million more in fiscal year, 1981-1982, ending March 31. Just in those two programs alone there is $550 million of extra moneys which the province of Quebec could not have counted upon last spring.

Let us look at federal programs that have been offered to all provinces, of which the majority of provinces make use and which the province of Quebec chooses to ignore. First, the rural and native housing program. The new housing component is cost shared. Quebec refuses to sign the agreement. The result is that no affordable housing is being built under the rural and native housing program. Quebec is prepared to borrow money from the federal treasury. In fact, that province will take all the money it can get but it will not sign ownership agreements. I suppose one can acknowledge that is the province's right, but I want everyone to realize that this lack of co-operation between the government of the province of Quebec and the federal government is very costly to the citizens of Quebec.

Second is the non-profit and co-operative housing. This program does not reach the lower income band, again because of lack of Quebec participation. The federal government provides subsidies. Quebec could provide an equivalent subsidy, but it chooses not to. Once again the opportunity is not used. Therefore, we have this continuing conflict between the two levels of government. I suppose one can say that is its provincial right. I will accept that, but I do not want that same government that chooses not to co-operate to return and complain. The opportunity is there. It has made no alternative suggestions except to turn over the funding.

When we challenge the government of the province of Quebec as to whether it will take the funding, it expresses some reluctance. The reason is obvious. If the government of the province of Quebec chooses to take tax points instead of cash from the federal treasury, it will lose several hundred million dollars. The reason is very simple. The tax base in the province of Quebec is steadily declining and deteriorating as people have moved out. For example, retired people with high incomes have decided to move elsewhere to get the benefit of lower tax rates. No longer does the Quebec government have the choice that it used to talk about for years of taking its own tax points. I challenge my provincial colleagues in Quebec and I challenge the hon. member for Joliette (Mr. LaSalle) to acknowledge the fact that the province of Quebec has had quite a good deal from the federal government. Furthermore, not only has it had a good deal, but it had been offered a lot better deal which it turned down.

In the motion such as the one I have proposed this afternoon for the production of documents—and I have proposed several in this House—the intent on my part is to underline that a great many more documents not marked secret or confidential should be in the public domain. They should be accessible not just to members of Parliament but to the public at large.

We are hearing a lot of discussion these days about the freedom of information bill. I am not particularly interested in this bill myself. I do not even know what we are expecting to produce that we are not presently getting. What I am talking about are documents that are in no sense secret documents, or confidential documents, but documents which are necessary, in my opinion, so that the public can better understand what the federal government is doing in its various programs and what agreements the federal government is making with the provincial governments.

Just last week I spoke of the Canada Assistance Plan. Its guidelines were established by the federal government but they were not published. I suggest that the federal government should sincerely look at opening up a public perusal of all of these guidelines and communications between the federal and provincial governments, and in cases where the provincial government refuses to make such documents public, to acknowledge that fact and to tell the public that it is not the federal government but the provincial government that is refusing to disclose. There may be good reasons and they can be made public, but the purpose of this motion is to underline the fact that too many documents at the present time that have absolutely no reason whatever for being kept under wraps should be made available upon demand through Members of Parliament to the public at large.

That is the reason I have brought forward this motion for discussion today. Also, it enables me to discuss once again in some measure the problem of division of jurisdiction between the two levels of government, the provincial government which is essentially responsible for the physical construction aspects and the federal government which tends to do its part through its fiscal powers.

Mr. Howard Crosby (Halifax West): Mr. Speaker, the motion presented to the House by the hon. member for Vaudreuil (Mr. Herbert) gives us the opportunity to consider the role of Canada Mortage and Housing Corporation in relation to two very important matters, matters of great concern to the people of Canada today, namely, the residential mortgage and the interest rate thereon, and the number of home foreclosures occurring across this country arising from the inability of home owners to meet the interest rates being imposed upon them.

• (1720)

Now, Mr. Speaker, we have to consider a very basic fact and principle of Canadian life: family security is often related to the ability of that family to provide adequate housing. There are other essentials of life, of course, including food, clothing and education. However, if a family unit cannot properly house itself, then it is bound to experience difficulties.

Home ownership has always been the dream of Canadians. That was my party's view when we proposed a program to assist Canadians in providing for home ownership for their families. That program involved mortgage interest and property tax deductibility for home owners. Mr. Speaker, the government of today opposed that program when it was presented in this House and as a result the principle of assistance to home owners was defeated. We are paying the price for that opposition today because there are thousands of Canadians across the country faced with the problem of extraordinarily high levels of mortgage interest.

Today the Minister of Finance (Mr. MacEachen) revels in the fact that mortgage interest rates have declined over the past few months, although they are still at a level of 18 per cent or 19 per cent. There are many Canadians who, because of the kind of homes they have or must purchase, are not able to negotiate a mortgage at that rate and are forced to pay much higher rates.

Now, Mr. Speaker, relating that situation to the problem of foreclosure—the ultimate sanction against a home owner unable to meet mortgage payments—we have to consider not only the immediate and practical consequences, but the social consequences which flow from the loss of a home. It is not only demeaning to the family, but it creates greater problems which must be resolved by government through social service programs. The family placed on the street without funds must apply to a municipal or provincial welfare agency to obtain housing, and that quite often involves public expense. This means it is possible to make a case for very substantial government involvement in the residential mortgage field by way of direct and indirect assistance. As I indicated, our party attempted to do that, but having failed in that endeavour we must now look at what kind of assistance we can provide in today's circumstances.

This debate is very timely, Mr. Speaker, because Bill C-89 purports to deal with, in part, the housing problem and the problem of those unable to meet their mortgage payments. The bill, Mr. Speaker, is a paltry measure when compared with the plight home owners find themselves in. Even so, Mr. Speaker, the minister responsible for housing rose in the House today to direct that debate be halted on this measure. He wants to remove from parliamentarians the opportunity to address the difficulties which arise because of high mortgage interest rates. He wants to stop discussions which might produce more effective and generous measures to assist home owners. That is not only a blow to the parliamentary system, it is a tremendous blow to those Canadians who look to the federal government for assistance with this very special problem.

Now, why do they have that problem, Mr. Speaker? It is because over the last ten years the government has spent the public's money in a wasteful manner, which has led to a situation where the internal and external value of our dollar has dropped. As a result, in order to provide any return to investors, interest rates have increased so substantially that they affect the ability of Canadians to provide themselves with housing.

There is more to the case to be made for governmental assistance to home owners. There are reports in the press every day that the housing construction industry has slumped to the point where it is becoming a national problem. Many jobs have been lost in the residential construction sector. Contractors across the country are going bankrupt. Demand for homes has decreased to the point where there is very little construction going on. To the extent there is a need for housing and there are people who can afford to purchase at today's rates, we have a situation where the builders simply cannot get an appropriate return for their efforts. As a result, they withdraw from the housing construction field. So not only do we have a problem of people losing their homes due to high interest rates; it also has a very dramatic effect on the entire construction industry, particularly the home construction sector.

What does the minister responsible for housing propose? In regard to the resulting unemployment, he proposes a very minor program which will provide $7,500 for rental unit construction. He proposes assistance only for those in absolute dire straits, which assistance to that very limited group will only help them over a very short period of time and only on the basis of a loan or recoverable assistance. Mr. Speaker, the situation calls for much more dramatic action. It requires very special aid. Canadians who can renegotiate a mortgage in the $50,000 range—not a great deal when you consider that hardly anywhere can you buy a home for less than $70,000—will find their monthly payments increasing by almost $300 a month. Yet their salaries have not increased at the same rate and they do not have the ability to meet the increase.

What happens then, Mr. Speaker? That brings us to the issue of foreclosure. What, in specific terms, is foreclosure? Well, the home owner who can no longer carry his mortgage payments is faced with a legal process whereby the family home is sold to recover the debt represented by the mortgage. In very few cases is there anything left over for the home owner. Foreclosure is usually triggered by a situation where the mortgage debt is at least as great as, or greater than, the value of the home. So the result is that the home owner, after paying the mortgage and municipal taxes for years and after having made improvements to the home, is left with absolutely nothing. We must, therefore, recognize that foreclosure is one of the most cruel forms of legal action that can be taken. In 90 per cent, if not all, of these cases, the home owner is left with nothing. In addition, he has to seek housing in some other area which may well cost just as much in terms of total monthly expenses.

• (1730)

In most cases the housing, which is the subject of foreclosure action, is only adequate for the needs of the family involved. They will face the same problem that existed before the foreclosure action occurred; that is, the provision of adequate housing, and it will face the same mortgage payments which, as has already been established, it could not meet before. My point is that this becomes a problem for government; it becomes a social welfare problem, and at that point, the government does step in.

What I am asking, and what I hope all hon. members will ask, is that the government take preventive action by providing assistance which will be operative before the home owners reach the point where they lose their homes through foreclosure action. If we are going to provide assistance, let us not wait until the damage is done and the homes are lost. Let us provide assistance at the time when the home owners can do something to maintain themselves and their families in their homes.

That kind of assistance has to be much greater and broader than the assistance the minister responsible for housing proposes in the bill now before the House. That is why hon. members in this party and on this side of the House have urged the minister, time and time again, to broaden the base of the assistance and to make it more substantial. That is why we would not be doing our duty to our constituents and to Canadians in general, if we did not stand up in this House at every opportunity and indicate to the minister that his program is not sufficient, that it will not solve the problem, and that greater action is required.

There certainly are many who say that interest rates ought not to be subsidized, as that just puts off a resolution to the problem. We have heard from the Minister of Finance (Mr. MacEachen), time and time again, that there must be a long-term solution to the problem, that we have to suffer through this difficult period so that the economy will recover and interest rates will decrease later on in the normal course of economic events.

However, we are playing with people's lives. We are speaking about Canadians, about individuals who live in homes, who want to maintain their families and who want to look forward to the future with some hope and some confidence. It is not just an economic matter, a matter of simply adding up figures and balancing payments in books, and so on. We are dealing with people, and we have to recognize that. That is why drastic situations require drastic action.

Therefore, I would say to anyone who dares to suggest that the situation is not so difficult or that we do not need to take this very specific kind of action, that person should cross the country and speak to the people who are in the situation of not being able to meet the mortgage payments being demanded of them. Talk to them and consider their problems. I am sure that any Member of Parliament or any Canadian who did that would change his or her mind concerning the matter of assistance for those home owners who find they cannot meet the financial obligations imposed upon them.

The instrument through which we have to effect housing policies nationally is the Canada Mortgage and Housing Corporation. That is why it is so important that this motion be considered by hon. members of the House. It points the finger at Canada Mortgage and Housing Corporation and really, in effect, asks the question, "What is going on with that government agency in relation to residential mortgages and foreclosures?"

As I look at the newspapers of my own city of Halifax, as well as those of Ottawa, Montreal and Toronto, I note that

most of the foreclosure actions in Canada are instituted by Canada Mortgage and Housing Corporation. There is a reason for that. It is that the Canada Mortgage and Housing Corporation tends to overlend on homes; that is to say, the amount of money it provides in mortgage funds is sometimes almost as great as the market value of the homes. In many cases, it is even greater. The Canada Mortgage and Housing Corporation has created a situation in which a home owner does not have any real equity in his property. He has simply made payments by way of rent over a period of years, and even though he thought he was in an ownership position, in actual fact he is merely a renter because Canada Mortgage and Housing Corporation has simply used his down payment, perhaps his effort in improving the house, and the money he has expended for public utilities and other services necessary, to maintain that home over the years. As a result, after as many as five or ten years, that home owner is left with nothing.

The point I am trying to make is simply that Canada Mortgage and Housing Corporation creates situations by its policies which it then seeks to remedy by drastic legal action. The government should simply admit that the whole purpose of the program was to provide subsidized housing to the individual. In other words, to those who say that we ought not to provide subsidization for home ownership in Canada, I say we are already doing it, and we have been doing it for years. We have tried to mask it, refer to it by another name and pretend it is not subsidization.

We have tried to pretend, for example, with the Assisted Home Ownership Program, AHOP, that there is an actual sale of a house for the value of that house. That is not true at all. There have been no real sales. That is why many AHOP owners find that they lose their subsidy, five years down the road, when they cannot meet current interest rates and are simply not able to carry on.

The point is that the Canada Mortgage and Housing Corporation created that situation. The Canada Mortgage and Housing Corporation ought not to be allowed to simply withdraw and say it is dealing with these matters as business transactions, and if one cannot make one's payment, it will take foreclosure proceedings. This means that the owner will lose the home on which he has been paying for the past five years or more.

Some people want to deny assistance to home owners in Canada because they characterize home owners as rich people who do not require assistance, as the Minister of Finance did, in the 1980 election campaign when he was an hon. member of the opposition. The minister said that home owners were rich people who did not require assistance, and that government resources should be used in other ways to provide help to persons who rent their housing facilities, and to provide assistance to senior citizens, but not to provide assistance to rich home owners in Canada. That was simply not true. It was a myth, which the present Minister of Finance created; that there was this group of rich home owners in Canada who did not require assistance. We are seeing the realities of the situation today. We are seeing home owners who cannot maintain their mortgage payments and, as I have indicated, the result is foreclosure. They are on the street, and they become public charges. One simply spends the same dollar bills through the social assistance program instead of through an adequate housing program.

The whole point of my remarks is simply that one cannot escape problems by pretending to resolve them. One cannot nationalize poverty. One must deal with the economic facts as they exist across Canada. One of the economic facts of today is that home owners, in so many cases, cannot afford higher rates of interest. They cannot come up with the dollars they need to make the monthly payments required of them. If they are not given appropriate and proper assistance, the whole situation will simply collapse. Foreclosure will result, and these people will be out on the street. Then the government will have to deal with that social problem at the municipal, provincial and federal levels.

I hope the important message of my remarks and the motion which the hon. member has brought before the House is understood. Let us get the facts. Let us find out what is happening with mortgage interest rates. Let us find out what is happening with foreclosure actions. Let us find out what the Canada Mortgage and Housing Corporation is doing. Let us assess the situation in light of those facts. If we make a fair assessment, I think we will very quickly come to the conclusion that very definite action must be taken by government, and that the action which has been taken by the minister responsible for housing, represented by the bill now before the House, is simply inadequate. It will not solve the problem. In fact, it may even exacerbate it because it will simply keep alive, for just a few months or a few years, those people who will have to face the realities of their situation somewhere down the road. All we are doing is patching the problem. This is not even band-aid treatment. We are not dealing with the issue, we are just avoiding it.

Therefore, I support the hon. member in attempting to obtain the kind of information which will allow for a fair and proper assessment of the housing situation in Canada, of the role of the Canada Mortgage and Housing Corporation, and of the dire effects of foreclosure actions, because if we get those facts examined and assess them, I think we will then conclude that drastic measures are required. I think we will then be able to join together and devise those measures which will relieve the situation and resolve the problem for the benefit of all Canadians.

Some hon. Members: Hear, hear!

• (1740)

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, it is always a great pleasure to rise and speak in the House when you are in the chair. The debate concerns Notice of Motion for the Production of Papers No. 84 in the name of the hon. member for Vaudreuil (Mr. Herbert). It relates to communications during 1981 between the Government of

Canada and/or Canada Mortgage and Housing Corporation and the government of the province of Saskatchewan dealing with residential mortgages and home foreclosures.

I support the hon. member in his motion. However, he is putting up somewhat of a smoke screen to bootleg a speech into the House of Commons. I do not know what communication there was from the federal government to the province of Saskatchewan. I know there were two very important communications from the Saskatchewan government to the government of Canada concerning high interest rates and the disastrous effect this high interest rate policy is having on many people in this country. The province of Saskatchewan was not willing to stand by and see people in that province lose their homes through no fault of their own. We face the same possibility of lost homes and farms that existed in the thirties as a result of the insane monetary and high interest rate policies of the federal government.

On September 23, 1981, a letter was written by the Saskatchewan urban affairs minister, the hon. Walter Smishek to the minister responsible for Canada Mortgage and Housing Corporation. Two main principles were put forward in that letter. First, the Saskatchewan government pleaded with the federal government to establish a fixed interest rate for residential mortgages not to exceed 12 per cent. Second, it would require the lending institutions to allocate a specific percentage of their lending portfolios for residential mortgages to ensure an adequate supply of mortgage funds.

I am not sure what the response of the federal government was, but it was not very receptive to that kind of suggestion. There have been many debates in the House of Commons since September 23, concerning the high interest rate policy. We have heard about record numbers of foreclosures and people in fear of losing their homes. Others fear losing their livestock, crops and farms, because they cannot meet the unacceptably high interest and high mortgage interest rates they face. It does not make for very good planning to have a volatile interest rate situation which fluctuates every week. People do not know what the rate is going to be.

The second communication from the province of Saskatchewan dealt with the home owners protection act. In early December the province of Saskatchewan decided it could not stand by and allow anyone in that province to lose a residence because of high interest rates. The residences of these people in rural or urban areas were acquired after many, many years of investment. They had no control over future high interest rates and possibly not much control over their incomes. Therefore, the government would not stand by and see these people lose their homes. Even if one person was kept from losing his home, the legislation put through the Saskatchewan legislature was worthwile.

The application of that act passed by the legislature of Saskatchewan applies to the principal residence of the home owner. That principal residence is defined as the dwelling place of the home owner and any adjoining lands, not exceeding 65 hectares, owned by the home owner. It also applies to a trailer or condominium unit. A home owner can have only one principal residence.

That act does three very specific things. First, it stays all action for foreclosure or cancellation of agreements for sale for the period December 31, 1981 to December 31, 1982. It prohibits the commencement of an action for foreclosure or cancellation of an agreement for sale during that same period of time. Third, it extends the period for redemption of a mortgage before final foreclosure to January 1, 1983.

The act also has provision for appeals to be made to an advisory board. The Lieutenant-Governor-in-Council has the power to appoint an advisory board consisting of representatives of financial institutions and the public. The advisory board is to advise the public if there are certain exemptions that can be made under the act in cases where there may be unforeseen circumstances.

The hon. member for Vaudreuil stated there had been two test cases in the Saskatchewan courts. That is true. However, the hon. member did not point out the results of those test cases. He stated they had decided nothing to this point in time. I differ with him in that opinion.

There may have been more than two tests cases, but I am aware of two. The first case upheld the act that had been passed. A couple had gone to court stating they could not afford the exhorbitant increase in their payments because of the high interest rates. The rate was jumping from moderate to very high. Their income had not kept pace with the increased mortgage payments they were facing. The court ruled in favour of that couple. It was found that they could not afford the new mortgage payments. Had it not been for the home owners protection act in Saskatchewan, that young couple would likely have lost their home, through no fault of their own, but because of the high interest rate policy of this government.

The second case was different. It dealt with a couple who said they could not afford their mortgage. During the court proceedings it was determined that their income had risen proportionately to the increase in their mortgage payment. The couple had told the court they did not want to pay the huge increase, that they wanted a ruling in their favour and relief from having to pay those mortgage payments for a year. The court ruled against them. It found their income had gone up a significant amount, at least enough to keep pace with the high interest rates. That couple was more fortunate than some. They had extra income and were not really faced with losing their home.

The government of Saskatchewan did not intend to give relief to just anyone who did not want to pay more money. The relief is for those who desperately need it because they will lose their homes, and have no real control over the situation.

The test cases are very relevant in this situation. They set a good tone for the legislation I would encourage other provincial legislatures to adopt in order to deal with the situation until the economy is under control. This is a federal responsibility with which many provinces are having a difficult time coping.

The province of Saskatchewan is more fortunate than some others. My riding is in that province. Despite my relatively young age, I remember when that province was a have-not province. It was always drawing money from the equalization pie. That is why Premier Blakeney and his cabinet ministers agree with equalization, even though Saskatchewan is no longer a have-not province. It is a have province in terms that it contributes to the equalization pot.

We think that Canadians, no matter where they live, should have equal access to the essentials of life, such as shelter, medical care and a reasonable level of education. The province of Saskatchewan has acted very responsibly. It is limited in what it can do, faced with a national economic crisis and high interest rates. It has acted within its existing powers. It first pleaded with the federal government to take some action. I have outlined and quoted what those two points were in the letter of September 23 from the Saskatchewan minister of urban affairs to the minister in charge of the Canada Mortgage and Housing Corporation.

• (1750)

We have been able to establish some other housing programs in Saskatchewan as well. Some of the poorer provinces have been able to participate in these kinds of programs. For instance, we have the co-op and the farm housing programs which are totally funded by the province. Under this co-op housing program I believe there were 400 units built in the province of Saskatchewan in 1981. Under the farm housing program there were some 350 units built. This totalled approximately 750 units built in 1981 under programs totally funded by Saskatchewan.

Interest rates are also locked in under these programs. They are subsidized by the provincial government to some extent, with locked in interest rates of 16 per cent. There is no rollover for a ten year period. In addition, the amortization period is 25 to 30 years. This provides people with some consistency in their future when paying for their homes. They know what their payments will be for ten years. This will make it much easier for young families or retiring couples to buy a homes. They know they will be paying 16 per cent interest for ten years. They will know how much they will be paying in principal for their homes. The tax may fluctuate somewhat, which may change their payments marginally, but there is greater consistency than there is for any other Canadian who has to go to a lending institution to borrow at our current high interest rates.

With respect to the co-op housing building program and the farm housing building program, people find it quite easy to get into those programs if they are organized. Saskatchewan has quite a co-operative spirit and people are able to enter these housing programs with a very small initial cash outlay. In order to enter these programs a 5 per cent equity must be put up. This equity can also be provided as "sweat equity". This means that the husband or wife, whoever is buying the home, does a substantial portion of the work. It could be in the form of digging the foundation, installing siding, shingling, etc. This would give them their equity in the home.

The figures which I will now cite do not apply to the whole province of Saskatchewan. Saskatchewan is divided into two different areas; the northern administration district and the southern half. Much of my constituency lies within the northern administration district. The reason for those two separate areas is that in Saskatchewan, as in all provinces, the northern area of the province has been the last to be developed. There were many resources coming out of northern Saskatchewan and we did not want inequities in lifestyle as between the north, which was paying its fair share through resource revenue, and the south, which had the bulk of the population who paid taxes and voted.

These figures are for the southern half of the province. In the early 1970s the department of northern Saskatchewan was formed to give a single agency approach to the development of northern Saskatchewan. The figures I have for the joint housing programs between Canada Mortgage and Housing Corporation and the Saskatchewan Housing Corporation in 1981 show, I believe, that there were 1,237 rental units built under public and non-profit housing, and approximately 142 housing units built for ownership under the rural and native housing program. That is a total of 1,379 houses which were built jointly between CMHC and the province of Saskatchewan through the Saskatchewan Housing Corporation.

The participation of CMHC is appreciated by the province and many of our communities which participated in those programs. Many senior citizens groups are very active in obtaining non-profit or co-op housing so they can remain together in their homes in the small rural communities of Saskatchewan. We do appreciate this.

However, there are some problems which arise from time to time. For example, in some cases CMHC has not released mortgages to people who have purchased houses through the rural and native housing program for a period in excess of five years. These people have been paying their mortgages through the rural and native housing program for five years and they do not know when they will get the mortgages into their own hands. Originally, there was a requirement that an individual or a family would have to live in the housing unit for a five year period before they could resell it. This was to prevent people from moving into the housing units for speculation purposes. The municipal, provincial and federal governments wanted to ensure that when those units were built there would be a definite need satisfied. That was the reason for the five year resale clause.

Many of these people, some of whom are in my constituency—and I have written to the minister about this problem—have paid for five years without any certainty as to what will happen with their housing unit, because CMHC will not agree on a price which should be charged for the units. What has happened in some areas is that CMHC wanted the specific cost of a housing unit to be applied to whoever was purchasing that unit, even though ten units may have been constructed in one area ranging in price from $45,000 to $75,000. Due to

construction problems which varied the cost of those units CMHC wanted to tack those costs of a specific unit onto the unit itself. The Saskatchwan Housing Corporation disagreed with that, because the houses are comparable in terms of quality, style and size. Therefore, the Saskatchewan Housing Corporation wanted to take the total cost of those ten housing units built in one area, lump it together and divide by the number of housing units. For example, if the total project cost $500,000 and there were ten housing units, each of those units would cost the purchaser $50,000. That seems to me to be a fair and equitable manner in which to proceed. Why should one family pay $50,000 or $45,000 for a unit, and another family which is moving into a comparable unit pay $75,000?

I would ask the hon. member for Vaudreuil, if, by asking for the production of these papers he is really showing an interest in the problem of interest rates and housing, that he ask the minister in charge of Canada Mortgage and Housing Corporation to move very rapidly to settle with these home owners who have been paying for such a long period of time and do not yet have the mortgages and do not know what will be the future status of their houses.

In closing I would like to say that the government of Saskatchewan, during the year 1981, was not willing to stand idly by and see home owners and farmers possibly lose their principal residences because of circumstances beyond their control; the interest rate and economic policy of the government. The Saskatchewan government acted by first requesting the federal government to knock the interest rates down and ensure that financial institutions set aside part of their portfolios, and second, by introducing and passing the home owner protection act so that people in Saskatchewan could feel secure in owning their homes. Thank you.

An hon. Member: Six o'clock.

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER BILL C-89 ON SECOND READING

The House resumed consideration of the motion of Mr. Cosgrove:

That, in relation to Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, one additional sitting day shall be allotted to the consideration of the second reading stage of the bill; and that 15 minutes before the expiry of the time provided for government business on that day, any proceedings before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the said stage of the bill shall be put forthwith and successively, without further debate or amendment.

Mr. Deputy Speaker: Order. When the debate was interrupted at five o'clock the hon. member for Essex-Kent (Mr. Daudlin) had been given the floor.

Mr. Robert Daudlin (Essex-Kent): Mr. Speaker, I thank my friends opposite for waiting so patiently to hear me. I hope they will not only enjoy my speech but also gain a little from being patient enough to wait for my speech.

The second last speaker before private members' hour was the hon. member for Hamilton-Wentworth (Mr. Scott). Once again we were treated to an opposition speech which attempted to draw no distinction between Standing Order 75C and Standing Order 33. The hon. member once again attempted to demonstrate that there is absolutely no difference between closure and time allocation. If that distinction cannot be perceived by hon. members opposite, I fear little goes on in this House that is understood by them. I hope the hon. member for Hamilton-Wentworth will eventually avail himself of the opportunity of at least reading the rules in order to see the difference.

Innumerable constituents have been coming to my office seeking the assistance that is being held up by the fact that this bill is not going through. As do hon. members opposite, I have constituents who have difficulty with their mortgages and renewals of their mortgages. I trust most hon. members in the House, have suggested to them that there is a plan, that something was put together and that it was presented in the budget. I, and I hope hon. members opposite, have suggested to those people who are in difficulty that they should be going to lending institutions—banks and mortgage companies—asking whether they meet the criteria of the program, and that they should be getting ready by making application.

Having done that, those poor people are now coming back to my office and saying that they were told by the managers of those companies that we in Parliament are not allowing the bill to pass, and not allowing them access to the program. Until we pass the bill, people will not get the help promised them. They do not think that is fair. You are a fair man, Mr. Speaker. I ask you, who has been resisting this bill? Who has been holding it up? The minister has cried across the aisle, "Let it go through", but who said no? The cry of "Hold it up" has come from hon. members to your left. We do not think this is right. Again we hear too little and too late.

• (2010)

I have tried to go through the reported speeches of hon. members opposite and I have tried to listen to them today. When they get up to speak they immediately start crying that we want to cut off debate. I ask them tonight, Mr. Speaker, how many of them who claim that they did not have time to

put forward their arguments have used the few minutes that are afforded us to make suggestions that would improve the bill? Have they tried to do that? They could not do a thing like that. They would not put those arguments forward.

Mr. Lewis: Mr. Speaker, I rise on a point of order. On this side we are under the impression that the debate is on the motion under Standing Order 75C proposing closure. If that is the point, then I wish the hon. member would address himself to it.

Mr. Deputy Speaker: Order, please. There has been a certain difficulty in enforcing relevance in this debate. However, I have no doubt that the hon. member's remarks will be observed by the hon. member for Essex-Kent (Mr. Daudlin).

Mr. Daudlin: Mr. Speaker, I would ask the hon. member to consider the relevance of the remarks of his colleagues to the motion under Standing Order 75C, to which he wishes me to restrict my remarks. The House permits a rather wide ranging debate on issues. A Speaker such as yourself, a man who is reasonable, who is able to understand the issues before us, a man who is prepared to allow a certain amount of debate to take place, might have thought there would have been—and I almost hesitate to use the term—a bit of bootlegging of good ideas if the ladies and gentlemen opposite had brought them forward. I am sure that as a reasonable man you would not have stopped them if they had offered some. I am sure there is not a man on this side of the House who would have said to you, "Don't allow this to happen." I am sure the minister would have been happy to hear a good idea from that side, but we have listened and we have not heard one.

I have told you, Mr. Speaker, that there are people in my riding who want this bill to come forward. They are waiting and their patience has worn thin; their bankers are waiting and their patience has worn thin as well. On almost every bill that has come before the House hon. members opposite have devoted their remarks to the need for jobs in this country. "What are you doing about jobs?" they ask every minister. Mr. Speaker, what we are doing about jobs is attempting to put a bill through this House which would create at a minimum—a small "C" conservative minimum—15,000 jobs and the ripple effect could double that number to 30,000 jobs. We could be looking at 60,000 or 70,000 jobs, Mr. Speaker. But even with five days of debate the bill has not been permitted to go through.

How could a person with any heart at all believe that hon. members oposite are speaking on behalf of their constituents, for whom they allege they bleed, when they do not permit bills to go through which would help to solve the problem they say they are trying to cure? They resist; they say it is wrong but do they try to improve the bill? No, they do not. Do they suggest there is a better idea that someone may have overlooked? Not at all, Mr. Speaker. One becomes a little concerned about what is motivating them but I suppose I am not allowed to reflect upon that. Why would people who want jobs generated resist this bill? That is incomprehensible to me, Mr. Speaker.

If this was the only thing the government was doing about housing, and if one wanted to stop this in an effort to highlight the fact that it is the only thing, then perhaps one could say there is reason for their actions. My constituents wonder, and you must wonder, Mr. Speaker, how the Mother of Parliaments can deal with issues that are of great moment with one or two days of debate, yet this House is not able to deal with a bill of relative simplicity in five days of debate.

An hon. Member: It is a worthless bill.

Mr. Daudlin: They say it is a worthless bill but do they improve it? Let us get it to committee. They claim this place has no meaning, that it is losing relevance. Let us get the bill to committee and exercise the rights we have as Members of Parliament to try to improve the bill. Instead, they try to stop it from going through.

An hon. Member: Time!

Mr. Daudlin: The hon. member calls time. If he looks at the clock he will see what time it is; the small hand and the big hand show the time. I know you are watching the clock, Mr. Speaker, and it is unfortunate that—

Mr. Taylor: You have already had ten minutes.

Mr. Daudlin: I will do the hon. member the courtesy of listening to him when it is necessary and when it is time. I see you are about to rise, Mr. Speaker. If I have used my time—

Mr. Taylor: You are stealing more time.

Mr. Daudlin: The people in this country want this bill. Job opportunities are being lost, housing is being stopped and it is time the bill was passed.

Some hon. Members: Hear, hear!

Mr. Bill Wright (Calgary North): Mr. Speaker, I am surprised the hon. member for Essex-Kent (Mr. Daudlin) has the gall to waste the time of the House on the closure motion proposed under Standing Order 75C. Earlier today the minister told the House he was in a hurry to get the bill through, and he referred to the fact that it had been mentioned in the Speech from the Throne. That was almost two years ago, so what is the hurry now? The problem of housing was also discussed in the budget of November 12, 1981, so the government could have presented the bill earlier; it did not. Now the minister tells us that it is a major bill and he would like to see it passed as quickly as possible.

The bill proposes the expenditure of $350 million over two years. When one looks at the other spending increases proposed by the government one has to wonder about its priorities. Does the minister feel good about the government spending $47 million on a monument in Algeria? Does he feel good about the $24 million wasted in Haiti? Does he approve of the $200 million that may be spent on two airports in Trinidad and Tobago? Does he care about the $100 million loss by Eldorado Nuclear? Does he care about the $2 billion additional revenue

needed for the national debt? Apparently he does not care, yet he has the gall to tell us that this bill which involves $350 million is a major piece of legislation.

One would like to ask the minister about the fisheries industry Mr. Speaker. Nothing is being done for the fisheries on the east and the west coasts. What about the forestry industry? Nothing is being done for it. But the minister tells us he is in a hurry to get this bill through and that we must limit debate. For three months he did nothing about it. There is 50 per cent unemployment in the forestry industry. A year from now the government may get around to presenting a bill to help that industry. What about the oil industry? Two more companies have dropped out of the oil sands project. Almost two years ago we told cabinet that the national energy policy would ruin the oil industry. The Minister of Public Works (Mr. Cosgrove) is a member of the cabinet which approved the national energy policy. How can we trust the government? The minister asked why we were holding it up. We are not holding it up; we think the bill stinks.

• (2020)

Mr. Paproski: That is pretty plain language.

Mr. Wright: Mr. Speaker, that is as plain as I can make it. The fact of the matter is that the bill does nothing. It does not solve the problem. The minister should be ashamed to rise in the House and tell us that we should limit debate on such a ridiculous bill.

When we consider some of the things the government is not doing, we wonder whether cabinet ministers really know what they are doing. The bill which the government wants us to pass will help build 15,000 units over the next two years, when at least 100,000 are needed. How much will the $7,500 subsidy for each unit help the people who really need help? Will it help people in lower income brackets? Of course it will not. It will help people who are prepared to pay maximum rents of $800 and more per month, and the minister knows it. The bill will not help people with small incomes. The minister told us it will help the 1.2 million people who will be renewing their mortgages over the next two years. He estimated that it will provide grants for up to 12,000 households and loan guarantees for another 37,000, or perhaps up to 50,000, when a good portion of the 1.2 million people will be having trouble renegotiating their mortgages over the next two years. The government refuses to deal with the real problem of bringing down interest rates to a level which people can afford. It simply skirts the problem. The government understands the symptoms, and Bill C-89 is a symptom of the problem of high interest rates.

Mr. Evans: Give us your answer.

Mr. Wright: If the parliamentary secretary had been in the House the night of the borrowing bill, he would have heard the answer. I recommend that he read *Hansard* of February 16.

Some hon. Members: Hear, hear!

Mr. Bill Yurko (Edmonton East): Mr. Speaker, I do not think I have very much time to speak, but I will try to say what I want to say as fast as I can. The initiatives of the federal government in housing represent a good start, but they need expansion. The $350 million is simply not enough.

I should like to look at conditions as they were in November, 1975, and compare them with those of November, 1981, so that we will have the benefit of knowing the inflation rates and the parameters within which we had to deal. The inflation rate in 1975 was 10.8 per cent and the unemployment rate was 6.9 per cent; there were 690,000 people unemployed, and the federal debt was $59 billion. In 1981 the inflation rate rose to 12.5 per cent, the unemployment rate was 7.6 per cent, or almost 900,000 unemployed people, and the debt was approximately $137 billion.

In November, 1975, the then minister of housing, the Hon. Barney Danson called together provincial ministers of housing and laid out a remarkable program which read:

> The program which I am going to announce in the House of Commons this afternoon is going to help fulfil the objective, which we all share, of ensuring that all Canadians are well housed. At the same time, it will help dampen inflation in the housing sector and stimulate economic growth and employment.
>
> With regard to the problem of supplying enough moderately-priced housing, the federal government is making a commitment to one million housing starts over the next four years. I am asking you to join with us in a national effort to direct our resources in such a way as to ensure, not only that this target is met, but that a very high proportion of these homes are in the low and medium price ranges.
>
> To making housing affordable, we are, first of all, going to maintain our high level of activity in housing for low-income people. At the same time, we are going to give more help to people of moderate incomes to enable them to manage the carrying charges involved in buying a house.
>
> To make rental accommodation affordable we must encourage more production. That can only be done by ensuring the basic, economic viability of the rental industry—creating a climate in which builders and investors will have the confidence to produce rental housing. Our participation in this market will be conditional on maintaining affordable rents.
>
> To discourage unreasonable demands by the well-housed and direct resources instead toward moderately-priced housing, we will require lenders to reserve the most favourable credit arrangements for loans within regional NHA limits.
>
> All of these initiatives will not only help to deliver good affordable housing, they will, at the same time, stimulate employment and help to contain inflation.

It continued:

> Lending institutions are going to have to boost their allocations for residential mortgages. They will not only have to put up more mortgage money, it also has to be directed into affordable housing. Sixty thousand dollars capital will have to produce two houses instead of one. What we are going to be interested in, as a government, is more well-designed, well-built, modest-sized housing, fully protected by a nationwide warranty system.

What I am trying to say is that economic conditions in November 1975 were not much different than they are today, with the exception that interest rates are considerably higher at the present time. The bank rate today is in the order of 15.4 per cent, with an inflation factor at the end of 1981 of 12.5 per cent. The inflation factor at the end of 1975 was 10.8 per cent and the interest rate was 9 per cent to 10 per cent. What is the difference? The difference is government debt, massive government debt. In today's market the government finds itself in a position, with $140 billion of debt, where it cannot afford

to build social housing. Therefore, it must move in another direction.

[*Translation*]

Mr. Deputy Speaker: Order, please! It being 8.29 p.m., the two hours provided for consideration of the motion now before the House under the provisions of Standing Order 75C are now expired. I must therefore interrupt the proceedings and put every question necessary to dispose of this motion.

[*English*]

Therefore the question is on the motion in the name of the Minister of Public Works (Mr. Cosgrove). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

• (2100)

And the division bells having been rung:

Mr. Lewis: Madam Speaker, before we proceed with the vote, I wish to raise a point of order. I know that you would want every member to be properly dressed for this vote, and I would invite the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand) to reconsider his dress and perhaps re-enter the chamber when it is appropriate.

Some hon. Members: Hear, hear!

Some hon. Members: Out, out!

An hon. Member: What about Chénier?

Madam Speaker: The hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand) I am sure knows that I and many of my predecessors have ruled on this. In order to present oneself in the House one has to be properly attired and this means that hon. members are supposed to wear neckties. Therefore, I am afraid his vote cannot be recorded and he cannot enter the House in that attire.

Some hon. Members: Hear, hear!

Some hon. Members: Out, out!

[*Translation*]

Mr. Prud'homme: Madam Speaker, I know that you have not given a ruling, but you said that because of a ruling made by your predecessor, you preferred that the hon. member leave the House. He has therefore voluntarily, at the request of the Progressive Conservatives—but that is their privilege. I would ask the hon. member for Joliette (Mr. La Salle) to listen to me for a minute—

Mr. La Salle: They did the same for me!

Mr. Prud'homme: I am sorry, but I was not there. Madam Speaker, I understand that the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) has withdrawn for this evening, but I believe that the time has come for you to examine what is considered proper attire for a member in the House of Commons, because, Madam Speaker—

[*English*]

—my hon. friend from the opposition knows the rules very well. If you want to apply the rules according to the British parliamentary system, I cannot see why hon. members do not come here with a hat and bow to the Speaker when they vote.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Prud'homme: Madam Speaker, I am therefore unable to make any proposal this evening. I can only suggest that the Chair review, not only this rule which I consider antiquated, but all the rules which govern this House.

[*English*]

Mr. Clark: Madam Speaker, since Your Honour has acted to protect the traditions of the House, I feel obliged, in response to the suggestion by the hon. member for Saint-Denis (Mr. Prud'homme) to rise to protect your position.

Mr. Whelan: You have to get into the act, eh Joe?

Mr. Clark: As the House knows, these procedures respecting dress which prohibit, for example, the Minister of Agriculture (Mr. Whelan) from appearing here with the green hat through which he speaks—

Some hon. Members: Hear, hear!

Mr. Clark: —these procedures respecting dress are not established but only enforced by yourself. Certainly we on this side of the House would be most pleased to have the question of the proper attire for Members of Parliament referred to the appropriate Committee, which would be the Committee on Procedure and Organization, once that committee is convened.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

The House divided on the motion (Mr. Cosgrove) which was agreed to on the following division:

Time Allocation
(Division No. 152)

YEAS

Messrs.

Appolloni (Mrs.)	Dupont	Loiselle
Bachand	Erola (Mrs.)	Lumley
Baker (Gander-Twillingate)	Ethier	MacBain
Beauchamp-Niquet (Mrs.)	Evans	MacEachen
Bégin (Miss)	Ferguson	MacGuigan
Berger	Fisher	Mackasey
Blaker	Fleming	MacLaren
Bloomfield	Flis	MacLellan
Bockstael	Foster	Malépart
Bossy	Fox	Maltais
Bujold	Frith	Marceau
Burghardt	Garant	Massé
Bussières	Gauthier	Masters
Caccia	Gendron	McCauley
Campbell (LaSalle)	Gimaïel	McRae
Campbell (Cardigan)	Gingras	Nicholson (Miss)
Chénier	Gourd (Argenteuil-Papineau)	Olivier
Chrétien	Gourde (Lévis)	Ostiguy
Comtois	Guilbault	Parent
Corbin	Harquail	Pelletier
Corriveau	Henderson	Penner
Cosgrove	Herbert	Peterson
Côté (Mrs.)	Hervieux-Payette (Mrs.)	Pinard
Cousineau	Hopkins	Portelance
Cullen	Hudecki	Prud'homme
Cyr	Irwin	Regan
Daudlin	Johnston	Reid (Kenora-Rainy River)
Dawson	Joyal	Roberts
De Bané	Kaplan	Rompkey
de Corneille	Kelly	Rooney
Demers	Killens (Mrs.)	Rossi
Deniger	Lachance	Roy
Desmarais	Lajoie	Savard
Dingwall	Lalonde	Schroder
Dion	Lamontagne	Simmons
Dionne (Chicoutimi)	Landers	Smith
Dionne (Northumberland-Miramichi)	Lang	Tardif
Dubois	Laniel	Tessier
Duclos	Lapointe (Charlevoix)	Tousignant
	Lapointe (Beauce)	Trudeau
	LeBlanc	Turner
	Leduc	Veillette
		Watson
		Weatherhead
		Whelan
		Yanakis—127.

NAYS

Messrs.

Althouse	Gamble	Mitges
Andre	Hamilton (Qu'Appelle-Moose Mountain)	Munro (Esquimalt-Saanich)
Anguish	Heap	Murphy
Baker (Nepean-Carleton)	Hovdebo	Neil
Beatty	Howie	Nickerson
Blaikie	Huntington	Nowlan
Blenkarn	Jewett (Miss)	Orlikow
Bosley	Kempling	Paproski
Bradley	Korchinski	Parker
Cardiff	Kristiansen	Robinson (Burnaby)
Clark (Yellowhead)	Kushner	Rose
Clarke (Vancouver Quadra)	Lambert	Scott (Hamilton-Wentworth)
Cook	La Salle	Scott (Victoria-Haliburton)
Cooper	Lewis	Siddon
Corbett	MacKay	Skelly
Crosby (Halifax West)	Manly	Taylor
Crouse	Mazankowski	Towers
Deans	McCain	Vankoughnet
Epp	McCuish	Wenman
Fennell	McDermid	Wright
Fretz	McGrath	Young
Fulton	McKenzie	Yurko—68.
	McMillan	
	Miller	

● (2110)

Madam Speaker: I declare the motion carried.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,450, 3,453, 3,460, 3,693 and 3,698.

[*Text*]

COMMUNICATION HEADED "LETTER FROM CONCERNED CANADIANS"

Question No. 3,450—Mr. Cossitt:

1. Is the government aware of the communication headed "Letter from Concerned Canadians" signed by the retired RCMP officers W.F. Johnstone, J.W. Duggan, W.L. Maguire, F. Bodnaruk, P. Starek, J.E.G. Bouchard and D.B. Ingam and also signed by A.L. Bewley, a retired British Columbia provincial court judge?

2. Did the communication contain the statement "Canadians know that to rid themselves of the hornet's nest, they must first smoke it out and burn it. Wasn't that what happened to the barn in Quebec? What was inside the barn that was so important to this country's security?" and, if so, what was the government policy or reaction to the statement?

3. To the knowledge of the government, what was actually inside that barn?

Hon. Bob Kaplan (Solicitor General): 1. Yes.

2. Yes, the communication contained that statement. The government feels it would be inappropriate to comment on a matter being examined by the courts in the province of Quebec.

3. The government feels it would be inappropriate to comment on a matter being examined by the courts in the province of Quebec.

SURVEILLANCE OF MEMBERS OF PARLIAMENT

Question No. 3,453—Mr. Cossitt:

With regard to the answer to question No. 1,487 which was on the subject of whether surveillance of any kind, the tapping of telephones or the using of devices to listen to automobile conversations of any Members of Parliament had taken place in the past three years and which stated in part "if such a question were answered in the affirmative, it could provide information about security operations which might prejudice their success . . . ", is it government policy to make insinuations that security operations are proceeding against certain Members of Parliament and that admission of such a fact would be damaging to the national interest and, if so, for what reason would this be damaging to the national interest and (a) if Members of Parliament are engaged in the violation of national security, for what reason should this not be made public (b) if Members of Parliament are not engaged in the violation of national security, for what reason should the government hesitate to make this public?

Hon. Bob Kaplan (Solicitor General): No, it is not government policy to make insinuations that security operations are proceeding against certain Members of Parliament.

(a) and (b) It is not in the national interest for the government to make public the names of individuals who are or are not engaged in the violation of national security.

PUBLISHING OF ALLEGED VIOLATIONS OF NATIONAL SECURITY

Question No. 3,460—**Mr. Cossitt:**

With reference to the answer to question No. 1,487 on the subject of whether surveillance of any kind, the tapping of telephones or the using of devices to listen to automobile conversations of any Members of Parliament had taken place in the past three years and which stated in part that if the answer was given in the "negative such information could provide comfort or aid to those involved in ongoing violations of national security", will the government adopt a policy of making public which Members of Parliament, if any, were involved in the violation of national security and those who were not?

Hon. Bob Kaplan (Solicitor General): No, it is not in the national interest for the government to make public the names of individuals who are or are not involved in the violation of national security.

DEPARTMENT OF NATIONAL DEFENCE CONTRACTS

Question No. 3,693—**Mr. McKinnon:**

1. Did the Department of National Defence place a $678,000 contract with Remtec Inc. for a semi-trailer and, if so (a) for what purpose (b) does the cost include any equipment that may have to be installed in the semi-trailer?

2. Did the department rent cars from Rent-A-Wreck for a cost of $12,888 under contract number HAL81-5686/1 and, if so, for what purpose?

3. Did the department award a $88,832 contract to Air, Earth and Oceans Limited for a "study of detectability of tracks in snow" under contract number 10SD 97701-1-68218 (1SD81-00103) and, if so, what is the rationale behind this decision?

Hon. J.-J. Blais (Minister of Supply and Services): 1. The Department of Supply and Services awarded a contract, on behalf of the Department of National Defence, to Remtec Inc., for the purchase of 12 bulk haul semi-trailers in the amount of $678,000.

(a) the purpose of these 18,000 litres aluminum tank trailers is for hauling fuel;

(b) yes, the cost includes equipment normally associated with this type of vehicle.

2. The Department of Supply and Services awarded a contract, on behalf of the Department of National Defence, to Rent-A-Wreck in the amount of $12,888 to provide a maximum of three cars per day during the period of October 1, 1981 to September 30, 1982. The purpose of the contract is to meet the requirements of the Base Transport Unit at CFB Halifax.

3. The Department of Supply and Services awarded a contract, on behalf of the Department of National Defence, to Air, Earth and Ocean Ltd. who submitted an innovative unsolicited research proposal which was relevant to the Department of National Defence's requirements. The work concerns the determination of vehicular and non-vehicular snow track conditions that are capable of being detected using ground-based thermal infrared sensors, with support from drone and ground-based photography and other sensors. In addition, the project includes a potential application in search and rescue missions.

Housing

TAX DEDUCTIONS AT SOURCE

Question No. 3,698—**Mr. Deans:**

Did the government instruct employers to collect income tax in excess of levels in effect under the Income Tax Act and, if so, under what authority?

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): No. The Income Tax Act, section 153, provides that the amounts that are required to be withheld as payments on account of tax are to be set by regulation. The regulations are amended each year following the coming into force of the budget. The regulations presently in force require greater withholding amounts than are called for in the tables recently issued as guidelines for employers.

Tax withholding tables are normally issued as early as possible in December in order that employers have adequate lead time to introduce the necessary changes in their systems. Historically, intended changes announced by various ministers of finance have been incorporated in these publications and this practice was followed in the preparation of the tables for the 1982 taxation year.

It should be recognized that tax withholding only represents a payment on account of a future tax liability and the tables are designed to closely approximate the taxpayer's annual tax liability so that at year end the taxpayer will not be faced with an outstanding balance. The ultimate liability and the actual tax assessments will be established in strict accordance with the enacting legislation as finally passed for Parliament.

[*English*]

Mr. Smith: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT
CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed, from Wednesday, February 24, 1982, consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Hon. Jake Epp (Provencher): Mr. Speaker, as I enter the debate on Bill C-89 I note the exercise the House has just been through, namely, closure. As I observed the minister responsible for housing during this debate I noted that he has been

concerned about two things. First, he has been concerned that hon. members of this House have been criticizing his housing policy. Second, he has been reacting rather vigorously to the statistics hon. members have been using in terms of housing starts, or the lack thereof. He feels those figures are not accurate.

As we consider the housing initiative before us, we should look very briefly at the economic situation facing Canadians. This provision flows from the budget. In tonight's Ottawa *Citizen*, a paper which has generally been supportive of the government opposite, there is an editorial entitled "Spectre of Depression". This editorial appears on a day when the dollar has again broken the 82 cent barrier. In fact, it dropped approximately .44 of one cent today to 81.68 cents. That drop in the value of the dollar will have an affect on inflation and the ability of Canadians to have suitable or adequate housing. Indeed, it puts that prospect into even further doubt.

What I find interesting about this editorial is that it is in this newspaper which, along with many others over the years, has criticized Members of Parliament who have said that when we have new programs we should know what the expenditures are and what the affects of those expenditures will be in the years to come. The reason editorialists feel that a spectre of depression is upon Canadians is the fact of the national debt, which now has risen to $122 billion. There is a sudden realization that roughly 25 cents of every tax dollar collected will be used not to pay the debt but to service that debt. It is easy to say, as the government opposite has done, that we can have all types of programs, which are good in themselves, but eventually they have to be paid for.

• (2120)

That is the situation we face today and I raise it because housing is one of the great necessities of Canadians. It is tragic that, because of various other programs that do not have the same merit as housing, the minister responsible is stuck with a bill that does not do enough. He does not have the wherewithal to put in place housing programs that will meet the needs of Canadians.

I received a message from a constituent today enclosing a newspaper article entitled "Trudeau, you are killing us". The article is a dissertation on the problems that average Canadians, especially small business people, are having because of the economy. The person who sent the clipping concludes the covering letter with the comment that he hopes the opposition can do something before we have a revolution.

Those are rather dramatic words for a Canadian to use, Mr. Speaker, but the government has mismanaged the economy so badly that people do not have confidence that any program will come close to meeting their needs, or that there is the capacity in our economy, under this economic leadership, which would lead them to invest in housing.

What initiatives does the government offer in the field of housing, Mr. Speaker? Bill C-89 is one; another is the CHIP program, and there are the insulation programs.

Just today in Manitoba one of the radio hotline programs dealt with UFFI. The reporter working on the story, along with other investigative reporters, has discovered that the government intends to remove asbestos from all defence buildings in Shilo. It has asked for tenders, but when questioned about the approximate amount of those tenders, officials refused to give the information. When the reporters inquired why the asbestos was being removed they were told it has to be removed because it is hazardous. They were then asked why the asbestos was being removed when the government was not looking after the needs of those Canadians who have UFFI in their housing. I might add that UFFI was approved by the government through the CHIP subsidies. Apparently there is not the same desire to see that matter cleared up as there is regarding the defence installation at Shilo. When questioned further about this the answer was that the reason it was being done in Shilo and not in private homes is that the buildings in Shilo are government buildings. That is not a good enough reason, Mr. Speaker.

The minister has been very sensitive in the last few days, but I must tell him that the iniatives the government has put forward for housing do not meet the needs of Canadians and, indeed, some of the programs have been disastrous. Some people who thought they were making improvements to their homes have found those improvements to be inadequate and expensive.

In research for my comments tonight, I went back to a speech made by the Minister of Employment and Immigration (Mr. Axworthy) when he was opposition housing critic in October, 1979. At that time he spoke of mortgage deductibility and told the minister of the day, "When you are in trouble there is an out." Apparently the out is to blame the previous government. Has anyone ever heard more blame levelled at a government that was in office for less than a year by a government that had been in office for much too long? It was a very interesting speech, Mr. Speaker. He asked, for example, how a government could bring forward a program that would not benefit at least 40 per cent of the people. By extrapolation, does he then concede that the program would have benefited 60 per cent of the people? How many Canadians will benefit from the program the minister in charge of housing today has put before us? I suggest there will be pitifully few, Mr. Speaker.

We have heard what the NDP has to say about housing. Yesterday one member said that housing is a basic right, and that his party regards it as a basic right. What is the basic property that most Canadians buy, Mr. Speaker? It is housing. Yet the party that says housing is a basic right voted against property rights in the special joint committee on the Constitution, and did so in the House at every opportunity. What were they doing then? How can they, on the one hand, say housing is a basic right, and then, on the other hand, vote against property rights? For the vast majority of Canadians the only property they ever hope to own is housing. Yet the NDP says it is a basic right, that they are interested in the right but that they are not interested in property—

Mr. Blaikie: Point of order, Mr. Speaker. Would the hon. member permit a question?

Mr. Epp: Mr. Speaker, of course I will answer a question when I have finished my remarks.

The Acting Speaker (Mr. Ethier): Permission is not granted.

Mr. Epp: Mr. Speaker, if the hon. member wants to ask a question and is not recognized during the regular question period I will gladly answer at the end of my comments. I know this is a very sensitive subject for members of the NDP. They do not want to hear that it was they who opposed property rights, aided and abetted by the government.

Mr. Blaikie: What about the Premier of Ontario?

Mr. Epp: At that time the government still wanted the support of the NDP and still wanted the support of Mr. Blakeney. But here they are saying, "Housing is a basic right but we are against property rights." That is the position of the NDP.

But they have another position, Mr. Speaker. They say they want housing. What kind of housing do they want? It is not necessarily the housing the individual owns. What they want is more social housing. Perhaps that fits with their idea that they do not want property rights. All members of the House are interested in social housing but surely the best type of housing is that owned by the person who has the ambition and makes the opportunity to buy his own home. They keep saying this, yet they want the same ownership rights and the same property rights as the rest of us. It is just that it is politically convenient for them to posture on social housing.

I heard another interesting suggestion by the NDP to the effect that mortgage deductibility was of benefit only to the middle class. Who makes up the middle class, Mr. Speaker? Why do we have to get into this kind of class structure at all? I thought the vast majority of Canadians regarded themselves as middle class, whether they are union people, shop owners, farmers, housewives or whoever. Basically most people think they are middle class. The best charge the NDP could come up with against mortgage deductibility was that it would help the middle class. I want to tell hon. members of the NDP that the middle class of Canada, the group of men and women who pick up their lunches early in the morning and go to work, are paying the freight. It is time government recognized that they also have needs. One of their greatest needs or desires is to own their own homes, their own property.

• (2130)

It was also mentioned that people were not convinced that the mortgage tax credit would help them. I attended a meeting in Pine Falls at which the lady of one household asked, "Is it definite that one of your first priorities will be the introduction of a mortgage tax credit?" I indicated that it was. She said, "I am voting for your party because that program is the only hope my husband and I have seen, of ever being able to own our home". Do hon. members know what the interest rate was at that time? It was 13 per cent.

What have been the interest rates under this government? They have been 20 per cent and 22 per cent. Some people might say that we should have high interest rates because at least they are bringing down inflation and keeping up the dollar. The dollar today is below the 82-cent barrier, at 81.68. Today we have a low dollar value which will increase inflation because of imports; obviously this in itself will increase inflation. At the same time we have high unemployment. Every economic index indicates that we are in a crisis today, and housing is not exempt.

I am one who is not very keen to have the government involved in all kinds of programs. The best initiative is the knowledge that an individual can eventually own something; then he or she has a commitment. Something happens to young Canadians when they put their names on that first mortgage. At one time there was generally a lot of hope; today they are not putting their names on that first mortgage because they know they cannot afford it. As a result we are becoming more and more a nation of renters.

The elderly may say this is a natural phenomenon because we are becoming more urbanized, but when we get into the question of rental accommodation we must consider vacancy rates. Who is willing today to invest money in rental accommodations? Who will take the risk when people can turn around and purchase Canada Savings Bonds at 19.75 per cent? Why take a risk when one can obtain such a return?

In the short time remaining, and speaking specifically to the bill, I want to relate an incident which indicates how the inadequacies of the budget affect individual Canadians. During the Christmas break a fellow walked into my office and asked whether there was something in the budget which would give him either interest deferral or a grant. He explained his situation. He was out of a job and he was behind in his payment schedule. He wanted to know whether there would be some kind of relief in the budget. I dug out the two paragraphs in the budget which indicated that his payments must exceed 30 per cent of his gross income and that during the period of high interest rates he must have rewritten his mortgage. Those are the two basic components.

While the gentleman was in my office I telephoned CMHC in Winnipeg and asked for a ruling, and, basically, I was referred to the two conditions. I indicated that this situation was somewhat different because his mortgage was with a credit union. Generally credit unions rewrite mortgages at different periods of time. They are lines of credit or some people call them "demand loans". Some credit unions have fluctuating interest rates; technically it was rewriting his mortgage rate whenever interest rates changed. Other credit unions, for example, do it on a half-yearly or yearly basis.

When I explained that to CMHC officials in Winnipeg, they were very kind. They said, "We do not know what the answers are, but we will get the information." That was fair enough. They called Ottawa and the officials in Ottawa said, "We never thought of that." They are the ones who wrote the

budget, but this fellow in my office who wanted some relief thought of it. The Department of Finance with all its expertise had not thought of it. They returned my telephone call and asked, "What do you suggest we do?" I suggested that they do for this gentleman the very same thing they would do for every other Canadian who qualified; that is all I was asking.

Then I got in touch with the Department of Finance in Ottawa and officials here said it would be more difficult than they thought. When I asked why, I was told that the interest rate at the particular credit union was considerably lower than current market rates. In fact the credit union rate was 16 per cent. The credit union had done so well—and hon. members opposite should learn a lesson from this—that at the end of the year it dropped its mortgage rate from 16 per cent to 15 per cent retroactively.

Once again officials contacted me and said that this man was paying 15 per cent, which was lower than the going rate and, therefore, they did not think they had to do anything. I said, "Just a minute, is it not correct that it has been rewritten?" They indicated that was correct; everyone agreed. Then I said, "If he is earning no income, surely his payments are in excess of 30 per cent of his income." They had to rethink that one too. Eventually, to make a long story short, departmental officials said, "Yes, you qualify".

For what did he qualify? It depended on his equity position as against the amount of mortgage. He had to calculate his equity and his mortgage positions. For example, if one has more than a $3,000 equity position, one does not qualify for the grant but, rather, for interest deferral. If one has a $50,000 equity in a house and a loan of $47,001, one qualifies for the grant. But if one has reduced the mortgage to $46,999, one does not qualify. This is the kind of housing policy on which the minister uses closure to convince us to get the matter through, to get "thousands" of units going and "thousands" of jobs created. What a farce, what a farce! The minister asks Canadians to accept this legislation.

What is interest deferral? It reminds me of the story of an old car salesman. The first job I had out of high school was working for a garage which sold both new and used cars. In my home town most people work at some time in such an establishment. When a customer would say that a car was too expensive, the salesman would say, "Look, you don't pay more; you just pay longer." That is like this program; one does not pay more; one pays longer. At the end of the mortgage the interest deferral is attached, and one pays interest for all these years again. This is no different than AHOP, and AHOP was ill-devised. How many people walked away from AHOP? Having walked away from an obligation once, it is easier to walk away a second time.

Obviously there are other aspects to this piece of legislation. If one has equity of less than $3,000, one is eligible for a grant, at least to some extent. The reason we have this legislation is not because the minister has a housing policy. I know he wants a housing policy; he would like to have one. But this is a bail-out policy; it is not a housing policy. All one has to do is go through the correspondence which every hon. member receives from The Canadian Real Estate Association. I know there are some people in this House who do not like the Canadian Real Estate Association. Do you know what these people do? They make a profit. I am glad they are making a profit. I am glad they are turning that profit into housing and putting it back into the Canadian economy. These are Canadians who are legitimately seeking to address themselves to the housing market of the country.

• (2140)

In their presentation to the government some interesting things were mentioned. They talked about the reduced housing we will see in 1982. They talked about the impact on employment. I believe it was the hon. member for Essex-Kent (Mr. Daudlin) who said, "We have to pass this legislation because it will create these thousands of new jobs." But the Canadian Real Estate Association which knows the business, is not that impressed with the possibility of creating these new jobs. In fact, the association is not impressed at all.

Mr. Cosgrove: Just the person looking for a job.

Mr. Kempling: Petulant Paul.

An hon. Member: That is the most significant contribution the minister has made all day.

Mr. Epp: The Canadian Real Estate Association commented in this fashion:

> A reduced volume of buying and selling in real estate markets could have a significant secondary impact on persons whose livelihood depends on a healthy real estate market.

The paragraph continues:

> In addition, if low levels of real estate sales discourage production of new housing, then unemployment in the construction industry may also increase.

That is the housing policy of the minister. The Canadian Real Estate Association also talked about the supply of housing. I could go into that; suffice it to say that the minister spoke to the HUDAC conference in Winnipeg. What a reception he got. It was almost the same kind of warm reception we in the west reserve for most federal ministers. For instance, the Minister of Transport (Mr. Pepin) visited Delisle, Saskatchewan. It is a nice little community. There are great people there and 1,200 people came out to greet him warmly.

Some hon. Members: Oh, oh!

Mr. Cosgrove: They support the legislation.

Mr. Munro (Esquimalt-Saanich): Don't kid yourself.

Mr. Epp: The minister is awake again. If he wants to be a comedian, he could find a forum where some people would laugh.

There is another side to the story. I have a letter here from a lady in my riding whose situation is slightly different from that of a young couple who might want to buy their first home. She wrote about capital gains. That factor strongly influences the housing market. We are taxing away small pools of capital

which individual Canadians hold. Canadians are not now making investments because of the fear that the taxation bite will be too hard. In part, this is what this lady said:

> I am sending you a copy of a letter I'm writing to the Minister of Finance in regards to capital gains.

Her letter continued:

> I've been a widow since 1965. I'm not in good health so I just have to sell my farm to survive. That unknown factor is a big boogyman for me. The Income Tax Office isn't much help. They say they don't know. The Minister of Finance office says we get one acre and the home tax free.
>
> Since a whole lot of us didn't send in our 1971 price what happens? In 1975 when my husband died and I was transferring titles I put down $200 an acre. Would that stand. We get so many problems from the civil servants. One time they allow it next time not. I suppose because the head office says so.

What she is trying to do is to sell her farm and have enough money to buy a home in a small community in my riding and live in dignity. That is all she is asking after a lifetime of work. What does she say next?

> When I finally sell I hope to get $86,000 for 240 acres and buildings.

The paragraph in her letter continues:

> —I could sell together or separate as it is a Life Estate with my son. If I can price the home acre at $50,000 (house large garage and barn). There would be $36,000 left. If I could establish some retirement fund that would last at least five years till I reach 65 I would be safe from welfare. My idea is go and buy a home in Winnipeg. One's that you don't have to fix run around $50,000.

How is she going to do it? Here is a person who has worked on her family farm all her life. She is not asking for a handout. She is probably one of those few Canadians who has probably never received a handout. All she is asking is to be allowed to sell this farm that obviously her husband, herself and her family have worked on, so she can somehow acquire some basic housing and have a little income left over from the sale to carry her to pension age. That is all she is asking. There are thousands of Canadians in this situation.

Without question, the most difficult problem we encounter as Members of Parliament, at least I do, is the problem of a widow between the age of 55 and 65 who has worked side by side with her husband and now cannot carry on the farm or the family business. She might have been at home looking after the family all her life and now does not have the skills to use outside the home. This lady is a perfect example. All she is asking is to be able to buy a $50,000 house and to use the $36,000 left over to support herself. How many hon. members in this House believe you can buy a house for $50,000 today? What kind of housing will $50,000 give you?

An hon. Member: There are pretty good houses for $50,000.

Mr. Epp: Yes, and if you fellows stay in office, with the dollar dropping and inflation as it is, there might be a lot of houses on the market at that price. Nobody will be able to afford them, but they will be there.

This government has to get back to some basics. First, people want to own their property. In order to do that, they want tax relief to maintain their own homes. Those of us who have had experience in municipal work, and the minister has, having been a mayor, and those of us who have had possibly more limited experience than that, but have had some, have had taxpayers coming to us saying, "I do not want to improve my property." You ask them why not and the answer is, "I do not want to pay more municipal taxes." That is the reason it becomes imminently more sound to allow a mortgage tax credit. This is another way by which people could have a greater opportunity for home ownership. That is what we have to get back to. I believe that is one of the fundamentals that helped build this country. For instance, take a look at what the homesteaders did. They had 160 acres. I see the hon. member over there laughing, but that is how the western part of the country was built and people worked mighty hard to have those homesteads. They came to have those homesteads—

Mr. Kelly: Does that sell in Manitoba?

Mr. Epp: I understand that the hon. member who is interrupting asks, does that sell in Manitoba. Yes, Manitoba was built by hard working people who moved onto homesteads, who moved to the Dauphins of Manitoba, not in my riding, who moved into the Vitas of Manitoba, who moved into the St. Pierres of Manitoba, who moved into the Beausejours of Manitoba, to build a country. Those are the people the hon. member is disparaging. What they asked for and what they received was land on the condition that they would work the land, build a dwelling on that land and make it a viable operation. That is all they were given.

• (2150)

What I am saying to the minister is this, no matter how sincerely he approaches his housing policy, we are reaching a situation in which Canadians cannot afford property. The only answer is relief from taxation, not more government subsidies and grants. We also have inflation. You talk to Canadians today, Mr. Speaker, and you will understand why there is cynicism in the country. They say, the Liberals promised us they were going to lower interest rates. Yet today we read editorials saying we are facing a depression because our deficit is too high. We have gone to the international bond market borrowing money for too long and in too large amounts. If you are going to lower interest rates you can be selective on certain aspects such as housing, for instance. Why do we not give selective rates on housing? We do this for other countries, why can we not do it for Canadians?

I say to all members of the House that if they think by some magic the interest rate can be lowered without repercussions—across the board I speak of now—they are badly mistaken. This government will have a lot to answer for. To a lot of young Canadians its legacy is, they will not be able to own their own homes because the deficit it created is a deficit they will have to pay. The government has been a proponent of the theory, let's have it now and have others pay it later. I say to the minister that he will not find enough room in the expenditures of this or any other government to respond to the housing needs now evident in Canada. The only course he has is to use the tax system to deliver selective reductions in interest rates for housing so that people can get back to the dream and its realization, that of the ownership of property.

Some hon. Members: Hear, hear!

Mr. Blaikie: Would the hon. member permit a question?

The Acting Speaker (Mr. Ethier): Is there unanimous consent for a question?

Some hon. Members: Agreed.

Mr. Blaikie: Mr. Speaker, my question relates to some of the hon. member's remarks with respect to social housing and the NDP policy with regard to housing. Knowing well the alleged ambitions of the hon. member for the leadership of the Progressive Conservative Party in Manitoba, I was wondering if he would be willing to go on record against the social housing policies of the NDP concerning construction of senior citizens' housing right across the province, the construction of social housing in the inner cities—

Mr. Beatty: Is this a speech, Mr. Speaker?

Mr. Blaikie: Is he willing to go on record against those policies and thus stay in the intellectual ghetto that the present leader of the Progressive Conservative Party in Manitoba led that party into?

Mr. Kempling: The only intellectual ghetto is in your mind.

Mr. Epp: Mr. Speaker, I can appreciate that the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) has been reading newspapers. Obviously that question must have been generated by some electoral fear he has. I want to tell him, Mr. Speaker, my frank personal view is that I would like to see Canadians have the ability to own their own homes. That is my position.

Some hon. Members: Hear, hear!

Mr. Lalonde: Don't give us a sermon, give us an answer.

Mr. Epp: Well, I have heard a lot of sermons and no answers from the Minister of Energy, Mines and Resources (Mr. Lalonde). What I am saying to the hon. member for Winnipeg-Birds Hill is, that is my preference. Obviously there are some Canadians who have not been as fortunate as he or I. Government has a responsibility to those people in terms of social housing, but the goal should be that as many Canadians as possible enjoy home ownership.

Some hon. Members: Hear, hear!

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, it is always a pleasure to listen to the hon. member for Provencher (Mr. Epp), but I quite often find myself in substantial disagreement with him, and I would like to take a couple of minutes in that regard.

In the last couple of weeks I have been the victim of some crossfire from the opposite side on interest rates and on the subject we are talking about today. I find it interesting because last week they were demanding that a few of us should vote with their side to bring them back into power so they could reinstitute the regime they brought in a couple of years ago. I recall that interest rates at that time were nearly as high as they are now, but under our government our interest rates were two or three points above the American rates, and our inflation rate was 9½ per cent when theirs was around 18 per cent. I would wonder what they might be now when our inflation rate is about 9½ per cent, while the American inflation rate is lower. There just did not seem to be any reason at all, the way they were running things, why our interest rates should be above the American rates when their inflation rate was double ours. At that particular point they reappointed Mr. Bouey.

I would now like to deal with a couple of other points the hon. member made. He made the point that property rights did not go into the constitution. He, as well as anyone, knows how that came about; he very ably led the opposition in that debate. But he knows perfectly well that the provinces were very jealous of property rights and basically did not want that right in the Constitution. That came too close to affecting provincial powers. Most of the provincial premiers were of the Tory conviction and said that, so I think we have to accept that as the basic reason.

Mr. Lalonde: So true.

Mr. McRae: One thing I would really like to talk about, and one of the reasons why I helped to vote that government out of power in 1979, is a document known as the Matthews report on housing, produced by a former national president of the Conservative Party of Canada. If you want to find a report which really condemns government supporting people who cannot afford housing, you should look at that report. That report says government should basically get out of it all; do not subsidize co-op housing, profit housing, or any of it. That was a scary document. It would have virtually eliminated CMHC and privatized everything. That, Mr. Speaker, along with PetroCan and interest rates, is one of two or three sound reasons why we decided, along with the NDP, that this government had had its day. The basic institutions around which this country has functioned, certainly since World War II, have been those set up mainly by a series of Liberal governments, including things like CMHC and so on. It is a kind of mixture of private and public institutions.

The Acting Speaker (Mr. Ethier): Order, please.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

PUBLIC SERVICE—FIRING OF KINGSTON CIVIL SERVANT—GROUNDS FOR DISMISSAL—POSITION OF GOVERNMENT

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Mr. Speaker, I asked questions of the Minister of National Revenue (Mr. Rompkey) on February 23, 1982, concerning the firing of a constituent of mine, Mr. Neil Fraser, from Revenue Canada in Kingston. I asked the minister to outline the grounds for such action taken by the government which has deprived Mr. Fraser freedom of speech, as well as to indicate at what point the government draws the line concerning the rights of civil servants to speak out on various issues. I was far from satisfied with the answers given to my questions. That is the reason I gave notice of my intention to speak to the matter during this adjournment debate.

This is a serious issue about which I, my leader, my colleagues in the House and many Canadians are very concerned. We are talking about the issue of freedom of speech in a free and democratic society. We are talking about the right to criticize those measures put forward by a government of the day. We are talking about the rights of a free Canadian citizen to stand up and freely speak his mind on his own time.

The Minister of National Revenue told the House that Mr. Fraser, as a relatively senior official with the Department of National Revenue, was fired because he spoke publicly against the metric system. The question I asked was, on what grounds is an off-duty public servant being deprived of freedom speech. In other words, I wanted to know the authority under which he was fired and the section of the act. The Public Service Employment Act, Section 23, Schedule III refers to the oath of office, and I quote:

> I, (name) solemnly and sincerely swear (or affirm) that I will faithfully and honestly fulfil the duties that devolve upon me by reason of my employment in the public service and that I will not, without due authority in that behalf, disclose or make known any matter that comes to my knowledge by reason of such employment. So help me God.

Matters for which Mr. Fraser has been fired have nothing to do with this section or Schedule III under the act. The reason the Minister of National Revenue gave about collecting taxes should not be a disqualifying criterion for a public servant's right to freedom of speech, as the minister implies.

I am sure this incident will put extreme and undue pressure on thousands of Canadians who work for the public; if everything they say is subject to censure. This government action reminds me of George Orwell's novel "Nineteen Eighty-Four"; one can only think and not speak.

Public servants should have the right to make constructive remarks concerning government policies which are not related to their duties on their own time. It is intolerable that even the most responsible criticism of a government program brings reprisals down on the heads of public service employees.

The Prime Minister (Mr. Trudeau) is behaving strangely, especially since he is the man who appears to want history's recognition by entrenching the Canadian Charter of Human Rights in our Constitution. The Minister of National Revenue, the President of the Treasury Board (Mr. Johnston) and the Prime Minister have refused to cite any legal authority on which this action has taken place. Rigid codified systems of law, such as in the U.S.S.R., work in a fashion uncommon to Canadian tradition whereby everything that is not specifically mentioned is forbidden.

The minister's defence in firing Neil Fraser for criticizing the process rather than the substance of metrication does not seem credible considering the importance the government has placed on the fundamental freedoms we have spent so much valuable time debating over the past year. We have inherited a strong heritage in our system which respects and enforces rights and freedoms and, whether written down or not, we must ensure that we continue to observe these in the future.

• (2205)

I am not questioning the right of an employer to fire an employee who publicly speaks against the organization as the minister has stated, but I am questioning the right of government to fire Neil Fraser without just cause or reason. Just cause and reason does not mean talking about government policy because, if this were the case, hundreds of federal public servants should have been fired during the Quebec referendum. Mr. Fraser did not object to bilingualism, he stated that he did not feel the rights of non-francophones in Quebec were adequately protected.

If this case is lost on appeal, it will mean imposing virtually absolute silence on any public servant in Canada on any question. Mr. Fraser is not working for the Metric Commission or the Department of Justice, so he has not directly criticized his department's policy. As an employee of the federal government he has not exceeded any bounds of acceptable conduct of a public servant because he has not broken any oath concerning his own ministry in which he has been employed. Mr. Fraser deserves an apology by this government and should be fully reinstated with proper compensation for the harrassment he has suffered.

I feel the government is on shaky ground in this incident. First, it intimidated and tried to gag Mr. Fraser, then it fired him. This is not a case of a civil servant engaging in active partisan politics or disloyal conduct. This is unjust punishment affecting civil liberties, the basis of which is freedom of speech for all public servants. Public servants are not second class citizens. This is a disgrace to Canada and Canadians in light of our telling other nations around the world about the human rights that Canadians enjoy. This case should not have to go to the Supreme Court of Canada. I hope and pray that the people of Canada will see the type of leaders who are running our country and change them before it is too late.

[*Translation*]

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, the hon. member is probably aware that the official concerned has submitted a grievance, and as I do not want to prejudice this case, in reply I shall simply retrace the events which lead to his being fired from the Department of National Revenue. I shall therefore outline briefly the various stages of the grievance procedure provided to allow him to exercise his rights. First, Mr. Speaker, the official involved has on several occasions publicly endorsed political ideas contrary to those of the government.

Following his first public statements criticizing the government and its policies, he was warned of the guidelines concerning the behaviour of an employee toward his employer and given notice that other such statements could lead to disciplinary action. In spite of these warnings, which resulted in two suspensions, he continued and even stepped up his public criticism in all the medias. That is when his employment was terminated, Mr. Speaker, or in other words, when he was fired. Let me remind the House that the Treasury Board is empowered to establish disciplinary standards in the public service and to specify certain penalties, including suspension and firing, which can be applied for a breach of discipline or misbehaviour, and to indicate when, how, by whom and under what authority these penalties can be meted out.

Treasury Board can also authorize the deputy minister of a department or a ministry to exercise its powers and fulfil its duties. It is under this authority, Mr. Speaker, that disciplinary action was taken against this employee. Such action is not taken lightly, and in this case it was based on a well-established principle to the effect that the senior officers and staff of the department should abstain from criticizing publicly the policy, the programs or the services of the government and from making unfavourable comments about them.

You can no doubt determine, Mr. Speaker, that, a fortiori, the employees of the Department of National Revenue hold a very sensitive position and that their behaviour must be especially above reproach.

I mentioned in the very beginning, and I want to emphasize this point, that the employee has a right of appeal, and this is what he is now exercising. This applies to any employee who feels he has been wronged by a management decision, and he is entitled to submit a grievance under the Staff Relations Act. There is an established procedure to this effect which can include four levels of decision of which the final level is that of the deputy minister. If the employee is not satisfied with the decision made at the final level he can, under certains circumstances, ask for a review by a third party, who is an adjudicator appointed under the Staff Relations Act. To accelerate matters, the grievance has been referred to the fourth level.

I hope that justice will be done after both parties have submitted their arguments, and I am convinced that this will be the case.

• (2210)

[*English*]

CANADIAN NATIONAL RAILWAYS—ANNOUNCEMENT OF LAY-OFFS—GOVERNMENT POSITION

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I asked the Minister of Transport (Mr. Pepin) on February 5 about the 1,800 lay-offs announced by the Canadian National Railways, system wide, on February 4. I was, and I am still, particularly concerned about some 216 positions which are to be eliminated at the Transcona shops at the rate of 49 every four weeks, and some 30 other jobs at Symington Yard. Most of these will be jobs of young people who may already be facing the difficult problems of home ownership and raising families at a time of criminally high interest rates and other economic difficulties.

What are they to do? They cannot wait for the Minister of Transport's scheme of railway revitalization to come into place; if, indeed, it ever will. If it does come into place, it might not create the kinds of jobs for which they are looking.

Indeed, some of these men have lost their jobs as a result of the Minister of Transport's last great scheme, his tragic and stupid reduction of passenger rail service in Canada Some of these lay-offs, even now, are the delayed result of the VIA cutbacks and not just the result of a downturn in the revenues of the railways caused by the MacEachen recession.

The list of injuries the Liberals have inflicted on railway workers continues to grow. First, the VIA Rail cutbacks resulted in lost jobs and in making a CN pass almost worthless. Second, there were the lay-offs of February 4. A Crown corporation which made a profit last year was allowed to lay people off in a period of high unemployment when there was plenty of work waiting to be done. Third, and even more recently, the CNR made a wage offer to the workers which is clearly part of the over-all Liberal plan to blame workers for inflation, in spite of the fact that the real incomes of workers, after inflation, have decreased every year for the last four or five years.

If the Liberal government had half a brain, it would provide the money that the CNR legitimately needs for capital investment through a national investment strategy, instead of forcing the CN to lay off workers and hold down wages in order to expand. That would be the kind of sound economic and employment policy we in the New Democratic Party could support and, indeed, would implement if we were the government.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, let me say emphatically that I share the hon. member's concern about the loss of jobs at Canadian National. I am certain the minister does too, as he has indicated in the House. However, the hon. member must realize that if the CN is expected to continue to serve its customers and Canada as effectively as it does, it must be allowed to operate in an efficient manner.

The facts are clear. Traffic was down substantially in the latter part of 1981 and, in January 1982, traffic was down 15 per cent from the previous year's level. It was regrettably necessary, as a consequence, to reduce manpower correspondingly.

The hon. member should not overdramatize the situation. Normal attrition, early retirements and job transfers will result in significantly fewer people affected than the number of positions abolished. Although the CN does not see a reversal of

this situation in the immediate future, CN will, of course, hire employees back when traffic warrants.

• (2215)

The minister has pointed to the tremendous potential for growth in rail traffic in western Canada. I suggest that, if the hon. member wants to see an increase in employment in the railways, he should support the government's proposals on the statutory grain freight rates, which will allow this tremendous growth in western Canada to materialize.

The Acting Speaker (Mr. Ethier): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until eleven o'clock tomorrow morning.

At 10.16 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, February 26, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

CANADIAN FEDERATION

CONDEMNATION OF FEDERAL GOVERNMENT ACTIONS—MOTION UNDER S.O. 43

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise under the provisions of Standing Order 43 to seek unanimous consent to move a motion on a matter of urgent and pressing necessity. Noting that since the member for Mount Royal (Mr. Trudeau) first became Prime Minister in 1968, the federal government's share of total government spending in Canada has increased from 40.5 per cent to 41.9 per cent, and noting that the actions of the present federal government have contributed to division in the country, the election of a separatist government in the province of Quebec, and the election of a separatist member to the Alberta legislature, I move, seconded by the hon. member for Provencher (Mr. Epp):

That this House condemns the deliberate abandonment by the federal government of the principles which have kept Canada together since 1867.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SUGGESTED ADOPTION OF AID PLAN MODELLED ON SPANISH PROGRAM—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, in the February 12 edition of *The Financial Times* of London it was reported that the Spanish Minister of Agriculture had created a $700 million loan and aid program for farmers. The Spanish government and the banks are co-operating in making available to Spanish farmers ten-year loans at 7 per cent interest. In light of this farsighted action by Spain, I move, seconded by the hon. member for Capilano (Mr. Huntington):

That the Minister of Agriculture instruct his officials to investigate this program with the view to initiating a similar plan in Canada in aid of our hard-pressed agricultural sector.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

REGIONAL ECONOMIC EXPANSION

GRANDE PRAIRIE, ALTA.—CALL FOR INCLUSION IN SPECIAL INVESTMENT TAX PROGRAM—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, the city of Grande Prairie was excluded from the special investment tax credit program in 1980. This area recently has experienced severe hardship, thanks to the National Energy Program and the recent knock-out blow from the budget, and now Proctor and Gamble has begun laying off employees. Therefore I move, seconded by the hon. member for Haldimand-Norfolk (Mr. Bradley):

That the Minister responsible for regional economic expansion administer immediate first aid through this tax credit program so that we may once again see this area recover and grow.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

RAILWAYS

CROWSNEST PASS RATE—CALL FOR HALT TO MINISTER'S PROPOSAL—MOTION UNDER S.O. 43

Mr. Laverne Lewycky (Dauphin): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of pressing and urgent necessity. Considering that over 300 farmers in Swan River met on February 22 at a meeting sponsored by the local of the Manitoba Pool and passed the following resolution:

Whereas the federal government has announced its intention to break the historic Crowsnest Pass Agreement, and whereas the statutory Crow rate is a historic right of western farmers and the only concession ever granted to western

Canada, and whereas an increase of the Crow rate by 5.1 times as recommended by the last Snavely report would cost rural Manitoba 90 million dollars and individual farmers an extra $20 to $25 per acre in production costs, therefore be it resolved that the meeting declare that the statutory Crowsnest Pass rates are not bargainable.

I therefore move, seconded by the hon. member for Humboldt-Lake Centre (Mr. Althouse):

That the government stop the Pepin proposal to plunder the west dead in its tracks.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SEARCH AND RESCUE

NECESSITY FOR STATIONING AIRCRAFT AND MAINTENANCE CREWS IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. George Baker (Gander-Twillingate): Madam Speaker, I rise on a matter of urgent and pressing necessity. Because of repeated demonstrations of the need to station fixed-wing aircraft in Newfoundland to complement our search and rescue squadron, and because this need was demonstrated again less than 48 hours ago when a stern trawler sank 120 miles north of Newfoundland at 2 a.m. yesterday morning, and since that ship, after losing its steering in high seas, began to swamp and requested search and rescue assistance which was denied, and since the two fixed-wing aircraft which just happened to be at a Newfoundland airport but were from another province were unable to bring pumps to the ship to keep it afloat, because the aircraft maintenance crews are stationed in another province and the aircraft needed maintenance, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House recognize that enough is enough and request the government to station fixed-wing aircraft and maintenance crews in Newfoundland on a permanent basis.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1110)

ENVIRONMENTAL AFFAIRS

GEOGRAPHICAL ERROR IN MINISTER'S NEWS RELEASE—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, in a news release earlier this week the Minister of the Environment (Mr. Roberts) announced details of Canadian government proposals to United States officials in the current round of negotiations toward a bilateral agreement on acid rain. In the release the minister said Canada is "prepared to cut sulphur dioxide emissions in eastern Canada, including Manitoba." I move, seconded by the hon. member for Don Valley West (Mr. Bosley):

That this House calls upon the Minister of the Environment to enrol immediately in a primary school geography class so that in his negotiations with the United States he will at least know where the great province of Manitoba can be found on the Canadian map.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NUCLEAR ENERGY

URANIUM SHIPMENTS TO SOVIET UNION—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in view of the fact that large amounts of uranium hexafluoride are being shipped from Canada to the Soviet Union where it is processed into nuclear fuels and weapons-grade uranium, I move, under the provisions of Standing Order 43, seconded by the hon. member for South Shore (Mr. Crouse):

That the government be instructed to table a complete inventory of all uranium shipments from Canada to the Soviet Union, and of all nuclear materials produced therefrom, together with a thorough description of all control measures required by Canada, to include site inspections of the Soviet enrichment facility, tests and measurements performed to determine quantities of uranium produced, and a detailed explanation of all record-keeping methods.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

REPLACEMENT OF LOBSTER TRAPS LOST BY NOVA SCOTIA FISHERMEN—MOTION UNDER S.O. 43

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. During the past few months winter storms have been extremely severe along the south shore of Nova Scotia, causing an excessive loss of lobster traps. Since the full responsibility for the saltwater fishing industry lies with the Minister of Fisheries and Oceans (Mr. LeBlanc) and the federal government under our Constitution, I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That the Minister of Fisheries and Oceans in co-operation with the Minister of Employment and Immigration set up a work project for unemployed fishermen and pay them wages instead of unemployment insurance benefits for the construction of at least 10,000 lobster traps to be held in reserve and sold at cost to licensed lobster fishermen who suffer losses when disastrous storms destroy their means of livelihood.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

IMMIGRATION

REQUEST THAT REGALADO BRITO BE ADMITTED TO CANADA AS POLITICAL REFUGEE—MOTION UNDER S.O. 43

Mr. Dan Heap (Spadina): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

In view of a statement by the Minister of Employment and Immigration (Mr. Axworthy) that a country is judged on the way it treats its refugees, and considering the fact that the security certificate issued against Salvadoran refugee Regalado Brito deprives him of his fundamental rights, that only two federal ministers know the contents of the certificate, that the charges have never been proven and that this constitutes a travesty of justice, I move, seconded by the member for Beaches (Mr. Young):

That the House demand the withdrawal of the security certificate, the immediate release of Mr. Regalado and his admission into Canada as a political refugee.

Madam Speaker: The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

SEARCH AND RESCUE

NEED TO UPGRADE EQUIPMENT AND FACILITIES IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Hon. James A. McGrath (St. John's East): Madam Speaker, the loss of the *Ocean Ranger* and 84 lives tragically points out the gross inadequacy of air-sea rescue in Newfoundland. I find it regrettable that the motion of my colleague, the hon. member for Gander-Twillingate (Mr. Baker), did not receive unanimous consent, so therefore I will try again. I move, seconded by the hon. member for Gander-Twillingate:

That this House instructs the Minister of National Defence to order immediately the installation of weather radar on the air-sea rescue helicopters at Gander and, further, that he immediately order the deployment of fixed-wing aircraft to eastern Newfoundland and the establishment of a rescue co-ordination centre at St. John's.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MUNICIPAL AFFAIRS

ISSUANCE OF TAX FREE BONDS—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The federal government should move quickly to pass on to the municipalities increased responsibility for the financing, construction and management of public housing. In doing so it should provide the municipalities with increased fiscal capacity. Therefore, Madam Speaker, I move, seconded by the hon. member for Hastings-Frontenac-Lennox and Addington (Mr. Vankoughnet):

• (1115)

That the federal government consider bringing forth legislation permitting municipalities to issue tax free bonds in the Canadian financial market and that a per capita ceiling be placed on the maximum borrowing capacity for such purposes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: Oral Questions.

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

ALSANDS PROJECT—POTENTIAL NEW PARTNERS

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is addressed to the Minister of Energy, Mines and Resources. Yesterday the minister said that he was confident that Alsands would go ahead because he had other companies ready to replace the five companies that have withdrawn from this consortium. Could he tell the House who these companies

are and when he is going to tell the remaining partners of Alsands who they are, because the partners do not know? Could he tell the House when this project is going to commence? When will construction start?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, what I said in the House yesterday was that there were other potential partners with whom I had discussions and with whom the partners of Alsands had discussions. Two days ago I had a meeting with officials of Shell Canada in Toronto and they indicated to me that they had approached some potential partners themselves. I do not think it would be appropriate to reveal any particular names of companies in that case. The initiative lies with the consortium. These are confidential, commercial discussions taking place between private companies, and I do not intend to reveal any particular names.

REQUEST FOR COMMITMENT THAT PROJECT WILL PROCEED

Mr. Harvie Andre (Calgary Centre): Madam Speaker, yesterday in spite of a higher bank rate the Canadian dollar fell by two fifths of a point to $81.68. This morning the dollar opened at $81.42, down another quarter of a point. This, of course, is inflationary and/or will lead to higher interest rates. Given that analysts attribute this fall to the news about Alsands, will the minister help stop this free fall of the Canadian dollar and give his ironclad commitment to the House that the Alsands project will go ahead?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I think one great contribution to help strengthen the Canadian dollar would be a change in the type of rhetoric used by the Tory opposition in this House on many subjects, including the subject of energy.

Mr. Clark: Invoke martial law!

SELF-SUFFICIENCY PREDICTION

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I will take responsibility for a lot of things but not for the failure of the National Energy Program.

In the National Energy Program the minister said that we would be self-sufficient in oil by 1990, partially because of the new supplies brought on by heavy oil and tar sands projects. Now that those projects are falling by the wayside one by one, he says we do not need the tar sands for self-sufficiency because we have Hibernia and east coast developments, in spite of the fact that he has yet to reach agreement with the coastal provinces. Could the minister tell the House why we should consider his latest prediction to be any more accurate than the prediction he made 15 months ago in the National Energy Program?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, it is our view that every effort should be put into the implementation of the Alsands project in particular. We think it would be very helpful, in terms of our goal of self-sufficiency by 1990. I must add, however, that in the last 15 months a lot more information has been gathered about reserves in the Beaufort Sea and the offshore east coast. That information is very encouraging and would indicate that, indeed, we can achieve oil self-sufficiency by 1990 with the help of the offshore discoveries and the Beaufort Sea discoveries.

* * *

ENERGY

DEVELOPMENT OF EAST COAST OFFSHORE RESOURCES

Mr. Howard Crosby (Halifax West): Madam Speaker, my question to the Minister of Energy, Mines and Resources concerns settlement of the dispute with the Atlantic coast provinces respecting control and ownership of offshore resources. The minister knows that much of the hope for the future in Atlantic Canada is based on the accelerated development of submarine resources and that this development has been delayed and retarded by federal-provincial disputes. What is the state of the negotiations at the present time, particularly in Nova Scotia? Will the minister assure the House that the provinces of Nova Scotia and Newfoundland will receive a reasonable settlement from the federal government that will allow them not only to participate in development of those resources, but will also give them a fair share of the revenue?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am pleased to advise the House that an agreement in principle has been reached with the province of Nova Scotia during the night.

Some hon. Members: Hear, hear!

• (1120)

Mr. Lalonde: That agreement in principle was reached in the course of discussions which took place last night. There are a few points which still need to be ironed out. I expect that these points will be ironed out by the middle of next week. If that agreement is reached, indeed it will be of great benefit to Nova Scotia and will be an event which will be welcomed by everybody in Canada. It should ensure that development which is already under way will not be delayed. Contrary to what the hon. member said concerning the dispute about jurisdiction, that development will go ahead at an even faster speed in years to come.

Obviously the nature of the agreement will be revealed once everything has been ironed out and once it is ready for signature. But today I can announce that we have made a great deal of progress with Nova Scotia. In light of this development, I hope we can now make similar progress with the government of Newfoundland, and that the government of Newfoundland

will show the same spirit of co-operation which the governments of Nova Scotia, Saskatchewan, Alberta and British Columbia have shown in the last year.

PORT TERMINAL FOR LIQUEFIED NATURAL GAS PROJECT

Mr. Howard Crosby (Halifax West): Madam Speaker, I suppose it is prudent to reserve judgment on the terms of the settlement. We can only hope that they will be beneficial to the people of Nova Scotia, as well as to all people in Canada. But I must correct the minister on one matter. It is not members who are saying that development has been retarded, it is officials of the oil companies, such as the Mobil Oil company, who have made that claim.

I want to ask the minister about another important project which affects the east coast, energy self-sufficiency, and security of supply; that is, the LNG project called the "Arctic Pilot Project". Could the minister ensure that this project is receiving the full support of the government? Will he also assure people on the east coast that the Nova Scotia port will be considered as the terminal for the LNG plant and that there will be no political action intended to have it located elsewhere, particularly on the St. Lawrence River?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am surprised by the allegation of the hon. member that he does not trust the Premier of Nova Scotia and the minister of energy for Nova Scotia to negotiate a good deal for their own province. I can tell him that I have more confidence in them to negotiate such a deal than in anybody in the Tory opposition in that regard.

Mr. Crosby: Not with a gun to their heads.

Mr. Lalonde: With regard to the question he raised, the issue is before the National Energy Board. It is being heard by that body, and we will await its conclusions. Private parties and provincial governments are welcome to make their cases and to be heard by the board. We will await its recommendations. There has been no interference—and I do not expect any—in the operations of the board. It has always operated as a quasi-judicial agency, and I do not know of any interference which has ever taken place in the activities of the board.

* * *

CANADIAN FEDERATION

PRIME MINISTER'S STATEMENT ON CO-OPERATIVE FEDERALISM

Mr. Edward Broadbent (Oshawa): Madam Speaker, in the absence of the Prime Minister I should like to direct my question to the Deputy Prime Minister. Yesterday the Prime Minister said that co-operative federalism is dead. Since the essence of federalism is that different politicians have different legitimate responsibilities at different levels of government, inevitably from time to time they lead to conflict. Does the Deputy Prime Minister not agree that to minimize inherent structural conflicts in the federal system of Canada requires a co-operative attitude, especially on the part of the central government? Therefore would he not agree that the statement of the Prime Minister yesterday is in itself destructive of the very essence of federalism?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member should look more closely at what the Prime Minister said. He went on to give a description of what, in his view, had been co-operative federalism, which he said was no longer applicable. I do not think that from that statement the hon. member ought to draw the conclusion that co-operation between the federal government and provincial governments has ended. I believe there will be co-operation, but probably in a different way, and probably more in keeping with some provincial aspirations expressed in the past to do their own thing and to avoid overlapping with federal activities.

• (1125)

FEDERAL CONTRIBUTIONS TO BLOC FUNDED PROJECTS

Mr. Edward Broadbent (Oshawa): Madam Speaker, the minister's attempt to pour oil over troubled waters will not take away the actual words, including the actual context, which the Prime Minister uttered. But in pursuing the subject I want to get into an area in which the minister himself has been actively involved. I am referring to the block funding projects, which seem to illustrate clearly the lack of a co-operative attitude coming from the central government.

Considering that the federal government itself proposed to the provinces the bloc funding scheme to apply to post-secondary education and to health services, and is now cutting back on the amounts of money going to those funds, leaving the provinces with the responsibility, will the minister not admit that by this attitude it is the central government itself that is destroying the notion of co-operative federalism in Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has mentioned that we are intending to reduce the rate of growth in transfers to the provinces. I have made it clear, and the Prime Minister has made it clear, that under the proposals made to the provinces, including equalization, the cash transfers under EPF and tax transfers, the growth will be close to 12 per cent a year. That is about the same rate of growth that we plan for federal expenditures. It seems to me that is a fair and a co-operative way to behave, namely, to treat the provinces in the same way you treat your own government. I do not see any difficulty with defending that approach in the country as being one of co-operation and, indeed, equal treatment.

QUERY RESPECTING POLITICAL CREDIT FOR FUNDS

Mr. Edward Broadbent (Oshawa): Madam Speaker, everyone knows the government is cutting back on funds. The universities have said it; the provinces have said it; the opposition parties have said it. Only the Liberal Party of Canada is denying that everyone else takes to be the case. What lies

fundamentally behind this approach, is the sheerest, crudest kind of politics. Isn't this a new attempt by the federal Liberal government to undermine the provinces and the old cost-sharing arrangement, on the backs, by the way, of sick people and students who need the money? They are the innocent victims. Is it not an attempt to get more political credit for the federal Liberal Party of Canada? Isn't that what is behind it?

Mr. Baker (Nepean-Carleton): They do not have any credit.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, that is not the point at all, Madam Speaker. The hon. member should know that in the proposals made to the provinces there is absolutely no reduction in the support for post-secondary education. There is absolutely no reduction in the field of medicare. Neither of these have been touched in our proposals. Even the premiers of the provinces when they released information on federal contributions to medical care and post-secondary education this past summer did not include the revenue guarantee as part of that contribution.

Mr. Blaikie: You did for five years. You have changed your tune now, and you want to get away with it.

Mr. MacEachen: It is true that we intend to eliminate the revenue guarantee, which was an adjustment made to the provinces in 1972 to compensate them for the unpredictability that had been created at that time in their minds because of tax reform. Surely it is reasonable ten years later to remove that kind of element from the federal-provincial situation?

* * *

• (1130)

CANADA POST

HOLIDAY POLICY FOR LETTER CARRIERS

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, in the absence of the Minister of Labour I will address my question to the President of the Treasury Board. I have a recent directive from the Canada Post Corporation outlining the holiday policy in relation to letter carriers this coming summer. It also outlines the policy to be followed when hiring short-term summer replacements. The directive says in part:

> These term employees are to be selected from the families of members of the Letter Carriers' Union of Canada bargaining unit.

I ask the minister, is this the standard policy of this government's Crown corporations and, if so, does he not feel this return to the practice of nepotism is definitely discriminatory, and in fact an embarrassment to the letter carriers?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I will be pleased to take notice of the question. The Canada Post Corporation does not fall under the jurisdiction of the Treasury Board. The personnel practices of Crown corporations are not subject to Treasury Board control. However, I have noted the point raised by the hon. member and I will draw it to the attention of the responsible minister.

HIRING POLICY OF CROWN CORPORATIONS

Mr. Bud Bradley (Haldimand-Norfolk): Obviously the minister is not aware of the actions of Crown corporations under his jurisdiction.

Mr. Blais: It is not under his jurisdiction.

Mr. Bradley: My supplementary is for the Acting Prime Minister, Madam Speaker. Could the minister tell us if this is the standard hiring policy of the Crown corporations of this government?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I cannot give the hon. member the details on that subject. I would be glad to look into it for him, but I do not want to give him an answer on a subject which I have not looked at.

Mr. Clark: Why did you sign the budget, then?

* * *

REGIONAL ECONOMIC DEVELOPMENT

MIRAMICHI RIVER DREDGING POLICY

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my question is addressed to the Minister of Transport. He will be aware of the dredging project which had been under way on the Miramichi for some little time, having been started only after substantial pressure had been brought to bear on the government. Unfortunately, because of bottom conditions, the dredging equipment called for in the original contract was inadequate and the project was subsequently called off. That area has been badly hurt in many ways, including the recent announcement by the government that CFB Chatham is being closed down, and it badly needs this project to continue. Will the minister tell the House if it is his intention to resume the project with the proper equipment and, if so, when?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I must admit that I am not up to the hon. member's information level regarding the Miramichi. I will inform myself and answer the question in more specific terms as early as I can.

INCLUSION OF WHARF AREAS

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I would ask the minister, when he does that, to recognize the fact that in the original contract no allowance was made to dredge the wharf sites to the same depth as the river, which makes the project questionable in the minds of a good many people.

If it is his intention to resume the project, will the minister assure this House that the work will include the wharf areas so

that ships which do manage to make it up the river will be able to tie up alongside the wharves and load their goods?

Hon. Jean-Luc Pepin (Minister of Transport): I will add that to my inquiry, Madam Speaker.

* * *

HOUSING

USE OF GOVERNMENT ADVERTISING FUNDS

Mr. Bill Wright (Calgary North): Madam Speaker, my question is directed to the Minister of Public Works. The cost of government advertising next year will increase by 14 per cent, to $70 million. I ask the minister, would that money not be put to better use in housing?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, for the last three days this House has been debating a bill on housing whereby the government is most anxious to put into effect a budget provision of $350 million to provide housing. I think the energy of the hon. member opposite would be more fruitfully directed toward expediting that legislation in order to assist the government in providing housing.

INQUIRY RESPECTING MINISTER'S VIEW

Mr. Bill Wright (Calgary North): Madam Speaker, last night I told the minister I thought his bill stinks.

Some hon. Members: Hear, hear!

Mr. Wright: I ask him again, would it not be more useful to put that $70 million into housing?

Hon. Paul J. Cosgrove (Minister of Public Works): Well, Madam Speaker, that is the depth of the opposition's response and feeling to an attempt by this government to provide 70,000 jobs to people in the construction industry, and 30,000 units of modest housing to assist those people most desperately in need of housing in Canada.

* * *

CANADIAN NATIONAL RAILWAYS

LEAKAGE OF BUTANE FROM TANK CARS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is for the Minister of Transport. On January 27 a tank car carrying butane was removed from train number 386 en route to Hamilton from Sarnia because it had no brakes. It was subsequently discovered to be leaking butane so badly that it took the fire department eight hours to bring it under control and stop the leaks. Subsequent investigation uncovered the fact that 28 similar incidents had occurred within a month. I ask the minister what is wrong with the inspection procedures of the CNR whereby those tank cars could have travelled from Sarnia to Hamilton through all the intervening municipalities? Does he understand that this could well be occurring in every other municipality across the country, and is he simply waiting for a disaster to occur before he takes action?

Hon. Jean-Luc Pepin (Minister of Transport): No, Madam Speaker, I am not waiting for a disaster.

An hon. Member: You are a disaster.

Mr. Nystrom: Crow, Crow, Crow.

Mr. Pepin: My friend is aware that we have had a very important inquiry into transportation of dangerous goods, the Grange inquiry. He is aware that subsequently the CTC had hearings and they are implementing recommendations with respect to speed, equipment, and inspections. Those recommendations will then become the regulations. I will be providing a full progress report on the Grange inquiry in a few days.

My hon. friend is aware that a couple of years ago this House passed a bill on the transportation of dangerous goods. Regulations have been worked on since then and will be published this summer. A tremendous effort has been made in Canada to cover this area of the transportation of dangerous goods, and progress is being made. The provinces are co-operating. There will be accidents, indeed, but the fact that the hon. member himself indicates that they have been identified and corrections made is a clear indication of progress.

REQUEST THAT ALL TANK CARS BE INSPECTED

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, surely the minister understands that there would have been no identification of those leaks had it not been for mechanical problems. The problem is that, while the country waits for the minister to act, there is the distinct possibility that there could be a major catastrophe in any one of a number of municipalities in this country.

Will the minister today instruct the CNR that every single tank car carrying flammable or dangerous liquids should be inspected at its source, and inspected periodically along the line it travels, in order to guarantee public safety?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, that is exactly what I am trying to say. It is not my job; it is the job of the CTC to make sure that these things are done—

Mr. Clark: Like holding hearings on VIA Rail.

Mr. Pepin: —which is what I have indicated is being done. Inspection is governed by a number of CTC regulations. The new regulations will indicate how the inspections should be carried out, when, and in what manner, either by equipment or by an individual. Therefore this is all covered in the regulations of the CTC.

• (1140)

FINANCE

INCOME-AVERAGING ANNUITIES

Mr. Arnold Malone (Crowfoot): Madam Speaker, I have a question for the Minister of Finance, based on a letter which I received from officials in his department with respect to the income-averaging annuity and those cases where farmers and small businessmen had made sales just before or just after the November 12 budget. They state, in one sentence of that letter, that the income averaging annuity would have been continued had they had a pre-budget agreement in writing with the issuer of the purchase of the IAAC.

Knowing Canadians, as we presume he does, in the small communities across Canada, how many Canadians does the minister know whose bankers or accountants have told them that they could have such contracts, that they had until February to get them, and who would also say they want to have it in writing because the government might change its mind before February? How many does he know who would do that?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I cannot give the hon. member a count on that matter. I do know that agreements in writing exist in a good many transactions that take place.

REQUEST THAT MINISTER ADJUST BUDGET PROVISION

Mr. Arnold Malone (Crowfoot): Madam Speaker, I suspect that there are a few cases in which the minister is right, where there is something in writing. Does the minister not see a great discrimination where accountants say that they have had agreements, knowing that their clients were intending to buy before February? Their lawyers say that verbally and their banker says that verbally. If somebody has that written down, they get the service. However, others are denied the total advantage of their whole retirement fund from sales of farms simply because they do not have something in writing. Can the minister make some adjustment for those people who have no other method of providing for their retirement, except at the time of the sale of their farm, to put some of that money into an income-averaging annuity? Can he make some exception in that regard?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe we made an adjustment which would permit individuals to purchase a one-year income averaging annuity contract which could be transferred into a forward averaging system in the following year. That was the second adjustment that we attempted to make in order to accommodate the transition from one system to another, which I believe in general will probably be more favourable to the farmers than the one to which they have become accustomed.

NATIONAL ENERGY PROGRAM

ALSANDS PROJECT—CONSORTIUM NEGOTIATIONS

Mr. Jack Shields (Athabasca): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. Has the Alsands consortium indicated to him at what point in time, if negotiations are not completed, the Alsands project will fall by the pulling out of the remaining companies? If the negotiations are not complete, does the minister have a target date in mind that the Alsands consortium will not proceed?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): No, Madam Speaker. I have not had an indication of the specific date in my discussions with the consortium partners. As the hon. member knows, there is an agreement between the consortium partners, the remaining partners that would take them to the end of June, I believe, in terms of proceeding with their own expenditures on the engineering and related matters. Obviously the consortium partners can revise those agreements at their discretion, but I have had no specific indication from any of the partners.

REQUEST FOR IRONCLAD GUARANTEE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question for the Minister of Energy, Mines and Resources. In his response to the hon. member for Calgary Centre, he declined to give his ironclad guarantee that Alsands will go ahead. Will he give the House of Commons today his ironclad guarantee that Alsands will go ahead?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Certainly not, Madam Speaker.

INQUIRY RESPECTING NEW PARTNERS

Mr. Jack Shields (Athabasca): Madam Speaker, my question is again to the Minister of Energy, Mines and Resources. He has had a very positive attitude that this plant will proceed. He has indicated that there are people waiting to invest in it. Are those he is talking to about investment in the Alsands project, members of the OPEC nations?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): No, Madam Speaker.

* * *

PUBLIC SERVICE

IMPLEMENTATION OF SPECIAL COMMITTEE RECOMMENDATIONS ON EMPLOYER-EMPLOYEE RELATIONS

Mr. Hal Herbert (Vaudreuil): Madam Speaker, my question is for the President of the Treasury Board. The minister will be aware that it is the sixth anniversary of the tabling in the other place by Senator Buckwold, and the tabling in this House by myself, of the report of the Special Committee on

Employer-Employee Relations in the Public Service. That report contained 72 recommendations on which there has been no legislative action. When can we expect the official government response to the 72 recommendations in that report?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I must say I was not aware that today was the sixth anniversary. I hope to be able to report a great deal of progress in this area. The cabinet now has before it for consideration a number of recommendations respecting employer-employee relations in the public service. I would like to assure the hon. member for Vaudreuil that, in developing those proposals, we have relied very heavily on the very fine work done by the parliamentary joint committee and on the work done by Mr. Finkelman.

PUBLIC UTTERANCES BY PUBLIC SERVANTS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a supplementary question on the general question of the public service. When we had our exchange in the House the other day, the minister seemed quite sure about what his position and the position of the government ought to be with respect to public servants and public utterances by public servants. When he went outside the House, he was not quite so clear. He admitted to reporters that the situation of civil servants might not be that clear cut. He says one thing inside the House and something else outside the House. Given that situation, are the specifics of the kind of issues that are extant in the case of Neil Fraser also before the cabinet, because the law is unclear, and public servants are in danger of being pilloried as a result of the government's attitude to rules that are unclear and rules that are unevenly enforced within the public service?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I do not recall saying anything in the House that was incompatible with anything I said outside the House with respect to the Neil Fraser case. I certainly do not have the capacity to speak out of both sides of my mouth as the hon. member seems to do on occasion.

Mr. Clark: Stay on the high road, Don.

Mr. Johnston: This whole question is subject to the grievance procedure. I understand the employee in question is exercising his right in accordance with the grievance procedure. If I said outside the House that these cases are not black and white, they certainly are not. There are obviously grey areas in any kind of procedure. Dismissals, whether they be in the public service or the private sector, are subject to the same kind of considerations.

REPRESENTATIONS BY OTTAWA LIBERAL MEMBERS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, it is interesting that in the grey area the government moved so precipitously in this important case. Has the President of the Treasury Board received representations with respect to this case from the hon. member for Ottawa West, the hon. member for Ottawa-Vanier, and the hon. member for Ottawa Centre? What views have they expressed to the President of the Treasury Board with respect to the case under discussion?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, whatever representations may or may not have been made to me as President of the Treasury Board have little to do with the case in question.

Some hon. Members: Oh, oh!

Mr. Clark: That settles that.

Mr. Johnston: As I explained in this House, and as I will again explain to the hon. member, the code of conduct with respect to each department is the responsibility of the deputy minister in that department. The decisions that are made with respect to discipline of the kind which took place in the Neil Fraser case is the responsibility of that deputy minister. The grievance procedure provides for an appeal to that deputy minister. As I said before, that is the procedure which is in place. It has always been satisfactory in the past. I gather it is proceeding in accordance with the established rules in the Department of National Revenue.

Mr. Neil Fraser will obviously have every opportunity to present his views and to exercise all the recourses available to him under the law. I would be happy to hear representations from him with regard to that. If he is not satisfied that the appeal to the PSSRB is a satisfactory recourse, let him say so. We will be happy to look at it. However, to my knowledge, to this day the procedures which are in place have been entirely satisfactory in resolving grievances of employees who feel that they have been unfairly treated.

* * *

• (1150)

FINANCE

REQUEST FOR REPORT ON TAX AUDIT OF FISHERMEN

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my question is for the Minister of National Revenue who is responsible for the audit of fishermen which has resulted in garnisheed wages, remortgaged homes, and exorbitant loans to pay back-owing income tax. With regard to a letter which I sent to the minister on December 10 which asked for an independent commission to investigate that tax audit and how fishermen are being treated, does the minister have such a report? His reply was that he would have his department carry out a report on that audit. Does the minister have that report now and is he prepared to divulge that information to the House?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the audit is going ahead on the east and west coasts. There is no independent assessment of the audit. I

receive reports from the department from time to time on the progress of the audit both on the east and west coasts. I do not have the figures in front of me for the west coast audit but I would be glad to get those and discuss them with the hon. member.

TAX DEDUCTIONS AT SOURCE

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, the minister had indicated in a letter from his office that he would be carrying out an investigation with regard to an independent audit, or at least providing a tax lawyer for those people wishing to appeal their audit.

In the motions tabled on November 12 in the budget there was the suggestion that fishermen will be required to pay income tax "at source", that is, when they sell their fish to the processors. Is the minister aware of the financial burden that this will place on fishermen in terms of trying to find capital at the beginning of a fishing season, and is he aware that it is an added burden which may drive more fishermen out of the industry than have been driven out already by this government?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the policy of having taxes for fishermen deducted at source was a request that indeed came from the fishermen themselves. At least the fishermen on the east coast requested that, and people who were supporting the fishermen and helping them with their tax returns said that this would be a good measure. It was a suggestion which we made to the Minister of Finance and he agreed that it was a proper measure, and indeed did insert in the budget ways and means to have fishermen's taxes deducted at source.

We believe that this is a good measure which would eliminate possible inaccuracies which may occur through reporting in other ways. If there is a different feeling on the west coast I would be glad to hear from the fishermen there, but it is quite clearly the position of fishermen on the east coast that they would like to have taxes deducted at source.

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

FEDERAL SHARE OF GOVERNMENT SPENDING

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is for the Minister of Finance. Yesterday the Prime Minister stated that the federal share of total government spending in Canada, including municipal expenditures, had dropped steadily since 1959 in favour of provincial spending. Would the minister confirm that since the Prime Minister took office in 1968 the federal share of government spending in Canada has in fact risen, and will he therefore admit that the Prime Minister's rationale for killing co-operative federalism in Canada is just an excuse to grab more power and even more money for the federal government at the expense of the health and education of Canadians, especially in the poorer provinces?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, I would not admit to something which is totally incorrect. As I stated earlier in reply to a question from the hon. member for Oshawa, in the proposals before the provinces at the present time we intend to maintain our level of support for the provinces, not only to maintain the level but to increase it annually by up to 12 per cent in transferring billions of dollars to the provinces not only in cash but also in tax points.

PRIME MINISTER'S STATEMENT ON CO-OPERATIVE FEDERALISM

Mr. Tom McMillan (Hillsborough): Madam Speaker, for my supplementary question I will refer the minister to a document from his own department entitled "Economic Review" dated April, 1981, and specifically to page 194, which makes it clear that the Prime Minister's statement yesterday about federal-provincial spending is totally false. In light of that fact would the Minister of Finance tell the House and the people of Canada, especially in the provinces which may be concerned, what is the rationale for the Prime Minister wanting to put an end to co-operative federalism in this country? Is it simply that he enjoys fighting with other Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, obviously the hon. member does not want any information. If he did he would not put a question in that offensive way, just to score some points against the Prime Minister.

An hon. Member: What about the Prime Minister yesterday?

Mr. MacEachen: If the hon. member wants to ask a serious question I will be glad to answer, but I will not engage in a petty exchange with him in which he is scoring some political points.

* * *

SEARCH AND RESCUE

DEPLOYMENT OF FIXED-WING AIRCRAFT IN NEWFOUNDLAND

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is for the Minister of National Defence. Can the minister tell the House, especially in the aftermath of the most recent tragedy on the east coast, why he has not complied with the recommendations of a federal inquiry set up in 1970 which recommended in 1971, following the sinking of two ships with the loss of lives on the east coast, that fixed-wing aircraft be deployed to Newfoundland? Why was that recommendation not followed and how can he justify serving an area of five million square kilometres from two fixed-wing bases within close proximity to each other in the maritimes?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, first of all I would like to repeat what I said yesterday, that I understand the concern of the hon. member for St. John's East very well, and I also appreciate the motion presented today under Standing Order 43 by the hon. member for Gander-Twillingate, and the hon. member for St. John's East.

An hon. Member: Why did you say no?

Mr. Lamontagne: I can assure hon. members that I will do everything I can in this matter and, further to that, I have already asked my department to examine the possibility of reinforcing the air rescue capabilities in Newfoundland as much as possible, without disrupting the effectiveness of other areas.

As for the recommendations in 1970, to which the hon. member referred, as I said yesterday, a lot has been done as far as improvements to our search and rescue capabilities over the last few years. As I said yesterday, we have initiated many improvements for our helicopters, such as providing long-range fuel tanks, rescue hoists, high-powered search lights, and some improved navigational avionics. In addition, we are currently working on new radar and improved instrumentation. Therefore I think a lot has been done about improving our search and rescue capabilities.

An hon. Member: Not enough.

Mr. Lamontagne: Maybe in the opinion of some hon. members not enough has been done, but what is enough when we consider the length of coastline we have to cover? I think that this is the important question with which we must deal.

LACK OF RADAR EQUIPMENT ON HELICOPTERS

Hon. James A. McGrath (St. John's East): Madam Speaker, could the minister state why the rescue helicopters in Newfoundland have not been equipped with weather radar, a fact which rendered them useless during the *Ocean Ranger* tragedy, and why these helicopters do not have the support in Newfoundland of fixed-wing aircraft, which was recommended by a federal inquiry established by the government in 1970?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I have just mentioned to the hon. member the improvements we have made to our search and rescue operations. I think that the hon. member understands the complexity of such an operation. Even with new radar our helicopters would have been unable to take off, in the *Ocean Ranger* incident.

There is another incident off the Magdalen Islands which happened this morning. The aircraft are ready on standby but they cannot reach the area off the Magdalen Islands immediately because of bad weather.

Mr. Clark: We have a first-class good-weather rescue capacity.

Mr. Lamontagne: I repeat again that with all the opinions, and with people giving all sorts of reactions to the incident, I think the best way to deal with it is to wait until the inquiry recommends what the improvements should be. In the meantime we are doing a lot to improve our capabilities even in Newfoundland. If it is at all possible I will try, on a trial basis, to put fixed-wing aircraft in Newfoundland.

* * *

FINANCE

REMISSION ORDER APPLICABLE TO NORTHERN ALLOWANCES

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development who has assumed the lead role for the responsibility of finding an alternative to the remission order affecting northern benefits. I would like to ask the minister today whether he has reached a decision on the technique or the regime which should be put in place before the end of this year to replace the remission order. In other words, will the Income Tax Act be used to compensate northerners for the excessive living costs they experience every day?

• (1200)

I would also like to know whether the minister is aware that his responsibility extends below Sixty. There are all kinds of uncongenial isolated environments in the country which lie below Sixty.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, in answer to the hon. member's question I would first like to say that I appreciate the work the hon. member has put into the whole question of northern benefits, and we have examined in some detail some of the proposals he has put forward.

Yes, I have had many meetings with some of my colleagues, including the Minister of Finance, with respect to how we should go about doing something constructive about northern benefits, especially once the "moratorium" is over. Various techniques are being explored at the moment. I do not think it would be helpful to speculate at this stage on what technique may be adopted, inasmuch as they are all under active consideration. There has been no firm policy decision taken in terms of my submitting it at this stage to my cabinet colleagues. I can only tell the hon. member we are weighing all the alternatives. We are doing so in a very thorough way, and I hope in combination with my colleagues to have a definite proposal for implementation soon, possibly prior to the end of the moratorium.

INQUIRY WHETHER HEARINGS WILL BE HELD

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, in coming up with a final position with respect to this crucial problem, which is a very high priority in the north, can the minister tell me what technique he intends to use for the

rest of the year to broaden the input? Will he hold hearings in the north? Will northerners have a say? Will there be a sectoral analysis including mining, Indian affairs, and other legitimate minority groups which will be affected in the north? What technique will the minister use to broaden the input and the public information that is necessary to make the right decision finally?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, the hon. member is well aware that the input already over the last couple of years has been very significant. We have heard from mining interests. We have certainly heard from the oil and gas people. We have heard from the chambers of commerce. We have heard from all the resource-oriented people. We have heard from native groups. We have heard from the territorial governments themselves on this question, and we are continuing to hear from them with respect to this, so the input has been gigantic. Some of the suggestions have been very good.

As the hon. member is aware, one impact on the whole question of northern benefits is the energy situation as far as north of Sixty is concerned. An energy task force has been working with the territorial governments and native interests. The report of the task force is almost ready for publication. Perhaps the draft is already in the hon. member's hands; I do not know. However, we are coming out with our own energy paper following that task force, and northerners have been very much part of that. It will have a very significant impact on what form northern benefits take because, as the hon. member knows, a very significant portion of the higher cost of living in the north relates directly to energy costs.

ROUTINE PROCEEDINGS

[*Translation*]

AGRICULTURE

TABLING OF SIXTH REPORT OF STANDING COMMITTEE

Mrs. Eva Côté (Rimouski-Témiscouata): Madam Speaker, I have the honour of presenting the sixth report of the Standing Committee on Agriculture, in accordance with the orders of reference of Tuesday, February 2, 1982.

The committee has studied Bill C-88, an Act respecting loans to farmers, and has agreed to report on the subject without amendment.

A copy of the proceedings and statements relating to the bill have been tabled.

[*Editor's Note: For text of above reports, see today's Votes and Proceedings.*]

[*English*]

HOUSE OF COMMONS

TABLING OF ORDER IN COUNCIL APPOINTING PARLIAMENTARY SECRETARIES

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, pursuant to Standing Order 42(1) I am tabling Order in Council P.C. 1982-670 appointing several parliamentary secretaries, effective Monday next.

* * *

[*Translation*]

ENERGY SECURITY ACT, 1982

MEASURE TO ESTABLISH

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-94, to establish the Energy Security Act, 1982.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, the following questions will be answered today: Nos. 2,264, 3,302, 3,684, 3,685 and 3,721.

[*Text*]

MATERNITY BENEFITS

Question No. 2,264—**Mr. Herbert:**

1. In the last year, how many pregnant women were drawing unemployment insurance benefits and were not entitled to regular benefits during confinement?

2. Does the government consider that from eight weeks before the week of the confinement until six weeks after the confinement women are incapable of and unavailable for work?

3. For what period is an unemployed woman not entitled to regular benefits during confinement and is a woman who is available for work and actively seeking employment two weeks after confinement subject to a change in this period?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. In 1980 a total of 107,336 women were drawing unemployment insurance benefits during confinement.

2. No. As the legislation permits only the payment of maternity benefit during the period in question, the requirements of capability and availability, necessary for regular benefit, are not issues to be considered.

3. Unemployed women may not receive regular benefit during the period that commences eight weeks before the expected date of confinement and terminates six weeks after the actual week in which the confinement occurs. As this period is set by legislation, and there are no exempting provisions, any change in the claimant's availability will not affect the duration. It should be noted that the specific problems arising from the application of the legislative provisions dealing with benefits for reasons of maternity, were extensively reviewed by a task force which, among other things, has recommended major changes. These, however, are subject to approval by the government and the final decision has not yet been made.

COMPETITION FOR CR-5 POSITION

Question No. 3,302—**Mr. Cossitt:**

Did the Department of Employment and Immigration hold a competition, number 402 for a CR-5 position, bearing the code number 0437-34-EIC-3133 and, if so (a) what were the names of those who applied under this competition and what were the names of those actually interviewed (b) has the position been filled and, if not, will immediate consideration be given to one of the applicants, Mr. James A. Windsor of 366 James Street East, Prescott, Ontario?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): No such competition, bearing code number 0437-34-EIC-3133 has been issued by the Canada Employment and Immigration Commission/Department, and therefore, the Commission/Department is unable fo offer any comment.

BILINGUAL BONUS FOR PUBLIC SERVANTS

Question No. 3,684—**Mr. Herbert:**

1. Were public servants receiving the bilingualism bonus required to take a second test to determine their continuing eligibility for the bonus?

2. Is it the government's intention to introduce such a retesting procedure and, if so, at what time intervals?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): 1. Yes, a number of them were. Since April 1, 1980, bilingualism bonus recipients have had to be confirmed annually, at the time of their official employee performance appraisal, as still meeting the language requirements of their position in order to continue receiving bonus payments. The Language Knowledge Examination (LKE) can be used for this purpose under the following circumstances:

(a) when there is no linguistically qualified supervisor to confirm the employee's eligibility;

(b) if the employee is not exempted from further testing by the Public Service Commission as a result of demonstrated high proficiency in the second official language;

(c) if the employee does not possess LKE results which fall within the one and two year periods of validity established by the Public Service Commission; and

(d) if an employee does not agree with the supervisor's assessment, he or she may have recourse to an LKE

2. See 1 above.

NUMBER OF PUBLIC SERVANTS RECEIVING BILINGUALISM BONUS

Question No. 3,685—**Mr. Herbert:**

In each of the past five years, by province and by stated first official language of the individual, how many public servants were receiving the bilingualism bonus?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): The table below presents a breakdown by province (or by region where applicable), and by stated first official language of the individual, of the number of public servants which were eligible to receive the bilingualism bonus in each of the past five years.

In order to ensure consistency of the data supplied, figures for February, 1978, have been provided instead of those for December, 1977, as these were calculated by using slightly different criteria. Similarly, and as they are still eligible to receive the bilingualism bonus, employees of the Canada Post Corporation are included in the December, 1981 figures.

	February '78		December '78		December '79		December '80		December '81	
	FOL English	FOL French	FOL English	FOL French	FOL English	FOL French	FOL English	FOL French	FOL English	FOL French
British Columbia	74	26	95	28	81	31	97	29	93	43
Alberta	77	11	99	22	87	21	91	29	88	43
Saskatchewan	36	15	43	15	36	17	37	19	38	18
Manitoba	149	67	180	62	161	67	167	95	165	121
Ontario	874	544	1020	613	1056	675	1126	717	1214	834
National Capital Region	12710	13408	13513	14545	13498	14955	13713	15901	14042	17664
Quebec	1196	11287	1293	12613	1266	13344	1283	13779	1296	14208
New Brunswick	480	702	592	785	625	842	673	952	646	1141
Prince Edward Island	10	5	14	10	20	9	49	31	54	57
Nova Scotia	196	82	169	91	217	105	241	113	242	164
Newfoundland	13	3	17	7	24	11	28	10	29	7
Northern Canada	3	5	4	8	6	13	7	15	4	20
Outside Canada	15	14	139	52	152	62	155	70	169	74
Total	15833	26169	17178	28851	17229	30152	17667	31760	18080	34394

Order Paper Questions

OFFICIAL LANGUAGES

Question No. 3,721—**Mr. Herbert:**

What percentage of public servants working in the Department of Energy, Mines and Resources in Quebec indicate English as their first official language?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: 39.1 percent.

[*English*]

Mr. Peterson: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Mr. Young: Madam Speaker, I have a question for the parliamentary secretary. Over the past several weeks I have been asking when I can expect an answer to questions Nos. 3,380 to 3,438 concerning the recommendations in the "Obstacles" report. I have been advised consistently that the parliamentary secretary has been "in hot pursuit" of answers to these questions. I am beginning to think what we are getting here are repeat shows of the "Bugs Bunny Road Runner Hour".

These questions are extremely important. The minister responsible previously advised us that these questions have already been responded to by the cabinet. I fail to see what possible reason there can be for not providing the answers to these questions on the Order Paper.

Mr. Peterson: Madam Speaker, I thank the hon. member very much for drawing this matter to our attention.

Mr. Young: Again.

Mr. Peterson: It is a matter I will be prepared to bring to the attention of my hon. colleague on his return.

Just for the information of this House, I would like to draw to its attention that to date we have answered 2,809 questions, including those which have been answered today. We are working very hard to respond in a responsible parliamentary fashion to the questions which have been brought to our attention.

Some hon. Members: Hear, hear!

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—CROWSNEST PASS FREIGHT RATES

Hon. Don Mazankowski (Vegreville) moved:

That this House condemns the government for abandoning the historical and statutory rights of western grain producers by proposing an end to the Crowsnest Pass freight rate, thereby giving guarantees to the railways and not to the producers; regrets that an inquiry has been established without clearly defined terms of reference, without adequate provision for producer participation and without reference to Parliament; approves in principle the payment by the government on an annual basis of an amount equivalent to the 1981-82 railway revenue shortfall, provided that adequate performance and capacity guarantees are met by the railways; and, calls on the government to refer the document "Policy Statement on Western Rail Transportation" to the Standing Committee on Transport for full consideration.

• (1210)

He said: Mr. Speaker, on February 8 the Minister of Transport (Mr. Pepin) made a major policy statement on western rail transportation on behalf of the Liberal government in the city of Winnipeg, to the effect that the government proposes substantially to alter a historic and statutory provision which affects not only the producers of Canada but the whole economy of western Canada. The implications of this policy are enormous.

At the outset, Mr. Speaker, I would like to say on behalf of this party that we protest in the strongest way possible the fact that the minister chose to make the announcement outside the House. We find this particularly offensive inasmuch as the House was in session at the time. This is a matter of vital importance to western Canada, Mr. Speaker, and it is also an issue of national importance. It could change in a fundamental way the lifestyle of many Canadians. The statutory rate could be considered the pillar of western Canadian society and the western Canadian economy. It should be recognized that there is a tremendous amount of emotion in the west about the subject of statutory change.

In view of all this we would have thought that the minister would have had the common sense to stand in his place in the House and make his announcement and then be available to respond to the questions of Members of Parliament from that region in order to clarify matters.

It appears that Parliament and parliamentary committees are going to be ignored in this process. It also appears that in the next four to six months a backroom deal will be negotiated in private, that Parliament will stand idly by while a group appointed by the minister strikes up a deal in camera. The minister has told us that if farmers do not like it or do not agree, then he will proceed unilaterally. In other words, the terms of the agreement will be imposed; the government will go ahead anyway.

What I find even more disturbing is a report which appeared in *The Globe and Mail* on February 8 in which the minister is reported as saying that the government cannot indulge in a great consultative process with the public. I am not sure

whether that means more unilateralism or not; it probably does. The minister will likely claim that there has been a tremendous debate, and there has, Mr. Speaker, but his particular proposal has not been debated at any length.

Is it any wonder that a mood of suspicion, anxiety and mistrust is growing in western Canada? There are two reasons for this, Mr. Speaker. First of all, most people in western Canada do not trust Liberal governments, and second, most people in western Canada put little trust in the railways.

This is a two-pronged situation. Surely the minister does not expect members of the House to stand idly by, a mere rubber stamp in the process? Surely he does not expect the farmers of Canada to accept a pig in a poke—an expression used by a former member of the House who found comfort and rest in the Liberal ranks. That is really what the minister is asking the farmers of Canada to do.

The process upon which the minister has embarked should be rejected on two counts. First, it should be rejected because he has chosen to circumvent the parliamentary process, thereby denying their legitimate role to elected Members of Parliament who should have a say in it. There is a double standard here, Mr. Speaker, and a contradiction. The minister very graciously referred a document on a new domestic air policy to the transport committee for study. I understand many hearings have already been held involving the industry, other interested parties and Members of Parliament and these are expected to be helpful. In the case before us, however, the minister has chosen not to take that route, thereby denying Members of Parliament, interested groups and producers the opportunity to debate the issue in a formal way.

On the second count, we believe that the process should be rejected on the basis that it denies the producers of Canada their legitimate right to be heard. I cannot emphasize too strongly that if this policy is implemented it will have a most profound effect upon the producers of Canada. They view it with fear, anxiety and apprehension because it could very dramatically alter the social and economic lifestyle of many people in western Canada. I am concerned about the way this policy has evolved and how the legislation will be drawn up, Mr. Speaker. I know the minister to be a reasonable man but I say to you, Sir, and to the House that the only word to describe his actions in this regard is contemptuous. I warn him that his actions will further fuel the fires of suspicion and mistrust that exist in western Canada.

It must not be forgotten that this process is being introduced by a government which does not have an elected member from rural western Canada in the House.

Mr. Munro (Esquimalt-Saanich): And it never will.

Mr. Mazankowski: I should like to deal briefly with the main objectives of the proposal introduced by the minister. First of all, it sets out to abandon the existing statutory freight rate; it commits the government to a level of funding equal to the 1981-82 railway revenue shortfall and it calls upon producers to meet any future cost increases beyond the 1981-82 shortfall in negotiation with the railways. One must pause and think about that, Mr. Speaker. What chance would producers have to negotiate freight rates with the railways? That would be very, very difficult indeed. Large corporations have tried to tackle the railways in an effort to gain a fair freight rate and have not succeeded. That is a serious weakness in the proposal.

While acknowledging the importance of the federal government's commitment to meet the current shortfall, I have to say that this party cannot accept a freight rate structure which will have an open-ended escalation clause that would result in increased charges being put on the backs of the producers. There is no way we can accept that, Mr. Speaker. Nor can this party accept the removal of the statutory freight rate assurance. This would have the effect of relieving the railways of a continuing obligation and shift it on to the backs of the producers as well.

The proposal also sets out to place a fixed ceiling on further federal contributions. That would mean that the government would be relieved of any additional burden over and above the 1981-82 shortfall while the producers would be bearing the brunt of any inflationary or cost increase associated with the movement of grain.

The minister has made this quite clear but other ministers have expressed different views. Apparently a "Crow rift" exists between the minister and the minister in the other place who is in charge of the Canadian Wheat Board. It is not the first time there has been a rift between the two ministers but this creates even more uncertainty in the minds of producers and others who are watching the debate with keen interest.

• (1220)

The minister in the other place says that a change will not be imposed but the minister across the way says that it will be, regardless whether there is agreement or not. These conflicts and varying interpretations must be cleared up.

When methods are being developed to establish a system of periodic reviews to provide railways with adequate compensation, in effect they remove statutory protection. They are couched in such subtle terms that many people have difficulty discerning them. We must ask ourselves what are the implications for producers, or what is the basis for calculating railway revenue shortfall? Also we have heard comments to the effect that any future increases to producers may well be tied to increases in grain prices.

What are the implications? If we look at Mr. Snavely's last report, we see that he indicated that if the gross revenue shortfall continues to increase at the same rate in the future, it will exceed $1 billion by 1986. Given the shortfall of $600 million and the prospect of a $1 billion shortfall in five years, it seems to me that in five years producers may very well be looking at increased transportation costs in the order of $400 million.

I say as simply and bluntly as I can that farmers cannot afford it, particularly at this time. It is estimated that next year farm income will drop by 15 per cent. Statistics reveal that fuel costs will rise by 25 per cent in 1982, and this is on top of a 63 per cent increase over the last two years. This

amounts to an 89 per cent increase in fuel prices over a three-year period. Between 55 cents and 60 cents of that fuel price increase goes to the coffers of the federal government. It is a massive rip-off on the backs of producers. When we consider what the federal government will cash in on from its energy agreement or its oil pricing agreement signed with the western provinces—something in the order of $51 billion—the subsidies to meet the Crow deficit are pretty small and pale by comparison. The fact of the matter is that Canadian farmers are hurting with high interest and depressed commodity prices. The budget provided no relief, there are bankruptcies, dreams are being shattered, young people are losing confidence, a lifetime of investment in long hours and hard work is vanishing. In short, there is hopelessness and despair in the farming community.

We in this party want to know, and producers must know, what the minister had in mind when he asked Professor Gilson to consider the application of variable freight rates. We should like to know how the government sees the subsidy being distributed. We should like to know what the minister would like to see in terms of how the $600 million should be distributed; obviously he has some ideas. We should like to know what the minister had in mind when he referred to guarantee mechanisms to ensure adequate performance and capacity. Will it be only through legislation? Will it be through penalties or a performance bonus? What about investment guarantees? The House and producers of Canada need assurances that the investment provided through the funding of the federal government goes into beefing up the railway system rather than shopping centres, oil companies and hotels. With due respect, I do not think the minister dealt seriously with this issue; he was far too casual. Also we should like to know what mechanisms the minister has in mind to remove existing freight rate anomalies and to provide some semblance of parity between processed and unprocessed products. Also we should like to know what the government has in mind. We should like some enlightenment when the minister talks about economic diversification. How will it help western Canadian farmers? There is much at stake, much too much to be left solely to the task of the negotiator.

The policy enunciated was extremely vague in many areas; it is open to different interpretations. Someone suggested that it was a policy slathered in grease. Parliament should not be a bystander in the process; Parliament and its membership should be active participants. There should be no question about the fact that producers must be involved. It is an issue that is far greater than a simple freight rate adjustment. It strikes at the very fabric of the social and economic lifestyle of western Canada.

I remind the House that the west is in a rebellious mood; there is a feeling of volatility out there. Sometimes the volatility in the House reflects the mood in western Canada. The move to dismantle Crowsnest Pass freight rates is perceived to be yet another attack upon western Canada and a further escalation of the climate of confrontation we have witnessed of the government which generated intense mistrust and suspicion. There is a difference in the mood out there today compared with the mood when my party formed the Government of Canada. At that time there was a mood of co-operation, a feeling of harmony and a feeling that we could do things together. There was a feeling of confidence and stability; promises and commitments were being kept and acted upon. We all know the mess in grain transportation when our party took over government. We had just come through a year when there was a loss of $1 billion worth of grain sales because of breakdowns in the transportation system. We sought and obtained the co-operation of all parties, including the provincial governments of western Canada. We appointed a railway co-ordinator. We worked together with the railways. We promised action on Prince Rupert, and action was taken. We promised action on preserving branch lines, and branch lines were preserved. There was a positive mood, not a negative one. Now the mood is really desperation.

I should like to turn to the question of mandate. Does the Liberal government have a mandate to abandon the Crowsnest Pass freight rates? Of course it does not. The Liberal government not only failed to live up to its promises to provide such things as cheap energy, energy self-sufficiency, low interest rates, a well-managed economy, jobs, adequate housing and a healthy agricultural climate, but it failed to tell Canadians what it intended to do. For example, it did not tell Canadians during the election campaign that it would embark upon a policy of confrontation which is literally tearing the country apart. It did not tell Canadians that it would spend the first 18 months of its term of office talking about a new Constitution and discarding the problems of the economy. It did not tell Canadians that it would bring in a devastating National Energy Program which is seeing men, equipment, capital and expertise flowing south of the border. It did not tell Canadians that it would tax them to the hilt, directly and indirectly, and literally double the price of energy. It did not tell Canadians that it would dismantle DREE or destroy the private sector. It did not tell Canadians that it would dismantle 20 per cent of the VIA Rail passenger route structure or that it would abandon Crowsnest Pass freight rates. I ask hon. members of the House whether the Liberal Party would have obtained its mandate from the Canadian people if it had told the truth? No, never!

Many of these crucial policies affect western Canada where there are no elected Liberal members west of the city of Winnipeg. Does one still wonder why there is alienation out there, mistrust or suspicion? Alienation and political reaction are ticking away like time bombs.

What is Liberal policy? The Liberal policy on the Crow, as indicated in its policy manual in 1980, was that it was committed to preserving statutory freight rates. As late as July 4 to July 6, 1980, at the Liberal Party convention, it was stated that the Liberal Party reaffirmed its determination to preserve statutory freight rates. The minister in this House acknowledged and agreed that the statutory rate must remain. There is a significant passage in *Hansard* for May 2, 1980 at page 693. I had the floor at that time and said:

• (1230)

We have been saying that the Crow rate in statute form enshrined in law must remain. We have also said, and the hon. member is now saying it in this motion, that the railways should be adequately compensated for the movement of grain.

Then there is an interjection by the Minister of Transport (Mr. Pepin), as follows:

Mr. Pepin: Right on.

In other words, he was agreeing with that statement.

As I said, there is no disagreement on that. Where there is debate and discussion but no clear consensus, it is on how the federal government will pay the difference. I repeat what I said on May 2, 1980:

We have been saying that the Crow rate in statute form enshrined in law must remain.

The minister at that time agreed. Today the minister says that a new statutory freight rate, which will have an increased freight rate for the producers, which will have built in a periodic escalation clause which will be paid for by the farmers after negotiations with the railways, is now being put into effect. That is entirely different. We have the deputy minister of transport suggesting in his comments to the press that the farmers will likely pay double or triple the Crow. If the cost triples, that means another $275 million to $300 million which will come from the pockets of the producers.

The deputy minister, when pinned down by reporters, said that he could not answer in any detail because "There were too many permutations and combinations." That is a far cry from the Liberal policy that was proposed during the election of 1980 and during a policy convention held in Winnipeg that year.

I repeat, the farmers simply cannot afford this additional cost. They are being strangled at the present time by high interest costs, high energy costs, high fertilizer costs, high machinery costs and high chemical costs. Most of those conditions are the product of this government. The farmers are facing reduced commodity prices. All of this is doing nothing more than driving nails further into the coffins of many progressive farmers in western Canada. The additional freight rate will simply add to that burden.

Our party has stated that the status quo, that is the existing arrangement, is not satisfactory. We have said that because it has brought us to the kind of chaos, breakdown and collapse in grain transportation which we see from time to time. We have said as well that the railways should be adequately compensated for hauling grain; that is, given a fair rate for hauling grain. We have said that the existing statutory freight rates should remain. We have said that the shortfall should be met by the federal treasury and that adequate guarantees must be provided to ensure adequate capacity and performance. When we say that, we are talking not simply about legislation but about penalties and/or rewards for extra, laudable performance.

As I have said before, we commend the minister for coming forth and telling the House and the country what the government is prepared to do in terms of meeting that shortfall. We have said that had to be done in order to proceed. We have also said that the anomalies of freight rates between processed and unprocessed products must be resolved. There should be no question about that. We have said as well that this can be done and must only be done with the provision that there is full and adequate consultation with the producers of Canada. Furthermore, we believe as well that the railways should not be relieved entirely of their statutory obligations. We believe they have an ongoing obligation and should continue to shoulder that ongoing obligation.

We believe as well that the federal government has an ongoing responsibility, in addition to the provision of the 1981-1982 shortfall, because there are a number of artificial and natural advantages that our competing countries have when it comes to getting our fair share of the export market potential. We believe that export grain, being a national asset, is an issue that has to have support in financial terms, in marketing terms and in moral terms in ensuring that we can maintain a healthy production in the export market of grains.

Furthermore, I believe that a very strong argument can be made for no further payments to the railways until they at least demonstrate to the satisfaction of the producers of Canada that they have installed adequate capacity, that they have put in place the kind of performance that will assure producers that they will deliver the grain on time in a reliable and effective fashion and, I stress again, to the satisfaction of the producers.

Some people believe that the Crowsnest Pass freight rates have always been a losing proposition for the railways. I want to tell this House that it has not been a losing proposition for 85 years. Up until about 1967, the Crowsnest Pass freight rate was compensatory. The railways made money on it. They built up vast empires during that period of time. They branched out into various activities.

I put to this House a very serious suggestion. It seems to me that if the railways could deliver grain in this country for half a cent a ton mile for 85 years, there may very well be an excellent argument made for the fact that surely they can deliver grain at a half a cent a ton mile plus $612 million for at least another 20 years. Maybe that is something the minister should consider. That would take us to the year 2000. I ask the minister to consider that proposal seriously. That would give the railways an opportunity to prove what they can do with $612 million annually. It would give the railways an opportunity to prove that they are serious about beefing up capacity and improving the service.

I have said before, and some people will argue, that that is quite a bit of money and we are tapping the federal treasury too severely. But I repeat again that this government is extracting a substantial amount of revenue out of western Canada in the form of energy taxes to the tune of $51 billio&ed-4n or $52 billion over the next five years. Every time a farmer fills up his tractor or combine, between 55 cents and 60 cents on every gallon of fuel that goes into his machine goes to the federal coffers. That is almost outright confiscation against our food producers.

I turn now to the New Democratic Party. The federal NDP say they want to retain the status quo, yet they want the Hall recommendations implemented. They cannot have it both ways. If the Hall recommendations are implemented, that is not the status quo. That is quite a change. The NDP should not argue that. They should be saying they are in favour of change. They offer as a panacea to improving the system the proposal to nationalize the CPR. They seem to be more interested in pursuing a philosophical objective than in improving the grain transportation system. Quite frankly, it would cost billions of dollars to do that and it would not move one additional bushel of grain.

The minister of transport of Saskatchewan says as well that he wants no change, but he is advocating change by recommending that we follow the Hall recommendations. He, too, wants to buy a railroad. He has a heritage trust fund in Saskatchewan that he is going to tap. He wants to buy the CPR. The minister there wants to spend the taxpayers' dollars in Saskatchewan in a way which will not improve the transportation system one iota. He is offering a Crow rate guarantee plan. Here again he is prepared to tax the people of Saskatchewan to fund a major portion of the freight bill to move processed products.

Mr. Shields: No damn principles.

• (1240)

Mr. Mazankowski: Then I come to the Premier of Saskatchewan. Well, he favours a statutory rate but not necessarily the Crow. He says he is prepared to negotiate future cost increases as long as the producers keep the benefit of the Crow. But then he signed a document just the other day which says he is not prepared to accept any changes. Mr. Speaker, how can the New Democratic Party be taken seriously when they say they are going to fight, but when the crunch comes they become merely an appendage to the Liberal government in office?

Mr. Shields: Always have been, always will be.

Mr. Mazankowski: When the chips are down they fall in line and bolster the hopes of the Liberal Party, a party which occupies the seat of a Treasury Board which is bankrupting this country. I say shame on them.

I say to you, Mr. Speaker, that if this country is in a mess today, the New Democratic Party of Canada must share the blame. I say to you as well that if the farmers of Canada lose their statutory rights, they must blame the NDP as well as the Liberals because the NDP put this government in office.

Some hon. Members: Hear, hear!

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, I have to take a moment to compose myself. I have been sort of snickering as I listened to the last speaker outline his perception of my party's position on the Crow. I would point out to the House and to the country, Mr. Speaker, that our party has been consistent this year, last year, during the most recent election and in previous elections with regard to the Crow rate issue. I would point out that the hon. member's party still has members taking a different stand from the one he outlined. They are actively pursuing a program of doing away with the Crow, and they are unabashed critics of the Crow.

Before commencing my formal remarks I would just like to make a short comment about the allegation concerning the cost of nationalizing the CPR. If the hon. member was honest and looked at the amount of public money which has already been put into the CPR, and if he translated that into present day values and considered the time they have had the use of those assets, the difference between that and the current book or market value—whichever you want—of the CPR is less than $1 billion. Two or three years of the Crow subsidy would purchase the CPR and we could put the railway system on a national basis and operate it as a part of this country's national policy once more.

Some hon. Members: Hear, hear!

Mr. Pepin: It could hardly pay for the operating costs.

Mr. Althouse: I am going to talk about the economics of the Crow rate but I want to put it in context by explaining to some extent the background. I think the reasons given for changing the Crow have essentially been described by the government and by those members of the Conservative Party who advocate change as being progressive reasons, reasons which are tied to economics and the philosophy of user-pay. I will get back to that, but I just want to point out that this country does not make very much sense from an economic point of view. This country is not something that would go together in an economic textbook if you were drawing boundaries and throwing people together. To quote a recent article by Don McGillivray:

> The fact that Canada exists shows that an economic absurdity can become a political reality.

I think when we review the history behind the Crow rate we will see that there were a great many of what would now be called economic absurdities but which were in fact political realities which had to be faced up to and solved with a creative pragmatism in order that Canada could continue as a country.

Canada developed in spite of geographical, language, racial and cultural barriers. There are two languages and many races and cultures. No one, Mr. Speaker, would ever propose a change to the basic and fundamental framework of this country by saying that, because of economics, bilingualism should no longer exist. We live with the cost of two languages, and there is some cost, with no complaint because it is part of the way this country was put together. It came about because we did not want to fight a big and expensive war over it. We decided that compromise made more sense than worrying about future economic considerations. So we have a bilingual country. The same thing applies to the signing of native treaties. We guaranteed certain native rights, not thinking about future economics but because it made sense, at the time,

for political and defence reasons, to avoid bloodshed. And it allowed us to develop the whole of this country by following that route.

I began my remarks in this way because the Crowsnest agreement was developed for those same reasons. Even though there was a railway across Canada connecting the west to the centre, southeastern British Columbia was, in effect, being invaded by Americans. The states of Oregon and Washington were once British territories, but American settlers moved in and they became American. That was happening to the mineral rich area of southeastern British Columbia, and so that province urged the Government of Canada to run a branch line into the Crowsnest Pass in order to maintain our hold on that part of the country. There were political, military and economic reasons for this. They were good reasons in 1896 and there continue to be good reasons today.

When the then provincial government of Manitoba heard of the proposed gift to the CPR to compensate them for moving a line into that part of the country, they pointed out that a lot of farmers were very unhappy with the actions of the CPR. It was a monopoly and was behaving like one. It was laying down the rules as to where the little towns would be built, where the farmers could deliver their grain and which elevators would be situated on which sidings.

Now, there was quite a lot of separatist talk at the time, and part of the agreement reached was that farmers and settlers in western Canada would be guaranteed a rate based on equal distance, equal rates. That was the compromise reached at that time. The provinces of Saskatchewan and Alberta were established after 1905, and changes to the rate did not take place until World War I when it was allowed to lapse for a while. Following World War I there was a great deal of farmer unrest because of falling grain prices and freight rate inequities. We must remember that only those points which existed in 1896 and 1897 received the benefit of the Crow rate originally. All points developed since on other rail lines and in other towns and villages were not eligible for the rate. There were great inequities.

• (1250)

In 1926 a new statute was passed, not because of economics but because there were 65 progressive members mainly representing that part of the country here in the Parliament of Canada. The statute of 1926 was put in place and has remained ever since. It has not been an unchanging statute; the benefits have not remained unchanged.

The railways have been allowed to abandon some lines in order to cut costs. They have received branch line subsidies, free hopper cars and free repairs to rail cars. Therefore, the rate is not the same as it was in 1926.

On top of that, the Wheat Board marketing system came in. It was part of the tumult of the early 1920s when the wheat pools were set up following the establishment of the Canadian Wheat Board. That form of orderly marketing allowed an improved use of cars and a faster turnaround. Management of the system has to some extent been borne by the farmers through the Canadian Wheat Board. All this reduced railway costs and made the system more equitable. It was more able to survive.

I want to follow up on a point made by the hon. member for Vegreville (Mr. Mazankowski). He pointed out that the railways did not always lose money with this rate. We must remember that the land has always been and will continue to be there. Prices go up and down. Years ago Parliament granted the railways a similar long life. It is a corporation which will not die. It has to take the ups with the downs.

When the minister announced changes to the rate, he pointed out that at current grain prices it only takes between 2 per cent and 3 per cent to pay the transportation costs. That may be true in this day and age. I would like to point out something that no western Canadian has forgotten. In the 1930s, 85 per cent to 100 per cent of the price of grain was taken up with freight rates. One can go into any community and find an old-timer who recalls the time he shipped a carload of barley or oats and received a bill from the company saying he owed so much for freight. Everyone knows the standard response—"We have no money but we have more grain." The situation was a little like the current interest rate policy.

The supposed advantages touted by those who think the rate should change are as follows. They assume there will be increased livestock production in the west in spite of the fact that the increase will not be more than the losses in the grain sector. That argument is still being made by proponents of the rate in spite of the fact that the livestock industry in this country has been encouraged to diversify. There have been active programs to force livestock production in Ontario, Quebec, the maritimes and central British Columbia. Doing away with the Crow rate will disrupt that, yet we are told there will be more livestock production. We are not given any source for this information.

We have to compete in world markets. That is why grain farmers insist that the Crow rate remain. This country does not have the same cheap water transportation as other countries. In order to be competitive with the United States, our main competitor, there must be additional subsidies for grain transportation. The United States grants massive subsidies to its inland waterways. The river system is maintained by direct payments from the U.S. treasury at no cost to the users. We cannot compete without a comparable program. The Crow rate has served as that program.

If the Crow disappears, livestock producers will have some difficulty. When we talk of transportation subsidies, what about the At and East rates and the feed grain policy in all their various permutations? Therefore, there is an advantage to those outside western Canada.

The basic question is, where will this increased meat production be sold? This country now imports meat from the United States and the European Economic Community. Very little is sold to Japan and the eastern bloc countries. Those countries prefer to bring in feed grains and hire their own people to feed the livestock.

Where will we find a 65 per cent increase in sales of our livestock production talked about in such rosy terms by the Minister of Transport (Mr. Pepin) and the Minister of Agriculture (Mr. Whelan)? Where is the market? There is none. What is the incentive? Producers are now losing between 18 and 20 cents a pound. They are losing between $200 and $300 on each animal. What kind of incentive is that?

If we follow the bookkeeping or Snavely kind of economics, it will cost $12.50 to produce a bushel of wheat. What compensation will there be for the farmer? If that kind of economics and accounting is good enough for the railways, why does it not make sense for the farmers? Why does it not apply to agriculture? It is grossly unfair to look only at this in terms of the railway package and commitment. If this is going to be opened up, it should be opened up all the way. Look at the compensation which was received in the past. Put that into present day values. At least make it fair on both sides of the table.

At the moment the farmers are being asked to give up the agreement. The railways are getting off scot-free. That is grossly unfair. We say the Crow rate should be kept and the system should be improved. It would be disruptive to all of Canada to do away with it.

[*Translation*]

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the House took recess.

[*English*]

AFTER RECESS

The House resumed at 2 p.m.

Hon. Jean-Luc Pepin (Minister of Transport): Mr. Speaker, recently I just spent a number of days in the west, in Delisle and Lethbridge, among other places. I met a number of people there who were wondering—and more of them are wondering—what kind of minister of transport my hon. friend from Vegreville (Mr. Mazankowski) would have been if he had had the good fortune to remain minister of transport for a longer period of time.

One way to answer this question is to see what he was asking of me this morning and judge him, at least in part, by that. He mentioned six or seven conditions I should have met prior to presenting the policy on western transportation.

First, he said that I should have held an inquiry of some sort. He is not satisfied with the degree of inquiry that has taken place up to now. Presumably the inquiry he asks for would have taken some time. I might say that his view does not correspond to the generality of views expressed to me by westerners. Nevertheless, he would have asked me to have an inquiry.

Second, he mentioned that there should have been a study by Parliament. Presumably what he has in mind is a committee of the House of Commons which would analyse the issue in depth. This would also have taken time.

He suggested, with a smile, that I should have a change made in the resolutions of the Liberal Party on the Crow rate. That might have taken a few days or months—

Mr. Lewis: Or years.

Mr. Pepin: That is assuming one is not satisfied with the present resolution, which I am.

He also mentioned that I should have had a national mandate, presumably in an election of some kind. We would have had to wait another few years for that.

He also mentioned I should have had some elected members from western Canada on this side of the House. That might be done faster but, nevertheless, it might take some time also.

Mr. Lewis: It might be difficult too.

Mr. Pepin: He also mentioned that I should be able clearly to demonstrate that the railways can and will carry grain in the most efficient way. I am satisfied that the railways are now able to do so but others might have taken more time to accept that proposition. Finally, he said that I should wait until all economic circumstances were more favourable.

I suggest very humbly and sincerely that he would have wanted me to wait and not do anything. The implication is that this is what he would have done. If he had practised what he is telling me to do he would not have remained very popular in the west.

Westerners believe that he would have done something to the Crow rate, but, again, if the hon. member had applied the same standards for himself which he is suggesting to me, we would be talking about it for years to come.

I believe that western Canada cannot wait that long. I suggest to you, Mr. Speaker, that the need for a strengthening of the main line of the railway in western Canada is extremely urgent. If there is anything which is urgent, this is it.

Since I have already spent a considerable amount of time on the road explaining the statement we made on February 8 in Winnipeg, I will not dwell on it for long. However, it is an absolute necessity that people read and understand that statement well.

There are three essential parts to that statement. The first includes a number of firm principles that the government states as its own beliefs. These are firm principles and they will be found in the statutory document we will end up with at the end of this current exercise. The statutory framework itself is a firm concept. The adequate compensation concept of the railway is a firm concept although not yet defined in detail. It will be. The guarantee of the responsibilities of the railways is

also a firm statement. The federal contributions are firm and the obligation for producers to pay more is also a firm concept, as is the necessity to increase the efficiency of the railways.

• (1410)

That is the first part. The second part brings up a number of the issues or debatable items which are—and this will be the third part—given to a federal representative, Dr. Gilson, with the mandate of going to the interested parties trying to maximize the consensus, to bring it out, to define it, make it more specific and precise than it is now.

That is in the second part. It includes concepts like the proper level of compensation to the railways and the manner of payment of federal government subsidies; will it be to the farmers or will it be to the railways? It includes a discussion on performance guarantees, what they should be and how they should be given and implemented. It includes also a resolution of the debate on variable rates. Are there some that are acceptable? Are they all not acceptable? Another question is, what is the best way of supporting diversification and processing in western Canada? What should be included in the final statute the House will be asked to pass in due course?

That is the second part of the statement of February 8. I repeat that it involves a number of questions on which the government, in a very democratic fashion, would like to have the contributions and views of the interested parties in a very democratic fashion. I say that with great emphasis, because much of what comes out by way of condemnation of what we are doing is a misunderstanding, willingly or not, of the statement itself.

The article I have in my hand is entitled "Saskatchewan Challenges The Pepin Plan". The title itself is already a mistake. There is no Pepin plan now. There is only part of one, and the reason is that the government has in the most democratic fashion, asked interested parties to complete the "Pepin Plan", if that is what you want to call it.

Mr. Hovdebo: You have just said to us there are three non-negotiable points.

Mr. Pepin: I will answer all questions later with great pleasure. Again there is misinformation. On page 2 the article says:

> What is not in the Pepin plan is protection of the two fundamental principles of the Crow rate. There is no fixed rate for the producer.

And there will not be any, but I am in a pretty good position on that, because Premier Blakeney himself was saying a few days ago, "Perhaps a revision of the deal makes sense." All virtue does not lie with the New Democratic Party on this matter. Far from it. They are parsimonious, occasionally; even when they start reasoning with their heads instead of their feet, they are most reactionary. But this is not the important point.

> There is no equal rate for equal distance.

That is the question on variable rates. That is the very question the government has asked Dr. Gilson to help us elucidate in consultation with the interested parties. It was very wrong, undemocratic and unfair of the government of Saskatchewan to accuse us of not having proclaimed as a principle a concept that we have asked the interested parties to debate first.

So much for the statement we made on February 8. Let us look now at the motion we have before us today. Let us analyse it in some depth. We are told that the author of this motion:

> —approves in principle the payment by the government on an annual basis of an amount equivalent to the 1981-82 railway revenue shortfall—

Thank you very much. That is a good start. If we take the shortfall to mean essentially the losses incurred by the railways, $376 million in the last year, plus the subsidies paid by the government, $236 million, that should give us about $600 million a year of federal contribution to grain transportation in western Canada.

We are willing to go further than that, and hon. members will find in the future statute a confirmation of the branch line rehabilitation program and also the purchase of another 1,280 hopper cars in addition to the 10,000 the government has already paid for. The degree of subsidy would be more, as recognized by the government now, on an annual basis—something like $800 million—than the $600 million the hon. member for Vegreville is willing to go along with.

We start parting ways when he does not come out for any increase in the participation of the farmer in the transportation of his grain. I am not absolutely sure, but I gather from what he said today that he does not want to change anything in that particular area.

With respect to the Crow gap being more than the money the federal government is willing to put into filling it now, if the hon. member for Vegreville had his way, he would have a continuation of the gap, he would have a continuation of the inadequacy of railway compensation for the transportation of grain. What he has recommended is simply again to postpone the problem, not to resolve it now. What he would have is a continuation of the problem and a continuation of the anxiety of westerners as to the adequacy of their transportation system. That is what this government does not want to continue. We think the time has come to give western Canada an adequate transportation system. The time has not only come but perhaps has to a great extent passed.

A number of other things are said in the motion that need to be underlined. The author of the motion regrets that an inquiry has been established without clearly defined terms of reference. Let me tell my good friend, the hon. member for

Vegreville, that this is not an inquiry. This is a negotiation. Everyone—brother, sister or his mother—whom I have met in the west has said to me, "Pepin, no more royal commissions. What we need is negotiation; get on with it". The mention of the lack of an inquiry will not be particularly welcomed in the west. Westerners think, generally, that the time has come to negotiate. The time has come to deal. This is what the interested parties want and this is what we are giving them.

The hon. member for Vegreville says the terms of reference are not clear enough. The statement we made on February 8 in Winnipeg was to represent the terms of reference of Dr. Gilson. In the coming days I intend to be even more specific and refine further the job he has been asked to do, and I will table that document in the House in due course.

The third point the hon. member makes has to do with our not making adequate provision for producer participation. As I have already indicated, I cannot accept that. Everybody says, "Get on with the job." Everybody would like to be there, obviously, but the interested parties themselves, grouped in the Western Agricultural Conference and in the Prairie Commodity Coalition, will select the members they want to be at the negotiating table with Dr. Gilson.

Mr. Hovdebo: Anyone from the farmers' union?

Mr. Pepin: Anyone who wants to negotiate. As I understand it, the National Farmers' Union is not too keen on negotiating. They are like the New Democratic Party. They say, "No, no, no; no change." They are reactionary. Hell will freeze and they will not change. Anyone who wants to negotiate is allowed to be represented at the table, and Dr. Gilson will report in due course on the consensus he obtains so everyone will be in a position to compare that with what the different farm organizations have said before, and everyone will be in a position to compare that with what the government will come up with by way of a final policy position on this matter.

My friend the hon. member for Vegreville also regrets that there was no reference to Parliament. I do not know what he has in mind. Does he have in mind that the negotiations should have been given to a committee of Parliament? I do not think he has that in mind. Does he have in mind that we should have had a meeting or a set of meetings in the Standing Committee on Transport to look at the documents?

Mr. Mazankowski: Just like the air policy.

Mr. Pepin: Indeed, we could do that; I have no philosophical opposition. I just want to remind the House that in due course the statute will be presented to the House and there will be ample opportunity to debate it.

• (1420)

Mr. Mazankowski: Just like the air policy.

Mr. Pepin: There are three related matters that I should like to raise in the ten minutes left to me, Mr. Speaker. The first concerns the guarantees that the railways will be asked to provide. A number of questions were raised this morning. Some people are afraid that the government is not going to protect the farmer against the "ogreness"—if that word is English—of the railways. Let me emphasize the fact that the original Crow rate was not a subsidy, it was a protective system. We want to keep it that way.

What we will have in the future is a statutory framework instead of a statutory rate. The statutory rate was very comfortable but my friends in the NDP know that the railways, being obliged to carry grain at that cost level, did not do it with very much enthusiasm until the federal government brought in plans for the rehabilitation of branch lines and started to buy hopper cars. In other words, the railways are not held to the impossible. As a matter of fact, according to some decisions of the Supreme Court they can only be held to a reasonable effort. A number of people have said that the Crow rate died when the federal government started buying hopper cars, and a lot can be said for that view.

I want to emphasize that we are going to have a statutory framework on grain transportation in western Canada. This will include, first of all, a mechanism or process or formula for the determination of a compensatory rate. That will most probably be in the bill.

Second, there will be a set of guarantees with respect to railway performance, railway investment and developmental rates for products, etc. Third, there will be a right to access to data. A monitoring system will be set up, possibly with a set of rewards or penalties, for the railways regarding their guarantee of performance and investment.

May I repeat that the system that will come out of this exercise will be a statutory one. It will be better than the statutory fixed rate the western farmer has now. Most of them realize that the fixed rate is not realistic any longer. That is what I wanted to say about railway guarantees, Mr. Speaker.

The next item I should like to tackle is the question whether the farmer can afford to pay more than the Crow rate, and in that regard I should like to make five points for the record.

First of all, there is no doubt that some farmers are going to be affected—I recognize that. So the government is being quite generous in this instance by allocating $1.35 billion for this purpose in the budget. Second, in the past the western farmer has paid more for transportation of grain, proportionately, than he pays now. There was a time, in 1958, when the Crow rate represented 75 per cent of the true value of transportation. There was also a time, in 1960, when transportation represented 8 per cent of the revenue of the farmer for his grain at Thunder Bay. Now it represents only 2.2 per cent. One could make the case that there were times in the past

when transportation was a more costly item in the production of grain in western Canada.

Third, the farmer will not pay the full rate. In other words, transportation in western Canada will always be at a special rate and grain will always be a special commodity. The railways will never have to pay commercial rates for the transportation of grain. Obviously the concept of a compensatory rate is a limited one in comparison to what the railways would like.

The federal government is going to put a lot of money into easing the pain of western farmers when it comes to the transportation of grain. I have already mentioned how this will come about. The federal government will pay the current Crow benefit representing about $600 million per year. In the statement I made in Winnipeg I also envisaged that money might be made available, within the budgetary framework we now have, for a contribution to the added cost after 1981-82. I have already referred to the continuation of the branch line rehabilitation program and the purchase of hopper cars.

But the main point I want to make here is that western farmers stand to gain by having a damn good transportation system—sorry for the "damn", Mr. Speaker! I was the minister in charge of the Canadian Wheat Board in the late sixties, so I have seen the uncertainty that exists among farmers about the adequacy of the transportation system. It is the intention and purpose of the government to put an end to this uncertainty about the transportation of present volume, and the uncertainty about the transportation of future volume. I do not have to wonder too much about the reaction of the western farmer when he is told he could sell a lot more grain. First of all he wants to be certain that the grain will be hauled.

There should also be a savings for the farmers on storage and on the purchase of hopper cars.

This morning a newspaper reported that the Canadian Wheat Board complained it was losing sales internationally because the system was not good enough to make it possible for more grain to be shipped.

Another thing that is changing in the west is that the western farmer—in Saskatchewan as elsewhere—is realizing that indeed he has an interest in transportation as the producer of raw grain, but he also has an interest as a processor of grain. The western grain producer who is a member of a wheat pool is interested in the maintenance of the best possible rate, but as a processor—for example, the Saskatchewan wheat pool accounts for 35 per cent of all rapeseed crushed in this country—is also interested in his processed products getting good transportation at good rates.

These are also ideas that are being expressed which might only make it more palatable for the western farmer to accept an increase in the basic rate. The rate might be tied to the grain stabilization program or to the cost of grain nationally and internationally. These ideas are being debated and no doubt will result in acceptable compromises.

The third matter being raised these days in western Canada concerns variable rates and whether they are tolerable. Mr. Speaker, some may be and others may not. On this subject the Saskatchewan government is making a big fuss about what it calls the fact that the policy we have announced would contribute to a deterioration of rural life in western Canada. It is inventing all sorts of things to demonstrate that. Anyone who has knowledge of the facts knows that consolidation of rural life in western Canada is a historical trend. It has been going on for a number of years with the Crow being the basic rate for the transportation of grain. Essentially it has been caused by the economics of primary elevators. As old elevators become obsolete they are replaced with others that have a much larger throughput. In many cases changes have also been caused by events that come under the control of provincial governments, such as building highways, integrating of schools and hospitals and so on.

If anyone is guilty of having contributed to the deterioration of rural life in Saskatchewan, it is likely to be the government of Saskatchewan. I do not blame it, however, because these events are the result of decisions made by individuals.

My friends opposite who love Hall so much should read the Hall report, on that subject, but, in any case, I should like one day to put some quotations from the report on the record. The truth of the matter is that a decision has not been made on variable rates. I repeat that this is one item which is on the table for discussion with the Gilson group.

• (1430)

I should like to reflect for a minute upon change. There is no doubt that everyone theoretically loves change, as far as it affects others. We have introduced an important statement which I think is but a recognition of changes which have already taken place. Knowing that people do not like to adjust to change, the policy presented by the government on western transportation was very democratic in the sense that we constantly took into account the view of interested parties, which I have demonstrated. Also I and many others think the government has been quite generous in the amount of money it is putting on the table to cushion the adjustments farmers will have to make. Finally and fundamentally, in order to protect farmers even better than in the past, we will in due course present a bill to the House that will consecrate the guarantees to which I have already referred.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, it is a very unique occasion when a westerner hears the account of the Minister of Transport (Mr. Pepin) about the problems of being understood in western Canada. After the speech which he just delivered, I can understand why farmers are somewhat confused. If the minister would just sit back in calm reflection and visualize the facts of life in the country, he

would not be guilty of the type of confused statement he just made.

The debate on the Crow is not just a matter of dollars and cents or a matter of giving in to the promotion and con job of railways over the last 50 years. It is not just a question of trying to negotiate in a democratic fashion. What the minister said out of his own lips indicated that he did not understand democracy. I do not intend to become involved in a dog fight with the minister. I just want to make my points simply and occasionally take a crack at something the minister said which was pretty silly in relation to the facts, in the hope that every person in the country knows what this debate is all about.

Rightly or wrongly, Crow rates are part of the agreement which built Canada. Years ago the people of Quebec and Ontario were faced with the rush for land by Americans from the south. That was stopped in 1812-1819. Later on, to stop the rush for land, people from all over the world—people from Europe and Asia and even people from Quebec, Ontario and the maritimes—were asked by the federal government to settle in the west, which was described at that time as a desert unfit for human habitation. The key to bringing the population there was the railway.

The government which formed the nation sold its soul and its wealth to bribe the company to come in and construct a railway. As part of the deal a pledge was made to the immigrants who came. We tried to protect them in various ways. An agreement was made, the details of which are not important to this debate. Advertisements were placed in newspapers across the country and in Europe guaranteeing that if people came to western Canada they would always have an opportunity to market their grain. We settled the desert and made it one of the most productive places in the world in three generations. Always in the back of our minds we knew that we had a protection, a maximum rate on the hauling of grain to export position. This agreement became a statute in 1926. It has been amended, changed, confirmed and reconfirmed. The Crow rate is a mighty important but small part of our national Constitution.

When the report of the Hall commission came down five years ago, I stood in my place in the House and said on behalf of all westerners that the report was our Magna Carta, and it was. When the Minister of Transport made his statement in Winnipeg just last week, once again I rose in my place and questioned the Minister of Agriculture (Mr. Whelan) in the House. I asked him to protest this betrayal of the Railway Act, the National Transportation Act and the agreement on the Crow by threatening to resign if the government did not change its direction. This is our Magna Carta; this is part of the Canadian Constitution.

In its judgment a few months ago, the Supreme Court of Canada made it very clear to the whole world that our Constitution is not only comprised of written law. Our Constitution is comprised of the common law, customs, beliefs and oral agreements. It is comprised of the statutes of the nation, as well as the bills of rights of various provinces and at the national level. I hope it will be comprised of the new Canada Act some day. The decision of the Supreme Court made clear that the Constitution was not just what a bunch of lawyers wrote down or what the statutes provided. It is comprised of many things. They call them "conventions"; I just call it the understanding of the rights of people. What we have had for years and years is our right.

I will not enter into academic, legalistic high school arguments about right or wrong in this issue, but we should not change the Magna Carta every 85 years, even if the Prime Minister (Mr. Trudeau) and the Minister of Agriculture say we should. A fundamental right cannot be changed in a year or two. It is only changed by agreement of all parties, not by agreement of just a few.

I should like to refer to an editorial which appeared in the Saskatoon *Star-Phoenix*, a newspaper which has supported, as have many westerners, a re-examination of the Crow on a rational basis and a change to this part of the Constitution by discussing the actual situation. As I read the article, the minister will know that there is no animosity in the heart of this newspaper toward him. It reads:

> Jean-Luc Pepin made his presence felt as never before in Saskatchewan this week. He left in his wake the impression of a personable, even charming, individual but one who unfortunately failed to grasp the mood of a province wherein many are feeling a sense of betrayal over proposed changes to the long-cherished Crow rate.

● (1440)

> What this means is that the main message the transport minister should have delivered did not come through. He spoke in glowing terms and with impeccable logic of the ideal transport system to come as result of finally breaking the logjam over the Crow rate.
>
> The idea of tackling the Crow rate issue is one whose time has come.
>
> But Pepin did not implant the belief that the vast improvements he forsees are guaranteed. He assumed a trust in his faraway central government that has become battered in recent years in the west. He assumed a trust in railway companies that has never been widely felt here.
>
> He left worried Saskatchewan residents in his wake. They are saying, in effect, "but what if we pay all this extra money and the system is not improved? What if the railways are saying five years from now that yes, they have more revenue, but it's still not enough?"

They have been doing that for 50 years. The editorial continues:

> That is admittedly what politicians call the worst-case scenario. It reflects the emotion that surrounds the Crow rate issue. It reflects the symbolism to many Westerners in the act of striking down the 1897 statute that enshrined this one great concession from the centre of power.

That article was from a western newspaper. An eastern paper, *The Globe and Mail*, writes the same thing only in a different way. On February 9, 1982, the following appeared in an article in that paper:

> The fact is that the prairies do not trust the federal government. They have no faith in any promises Mr. Pepin may make, no faith in any promises his government may make. They have the Crow. They'll stick to the Crow.
>
> Will the federal government ever grasp the idea that it takes action, not promises, to win back a totally disillusioned electorate?

If that does not impress the House, I have another article published in a local paper from Renfrew county, Ontario. The paper is called the *Renfrew Mercury* and the article appeared

February 17, 1982. The writer is explaining the Crow rate to the Renfrew reading public as follows:

> For us here in Renfrew county, it is sometimes difficult to understand what the Crow rate is all about. The Crow rate was the name given to an agreement signed by the federal government, the CPR and the farmers of the west some 85 years ago. It was part of Confederation.

That is all the writer has to say. The eastern farmers and the eastern people know that the Crow rate is part of the building of this nation.

Let us put all of this into perspective. We are in the middle of a centralizing movement that has existed since the war. Everyone knows what I am talking about. We have listened to the constitutional debate. We have seen the National Transportation Act of 1967 passed with its centralizing power. We have seen the energy policy of this government over the last two or three years deliberately unconstitutionally taking an extra $50 billion in taxes from the western provinces.

We have witnessed the unilateral attempt by the government to change the Constitution. We have seen the pressure of various ministers to set up national marketing boards, not to sell stuff but to control people. I could give a thousand other examples, but people know that the politicians in government have put their faith in experts. Experts have a record of being wrong, a record which has been unsurpassed in the last 20 years.

The Hall commission report dealing with this subject recommended no change in the Crow. The Hall commission heard all of the same arguments from the railways. All the groups said "Keep the Crow. Set up a prairie rail authority run by prairie people, and we will take all the lands on which you claim you are losing money and we will run them. We will make money out of them and then we will give them back to you." They brought in the concept that instead of pulling back and raising rates, they should help develop the west.

This could be stated to be a farm position of all parties, of all politicians. No one should ask the farmers of western Canada to give one inch on this Crow issue until the government does a number of things. First, the government should stop interfering with the Canadian Wheat Board and the Board of Grain Commissioners. Those boards should have the independence and the right to carry out their functions without interference. Every farmer knows what I am talking about, particularly when it comes to these low prices of $1 below what they should be. They are the result of this type of interference.

Second, a prairie rail authority should be in place looking after the 2,000 miles of railroad on which they claim they lose money. Some centralized group should not be trying to run it. That is mentioned in the Hall commission report.

Third, the railways should railroad and carry out the terms of the Railway Act, the National Transportation Act and other directives of the government. No amount of guarantees by a government that has a record of not keeping the law will suffice, because for 50 years the railways have ignored all directives from government. Metric conversion is supposed to be taking place. Are the railways converting to metric? They have never even thought about it. The railways do not bother about the nitwits we have around here. Why should they? They would never force it on the railways.

Fourth, we want from this government less talk about some mysterious development program. We want to know what the government is going to do about the development of the geothermal resources, which admittedly belong to the provinces. We want to know what is going to be done about the gas reserves. We want to know what is being done with all of the coal in Saskatchewan, Alberta and British Columbia. We want to know what we are going to do with all the water that is available.

In particular, we want to see a transportation system outlined in black and white and in the actual state of being built. We have to have a railway that is non-stop from the south of Saskatchewan to Churchill to haul potash, coal, grain, for eight to ten months of the year to Churchill. This proposal has been before the western provinces for 60 long years. If all of this were formulated over the next five, ten or 15 years and it is shown that you mean business and action, then I think the farmers would be willing to sit down and consider rationally what should be done.

I am confident that if the government goes forward with this development program, it will make so much money for the railroads and so much money for the provinces, will create jobs and give additional taxes to the federal government, that we will not hear of the Crow rate for a long time.

This has happened before. The railways came roaring in here several times asking for changes in the Crow rate. In 1967 they admitted publicly, and every party in the House admitted, they were making money out of the Crow rate. So we voted them down. Parliament would not even give up the right to maintain that Crow rate to any board that we set up, like the national transportation board.

I know the history the hard way, but I am simply saying to all Canadians that when one is caught breaking the law, when one is caught breaking the Constitution, one has no way of getting this proposal through. There has to be trust and there is none.

• (1450)

Then there is the crowning insult. Think of the fact that, after all this bad advice we have received from economists in the last 25 or 30 years, they went out and said there is no future for farmers in any part of Canada. They said we had to get rid of two out of every three farmers. They would not agree there was a world market, they would not agree there were hungry people out there willing to work and pay for food. In a report to the government in 1969 they recommended we get rid of two out of three farmers. We should be kind to the old ones by paying them to get off, but get rid of the young ones first. All they held out in the future for westerners was the export of 360 million bushels a year. What are we exporting now? Over one billion bushels a year, and exports are going up all the time because the world needs them and we can produce. But we have to have a railway system to get the produce out.

Now, my final worlds are this. How can we expect trust from farmers when they read who wrote these words? It is all in this book. The man I am talking about is the head of this so-called negotiating team. He did awfully good work for me when I was the minister, yet his name appears in here. How would you like it, Mr. Speaker, if you were a chicken and you were told that a weasel was being put in charge of the hen house? That is all I have to say, thank you very much.

[*Translation*]

Mr. Pierre Deniger (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, I am very proud to be taking part in this very important debate today. After the briefing I had last night and this morning, and on the basis of my experience in the office of the former minister of transport and also as a lawyer for the Railway Transport Committee of the Canadian Transport Commission, I must, first of all, render unto Ceasar the things that are Ceasar's and say that the speech by the member for Qu'Appelle-Moose Mountain (Mr. Hamilton) is indeed typical of those people who do not want the Crowsnest Pass rate to be changed the slightest bit. That is most unfortunate, Mr. Speaker, and I am sure it is not a matter of a generation gap between myself and the hon. member who spoke before me. I certainly do not think so. But first, if I may, I shall quote from a speech made by the Premier of Alberta, the Hon. Peter Lougheed, in the Alberta legislature on October 14, 1981:

> In our view, the entire question of the Crowsnest Pass rate should now be given a priority in decision-making in Canada instead of being left to gather dust.

That is what the Premier of Alberta said, also the provincial premier of the member for Vegreville (Mr. Mazankowski). I therefore fail to understand, Mr. Speaker, why the former minister of transport is criticizing us for taking action. It seems obvious to me that if the hon. member has had a chance to stay on as minister of transport, he would have taken action. And if he has to blame someone, I think he should be blaming his leader, the former prime minister, who brought about the election that put him out of a job, Mr. Speaker. Westerners know all about the Crowsnest Pass. For most wheat producers, it is like an insurance policy, but easterners, and perhaps Quebecers even more so, are certainly not all very familiar with my version of the history of the Crowsnest Pass.

We have heard the New Democratic Party's version, and we have heard that of the Progressive Conservative Party, and now I should like to have an opportunity to give Quebecers and all Canadians who are listening to me today, my version of the Crowsnest Pass agreement concluded by the government and Canadian Pacific in September 1897. The agreement provided that the government would subsidize the construction of 300 miles of track between Lethbridge and southern British Columbia, through the Crowsnest Pass, if the railway company promised to apply reduced freight rates. That was the deal, Mr. Speaker. In 1925, the agreement became an integral part of legislation applying to all railway companies operating in the Prairies. I shall digress, if I may, and examine some of the statements by the member for Vegreville, who was saying earlier in his speech that this should have been referred to the Standing Committee on Transport.

I myself am a member of the Standing Committee on Transport. As a politician, of course I want everything to be considered in the transport committee, but at the appropriate time, which is when an amendment to legislation is proposed. I feel that at this stage, it would have been premature to refer to the transport committee a decision that has yet to be made. Regarding our domestic air policy, to which the member for Vegreville alluded, not legislation but policy is being amended, and I want to congratulate the minister for deeming this the appropriate time for referring the policy to our committee. The situation is therefore as follows: In 1926, the Crow was part of the Railway Act. So what has happened since that time? Well, today, the agreement applies to 16,500 miles of railway lines, and not 2,915 as was the case in 1926. There are 1,245 delivery points and not 289, and the agreement applies to exports carried to Vancouver, Prince Rupert, Churchill, Armstrong and Thunder Bay instead of Thunder Bay alone. Clearly, and the member for Qu'Appelle-Moose Mountain was absolutely right, it was a very effective instrument of national policy, until the fifties when, unfortunately, inflation caught up with the freight rates. Thus, the artificially low rates for the transport of wheat, as provided under the 1897 Act which was renewed in 1926, have had major consequences for the west today. It is as clear as the nose on your face. First of all, grain processing did not develop in the production area, for very obvious reasons. Second, though grain was produced in the west, other industries in this area, such as animal production, which is carried out in an area dear to the heart of the member for Medicine Hat (Mr. Hargrave), were unable to reap the same benefit. Third, low freight rates for six types of unprocessed grain—note that these were designated—did not encourage grain growers to diversify.

Obviously, if only six types of grain are going to benefit from this rate, it does not pay for farmers to grow other kinds, so they do not. So what is the end result? Well, perhaps it takes an easterner or a French Canadian to notice the obvious, namely, that the Crow has distorted the economy of western Canada and nipped in the bud what would have been a sensible urge to diversify. The development of eastern Canada and Quebec is closely linked to its many ports, and the development of western Canada has depended on its railway network. The west, which has already become the growth centre of Canada today, will grow if it has an effective railway network, and it is clear that if there is no immediate increase in the number of railway lines in western Canada, that growth is in jeopardy. It will stagnate. Now we must clear up, once and for all, the problem of who is going to pay the piper. The railways

will have to pay a larger share, but the wheat producers will have to pay as well. That is the answer and it is very straightforward. Western economy is changing and nothing should prevent its development and its diversification. The west should develop its full potential in its own interest and in the interest of Canada as a whole. It is now forecast that the existing railway capacity will no longer meet the demand by the mid-eighties if new commitments to invest in development projects are not made this year. Politically, we have only two members from western Canada, and I would like to remind the members opposite of what might have been the most important part of the Speech from the Throne given on April 14, 1980, and I quote:

> Like all of your colleagues in the House of Commons, you who represent the people of Saskatchewan, Alberta and British Columbia, have a responsibility to represent your constituents to the nation. You also have an extra responsibility in the present circumstances to represent the nation to your constitutents. It is a task no one else can fulfil. My government is prepared to co-operate fully in helping you to achieve this.

Mr. Speaker, something had to be done and we are doing it. If we do not act and nothing happens, history will not blame this government but rather the elected representatives of the western provinces for their lack of vision, because western economy is growing more rapidly than the railroad network, and if, for instance, 10 per cent of the bulk exports expected to be moved toward the west in 1985 are not transported, it will mean an export loss of nearly $1 billion. What is the position of the various parties, Mr. Speaker? In short the government is willing to allocate nearly $3.2 billion for grain shipment over the next four years. First, there is the amount of $1.85 billion which the government is committed to spend under the existing programs. Of course, everyone knows what this includes. It includes the branch subsidies, improvements to existing programs and car purchases. Second, there is an amount of $1.35 billion allocated in the budget of last November, which represents the full amount of the government commitment for the western rail network in the current fiscal year. That is our position.

What about the railways? They are of course the victims of these artificially low rates. I think that I agree with the hon. member for Qu'Appelle-Moose Mountain that there was a time when the railways were making money. That is certain. However, it is not the case in 1981-82. We only have to recall that in 1958 the producers paid about 75 per cent of the total costs and that, in 1981, this share has fallen to 24 per cent, while the railways have lost $244.4 million in spite of a direct surplus of $170.2 million. We can reasonably forecast that they will lose $1 billion in the eighties in spite of the increased shipments of other grains. Other products such as coal, sulphur and potash have been threatening to decline since the seventies, and as we all know, these products are bottling up the western rail network. No one can deny the present needs. Those who have lived in the west and who know the Rocky Mountains are aware of the long lineups of railway cars and the tie-up this creates. If nothing is done the traffic will remain bottled up.

What is the position of the grain farmers? They are the producers and they will have to pay in the end. We are lucky to have them, Mr. Speaker, because these people have provided Canada with wheat and grain exports of $4.6 billion, which is the fourth largest contribution to our balance of payments in Canada. I have met with grain producers, Mr. Speaker, since coming to Ottawa, and even before when I was in the Minister of Transport's office. Since the hon. member for Qu'Appelle-Moose Mountain quoted from newspaper articles which obviously supported his arguments, I believe that it is important that I also be allowed to quote from a few articles, which are naturally more favourable to my position than to that taken by the hon. member for Qu'Appelle-Moose Mountain. First, I would like to mention two names, the Western Agricultural Conference and the Prairie Farm Commodity Coalition, two agencies which speak on behalf of most major western farm organizations. They themselves agree that the railways should receive adequate compensation to cover grain freight costs, and that any arrangement should be enshrined in appropriate legislation. They are prepared to negotiate issues such as who will have to bear the burden of inflation in the future, and how large their contribution will be. This month, presidents of prairie organizations have been supporting the decision by the Minister of Transport (Mr. Pepin). I shall quote some of them. Mr. Ivan McMillan, President of the Prairie Farm Commodity Coalition, said in an article in the *Winnipeg Free Press* of February 9, 1982, and I quote:

> There is really no alternative, someone has to take action.

Mr. Howard Falkenberg, President of the Western Agricultural Conference, said in an article by Canadian Press of February 8, 1982, and I quote:

> We must get something started as soom as possible.

In *The Globe and Mail* of February 9, 1982, I quote the following:

> Much remains to be done to help western agriculture achieve its full development.

Other major western freight customers have welcomed the government's comprehensive approach. For instance, Mr. Garnet Page, President of the Coal Association of Canada, told Canadian Press on February 8, 1982 that he felt, and I quote:

> —it is extremely important that the railways and the government should undertake large-scale, long-term projects and that they do so this spring.

This spring means in two months, Mr. Speaker. On February 8, 1982, a task force on railway transportation in Canada said in a press release, and I quote:

> It is essential that new investments that are needed to expand the capacity of our railways be made this year.

At the annual meeting of the Palliser Wheat Growers Association held in Winnipeg on January 5, 1982, President George Fletcher told his 2,000 fellow members, and I quote:

The Crowsnest Pass Agreement has seriously distorted the development of agriculture in the prairie provinces by keeping us tied to monoculture and discriminating against animal production and meat processing in the Prairies. Our fears were justified, and the situation has become far worse.

There are many others, including the *Edmonton Journal,* which on February 9, 1982, started its editorial with: Well done, Ottawa. On February 8, 1982, the Canadian Press reported that the Premier of British Columbia said, and I quote:

A logical development of government policy, the need for which has been felt for a long time.

And there are many more. My time is almost up, Mr. Speaker, and we should now listen to what the members opposite, the members of the official opposition are going to say, because the position of the New Democratic Party is quite clear. Its members are against any development and against all progress. As my colleague from Lac-Saint-Jean (Mr. Gimaïel) said, NDP means non-development party. So what is the position of the Progressive Conservative Party, Mr. Speaker? The member for Vegreville, the former Minister of Transport, rose in the House on June 30, 1981, and asked a question, as reported in *Hansard* on page 11080, to which he supplied the answer, when he asked the minister how he was going to, and I quote:

—move the anticipated 70 per cent increase in rail tonnage over the next five years—?

That is ample proof of how urgent the matter is, Mr. Speaker. The former minister of transport, in an article published in the Regina *Leader-Post* of January 20, 1982, said, and I quote:

• (1500)

[*English*]

"Reform to the Crow would reduce discriminating rates against the oilseed crushing industry in western Canada."

[*Translation*]

Here are more examples. Perhaps I ought to remind the hon. member for Vegreville of the statement made by one of his constituents, Mr. Norris Hartwell of the United Oilseed Products Ltd. of Lloydminster in Alberta, as reported in the *Globe and Mail* of February 9, 1982, and I quote:

[*English*]

If the Crow issue can be resolved, it will be for the good of western Canada.

[*Translation*]

Here is how the position of the hon. member for Vegreville is described in a Canadian Press article dated February 9, 1982, and I quote:

[*English*]

The short lived Conservative government, of which he was transport minister, was working on a plan to change the Crow. If his plan was to pay the railways for their grain losses for 1980, that, plus federal purchases of hopper cars and branch line rehabilitation, would have restored the health of the railway system. In future years there would be negotiation among the railways, farm groups and the government on how the three would share increases in the rates caused by inflation.

[*Translation*]

That looks very much like what we are doing, Mr. Speaker. I have others like that, I have more. Of course, the position of the hon. member for Medicine Hat (Mr. Hargrave) is clear: as a beef producer he feels he is being penalized by the current situation. That is clear. He said so in the House on July 6, 1981 and again on July 17, 1981, but I will not quote him because my time is running out. The hon. member for Lisgar (Mr. Murta) said this in the House about Mr. Clay Gilson, the man who is responsible for getting the groups together, and I quote:

• (1510)

[*English*]

It is now up to the farm groups to work out the process for changing the Crow with as little political interference as possible.

[*Translation*]

Mr. Speaker, here is a statement made in the House by the hon. member for Lisgar on December 11, 1981, and I quote:

[*English*]

Farm groups in Manitoba and Saskatchewan and virtually all farmers in western Canada are in favour of a change of some sort.

[*Translation*]

It is interesting to note, Mr. Speaker, that on the same day his colleague from Saskatoon West (Mr. Hnatyshyn) said, and I quote:

[*English*]

The people of Saskatchewan do not want anyone fooling around with the Crow rate.

[*Translation*]

Yet, the hon. member for Qu'Appelle-Moose Mountain is singing a different tune. The hon. member for Portage-Marquette (Mr. Mayer) will rise later, but we know already from press reports that he is in favour of the changes. So is the hon. member for Provencher (Mr. Epp). As to the hon. member for Edmonton West (Mr. Lambert)—I do not know yet.

What is clear, Mr. Speaker, is that the Conservatives are divided on this issue. Some are in favour of the changes, others are against. As to those members over there, we are not paying too much attention to them, for we already know they are against any changes. But Progressive Conservative members have something to say, and we want to hear them.

An hon. Member: Oh, oh!

Mr. Deniger: I am glad the former minister of transport is listening to me, for I should like to quote from a very important statement which he made in the House on January 21, 1981, and I quote:

[*English*]

We have a transportation system which I know will work. It requires co-operation and leadership, but it will work. There are some things which will always be a problem. But someone has to take charge. I call upon the Minister of Transport to take charge.

[*Translation*]

That is exactly what the former minister of transport said to the Minister of Transport, and I must commend him for heeding this wise suggestion and acting on it, because had he failed to do so, we would have blamed him, and rightly so, for abandoning western Canada.

[*English*]

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I appreciate the opportunity to participate in this debate. It is a debate on a very historic subject which is vital to the future economy of western Canada.

I was interested in the comments of the hon. minister and the previous speaker, the hon. member for La Prairie (Mr. Deniger). They made some comments with respect to the hon. member for Vegreville (Mr. Mazankowski) who was the former minister of transport. I suggest that the record of the former minister stands by itself. Undoubtedly he was one of the best ministers of transport in Canada's history. He never acted at any time in an arbitrary or unilateral manner. He would not have cut services of VIA Rail by order in council rather than through hearings. He would never have attempted to dismantle the branch lines which have been guaranteed by his predecessors. He would never have arbitrarily cut back on Maritime freight rates.

I suggest to you, Mr. Speaker, that he would have held more than an inquiry which the Minister of Transport (Mr. Pepin) is talking about. The minister says that it is not an inquiry that he has directed Mr. Gilson to hold, but negotiations. When negotiations are held, the indication is that the instructions given to that commissioner, or whatever his title is, are predetermined. He is just working with figures.

The Crow rate goes back approximately 80 years. To read the history of the Crow rate is to read the history of the railways, the history of western Canada, the development of agriculture in western Canada and, indeed, to read the development of our nation.

I had the opportunity to conduct some research on the Crow rate. In my research I came upon an interesting document entitled "In Defence of the Crowsnest Pass Grain Rates". It was a submission made by Mr. Brownlee, president and general manager of the United Grain Growers Limited to the MacPherson royal commission in 1959. It is very interesting reading and I would like to quote from that submission.

On page 7 of the submission under the heading "National Purpose Served by Statutory Grain Rates", it reads as follows:

The fact that certain grain freight rates in western Canada are statutory and are thus withdrawn from jurisdiction of the Board of Transport Commissioners identifies them as connected with national policy. They reflect an enduring national purpose rooted in Canadian history and dating back to confederation. That purpose was to develop agriculture in the area now comprised in the prairie provinces and formerly under administration of the Hudson's Bay Company.

Such agricultural development was to be based, and could only be based, upon growing grain for export. That enterprise required railway building in the first place, and in the second place permanent assurance of railway rates which would make grain production economically feasible.

It goes on to say:

Development, although slow to start, was to gather strength and move forward in a tremendous surge during the first 30 years of the present century—

It further states:

During that period central Canada reaped rich rewards with the growth of its industries based upon the domestic market opened up in the prairie provinces, and retained for it by protective tariffs. Throughout that period it was the wheat growing industry of western Canada which provided the chief stimulus for growth in the Canadian economy—

One final paragraph in this report I would like to read is as follows:

It is not to be assumed that Canadian Pacific entered into the contract reluctantly or only for the purpose of securing a subsidy. On the contrary, the new policy greatly benefited the railway. It assured settlement and made saleable the railway's vast holding of agricultural lands and gave these lands a selling value greater than they otherwise would have had—

Again, I would like to refer to a statement which was made by the Right Hon. John G. Diefenbaker. He made this statement in the House of Commons on May 13, 1959. The right hon. gentleman said at that time:

—the Crowsnest rates are part of a bargain which was made between the railways and the government on the one hand and the settlers who went west on the other hand.

The statements to which I have referred are as true today as they were in 1960, but of course the Crow rates have always been under attack by the railways, not only the CPR but the CNR as well.

• (1520)

My friends on the left talk about the nationalization of the Canadian Pacific Railway as if that were the answer to our problems, but the Canadian National Railways have been nationalized or made into a Crown corporation throughout its whole life—

An hon. Member: No.

Mr. Neil: —and it has not done any better and has no better record than the Canadian Pacific Railway. I say to my friends on the left that the nationalization of the Canadian Pacific Railway would not do a thing for the western farmer as far as the movement of grain is concerned.

Mr. Althouse: How come they did not supply cars when we were short of cars but CN always did?

Mr. Neil: In reality, of course, the railways have not been carrying grain at the Crow rate for many years because there have been branch line subsidies and rehabilitation programs, and they have been supplied with in excess of 10,000 hopper

cars, some by the Government of Canada, some by the three prairie provinces and some by the producers through the Canadian Wheat Board. Over the years these benefits have amounted to many millions of dollars. However, when the former minister of transport in the Liberal government, the hon. Otto Lang, who was then the hon. member for Saskatoon-Humboldt, became minister of transport, he and his colleagues in the Liberal Party adopted a policy of what he called user pays. This policy not only has continued to be followed by the government and Mr. Lang's Liberal successor in office, but now it is also being forced on the grain producer of western Canada.

Mr. Pepin: And everybody else too.

Mr. Neil: It can be forced upon the producer because this government has a majority in Parliament. It has no members west of the Manitoba-Saskatchewan border, and that is evidenced today by the fact that the government has no speakers from western Canada.

Mr. Pepin: Come on, now. Bockstael is coming.

Mr. Neil: I am pleased to hear that a member from the city of Winnipeg will be talking about the Crow rate. However, it appears that it is the intention of this government to force a change regardless of the consequences. Farmers on the prairies have been struggling to survive. They have been faced with high interest rates. They have been faced with high input costs, particularly for fuel. In the last year the tax farmers have paid to the federal government on gasoline alone has increased to about 50 cents a gallon.

Mr. Pepin: Don't change the subject.

Mr. Neil: I do not intend to change the subject of the cost of the operations of farmers because the farmer today is producing at less than the cost of production, and his income is dropping year by year. Yesterday in the mail I received from Statistics Canada a document entitled "Farm Net Income". If one examines this document, one will note that in 1980—and I am referring specifically to Saskatchewan—the total net income was $820 million. One year later it was down to $602 million, a drop of over 25 per cent in net income in one year.

The Minister of Agriculture (Mr. Whelan) made a speech in Winnipeg at the annual meeting of Co-op Implements on Thursday, February 18, and this is what he said:

> Between 1975 and 1981, the ratio of farmers net income to farm cash receipts dropped from 39 per cent to 21 per cent.

He went on to say:

> This could get even worse in the coming year as net farm income is expected to drop another 15 per cent to 20 per cent in 1982.

Grain producers in western Canada cannot afford to pay any additional amount to move grain. According to newspaper reports of the speech of the Minister of Agriculture made in London, Ontario, a few days ago—and he confirmed his comments in the Standing Committee on Agriculture yesterday—he said that the government is looking at the review and revival of the old Farmers' Creditors Arrangement Act. That is how bad the situation of farmers is. The government is looking at an old piece of legislation which was brought into being during the depression years to save farmers from bankruptcy. That is how bad the Minister of Agriculture feels the cash situation of farmers is. Yet here we have the Minister of Transport bringing in a user-pay policy to make the western grain producer pay more to move his grain.

Mr. Pepin: Not true.

Mr. Neil: Under present circumstances there is just no way the western grain producer can pay any more money to move grain.

Mr. Pepin: We have $3.2 billion worth of user-pay policy.

Mr. Neil: The Minister of Transport has said from time to time in news releases and in the House that there is consensus in western Canada.

Mr. Pepin: Get on with the job.

Mr. Neil: I have not found that consensus, and I have talked to many producers. Without exception they all say it is possible that the Crow should be changed or at least the railways should be paid for moving grain, but in no way, they say, can farmers pay any more.

Mr. Pepin: So the government should pay it all?

Mr. Neil: If the Government of Canada undertakes to pay the difference between the 1981-82 Crow rate and the compensatory rate to the railways, that should be sufficient for the time being. Let us see how the railway companies will operate. Will they give service? Will they move the grain? However, let us not, as the leaked cabinet document said, expect the producer to pay any future increase over the 1981-82 figure because that figure could amount to between $400 million and $500 million in five years.

Mr. Pepin: What would you do then?

Mr. Neil: There is no doubt that there are certain anomalies in the transportation system in the west with respect to the livestock industry, the oilseed industry and the secondary industries for value-added products, and these matters should and must be addressed.

Mr. Pepin: Now.

Mr. Neil: But they must not be dealt with at the expense of the grain producer.

Mr. Pepin: Just prolong the agony.

Mr. Neil: I suggest that the whole matter should have been referred either to the Standing Committee on Transport or to a special committee for consideration.

Mr. Pepin: Delay, postpone.

Mr. Neil: Then that committee would have reported to the government. However, what is going to happen is that Dr. Gilson will hold his hearings. I call them hearings; the minister calls them negotiations. Those hearings will be held in camera so that producers and Members of Parliament will not know what representations are made to Dr. Gilson. Surely the western grain producer is entitled to know what representations are being made on his behalf. Why are these negotiations being held in secret, Mr. Speaker? Why are they not being held in the open when they affect every grain producer in western Canada? No doubt the minister will claim that the farm organizations represent the farmers, and perhaps they do but if that is the case, why are the hearings not held in the open so that the farmers know what their farm organization representatives are saying and what the railways are saying about costs so that they and we as Members of Parliament, can judge the result.

• (1530)

No doubt when Dr. Gilson is through with these in camera meetings he will make a recommendation to the minister. Legislation will be drafted, and then the minister will tell the committee that it is the result of a consensus negotiated by the farmers of western Canada or their representatives and that we will have to pass it. We will not have, as is our right, the opportunity to discuss the matter. The fact that the negotiations are to be held in camera has cast a cloud of suspicion over the whole procedure.

In closing, Mr. Speaker, I should like to say that an election is to be held in Saskatchewan very soon.

Mr. Pepin: That is not true. There will not be an election in Saskatchewan.

Mr. Neil: It is unfortunate that Mr. Blakeney and members of his government are using this matter as an issue for an election. The premiers of every province in western Canada should set up a joint committee to study the anomalies in the movement of grain. The minister should set up a standing committee in Ottawa to do the same thing. Then the two committees could get together in an effort to arrive at a consensus.

Agriculture is the most important issue in Canada today. Mr. Speaker, It is an absolute shame that at the present time an attempt is being made to use it as an election issue. The future of western agriculture is at stake. The provinces should be concerned about agriculture and the federal government has to be concerned about it so there ought to be input from both sources and non-partisan discussions in an effort to arrive at a solution.

Unfortunately, that will not happen because the minister and the government have decided that they will unilaterally take steps to deal with the issue of the Crow rate. The minister says that the amount will be negotiated, but I regard his actions as unilateral action. It is actions such as this which create the alienation which exists in the country, Mr. Speaker. We know about separatism in Quebec but now there is a separatist MLA in Alberta. This type of unilateral action can do nothing except feed the fires of separatism.

Some hon. Members: Hear, hear!

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, as I complete my term as parliamentary secretary to the Minister of Transport (Mr. Pepin) it is as a result of first-hand observation that I can assure hon. members opposite that the minister has worked steadfastly and unrelentingly to resolve these issues to the benefit of the west. The efforts of the minister go far above and beyond the call of duty. He has tried to do what is necessary to resolve the problems of the west. Perhaps the minister does not realize it but I think there is something of overcompensation in his efforts because we do not have many representatives from the west on this side of the House. He spends his energy unrelentingly. He has travelled and met the people of the west and is well aware of their problems.

I am pleased to speak against this opposition motion. It is misleading and smacks of political opportunism. Hon. members opposite are taking this position to be able to tell their electors that they opposed any change in the Crow rate. In fact, several members opposite have admitted to us privately, and some even have said in their own communities, that the time has come to do something about the Crow rate, that a change is long overdue. Some tell me privately that the Minister of Transport is taking the correct approach.

I think we should reverse the motion which says, "we condemn the government." I think we should condemn the opposition for the stand it takes in attempting to thwart the progress of our efforts to meet the needs of transportation in the country. The opposition is doing a disservice to the country by perpetuating old myths and even by inventing new ones.

Let us look at the chronology of the Crow rate, Mr. Speaker. In 1897 an agreement was made between the Government of Canada and the CPR. In 1901 the province of Manitoba obtained better rates from the Canadian Northern Railway than the Crowsnest Pass rate. In 1903 the CPR had to meet the competition and lower the Crow rate to meet that of the Canadian Northern Railway. There is an effort to persuade people in Saskatchewan that the Crow rate was a condition of their entry into confederation. That is not the case. In World War I the Crow rate was suspended but it was brought back in 1925. In that year an application was made to the CPR for a rate for the transportation of grain from the west to the Lakehead. In 1927 a rate was implemented for the transportation of grain to the west coast and was applied to all railways. It is not a part of the Constitution, Mr. Speaker. In 1931 the Crow rate was applied to grain being shipped to Churchill.

In the 50 intervening years there have been commissions, studies and reports that have confirmed the adverse impact of the status quo on our national economy.

Today another myth is fostered by the opposition motion which holds that the government wants to put an end to the Crow rate. On the contrary, Mr. Speaker, we are enshrining the Crow benefit by statute at the 1981-82 level. We are

setting a datum at which the Crow rate will be considered and guaranteed henceforth.

In a letter addressed to the Hon. Allan Blakeney on February 23, the minister wrote that the Crow benefit, the difference between what producers pay under the existing statutory rate and the real cost of moving grain, which is estimated at $600 million per year, will be continued and guaranteed by statute. It cannot be tampered with easily, Mr. Speaker, because it will be enshrined in law.

Farmers in the west are being told by some people that they will have to pay five times as much to move their grain as they are presently paying. This is absolutely false. Nothing like that is intended. The farmers will pay the basic rate and the government will take up the difference. We are talking about negotiating and meeting the people face to face concerning what portions shall be absorbed by the railways and by farmers or producers. Also they said that the railways will receive more money. On the contrary, the third condition implied by the proposal of the government is that railways will be called upon and required to act on several fronts. They will have to give a performance and service guarantee related to grain transportation. They will have to make commitments regarding additional investment programs which they will be undertaking, such as building a double track to the west coast. They will have to make adjustments to other rates in order to promote agricultural diversification and processing in western Canada. They will have to present data concerning their revenues, costs and investment plans. These are the guarantees which we will expect to receive from the railways before the legislation comes before us to be discussed in the House and in committee and ultimately passed.

• (1540)

The government has a record of always helping producers. If we look at the record since I have been in government, we have had the drought assistance program, crop insurance, hail insurance, embargo compensation, branch line rehabilitation, subsidies, hopper car programs and so on. I have here what the Government of Canada has spent since 1970 on hopper cars, boxcars, branch-line subsidies, branch-line rehabilitation, the port of Churchill, the Port of Prince Rupert, rapeseed assistance, export flour and grain subsidy, and stop-off charges. It was $1,798,800,000. We are intending on guaranteeing subsidies for as long as the statutes are not amended by some subsequent government in the far distant future.

The minister has the foresight to come to grips with the capacity problems of the west. I should like to give two analogies. I come from the province of Manitoba where at one time I was a city councillor. In 1982 we have an aquaduct in the city of Winnipeg from Shoal Lake which was built in the early 1900s. This aquaduct was to serve the city for only 30 years, and even today it is more than adequate to serve a population of over 600,000 people in metropolitan Winnipeg. Now people say, "What foresight our forefathers had in designing that aquaduct!" Today some would say that they were stupid to make it that large. But in retrospect it is realized that they did a wonderful job.

In 1950 the city of Winnipeg was encountering floods. At that time everyone made fun of Senator Duff Roblin who was the premier of Manitoba. They said that he wanted to build Duff's ditch and that it was a waste of money. He built Duff's ditch at a cost of $80 million, and I cannot count the number of times since the construction of the floodway around the city of Winnipeg that the citizens have been spared many millions of dollars by not being flooded. This is thanks to Duff's ditch and Duff's foresight. Now they want to erect a plaque to honour him. We should realize today that the Minister of Transport has the foresight to know the transportation capacity which production in the west warrants. Perhaps we should take the opposition's point of view. Perhaps we should stick our heads in the sand like ostriches and say, "Maybe if we keep quiet, the problem will go away". Perhaps someone else will come along and pay for it. We are facing reality.

From 1940 to 1970 grain was sold at $28 to $67 per tonne. Producers were paying $4.78 to ship their grain at the Crow rate or approximately 7 per cent of their production. In 1980 when wheat was $219 per tonne, producers were still paying $4.78 or 2.2 per cent of their production to ship grain. It is perfectly in order that consultations are ongoing and that Dr. Gilson is heading these negotiations. The Minister of Transport should be commended for what he is doing.

I should like to refer to some quotations which appeared in the newspaper. Ted Turner, president of the Saskatchewan Wheat Pool, as reported in the February 18, 1982 edition of *The Western Producer* said:

—the Pool will enter into discussions with Gilson.

Wallace Fraser, president of the Manitoba Wheat Pool, as reported in the same issue, said:

We are pleased that a process has now been set down for reform, since the problem of rail capacity is becoming more real all the time.

Allan Macpherson, president of the Alberta Wheat Pool, as reported in the same newspaper, said:

—Alberta Wheat Pool will take part in the coming negotiations in a positive manner. We are happy the government has committed itself to making the annual gap payment.

In the same February 18 edition of *The Western Producer*, the Alberta economic development minister, Hugh Planche, and the Alberta agriculture minister, Dallas Schmidt said:

—the federal proposal addresses "one of the major concerns of the Alberta government and provincial farm organizations through the removal of economic distortions created by the present statutory rate".

Also the article indicated:

The Alberta ministers said the federal plan takes an important step to resolving the economic distortions caused by the different rates for processed and raw products.

It also begins the process of determining how to expand the rail capacity vital to future economic expansion in the west.

The Minister of Transport is seeking to give the Canadian railway system the capacity to provide for other agricultural products and to take care of the diversification and processing of products. We look forward to the transportation of coal,

potash, sulphur and many other products such as forestry products from British Columbia. The minister is working toward meeting a shortfall in our transportation system. Many organizations, such as the various provincial prairie wheat pools, the Western Agricultural Conference, and the Prairie Farm Commodity Coalition, have submitted briefs, made representations and passed resolutions at their annual conventions indicating that it is time the federal government did something. Because the federal government is now showing initiative which is long overdue, it is being criticized. This initiative should have been taken by Conservatives when they were in power, because they knew the needs of the west. They did not do it, and now because the government is doing it they object to the manner in which it is being done. They have said that we are not going about it the right way and that we should have consulted them first. We are going about it in the right way. Rather than criticizing the process, they should get behind it and say, "We will help you make it come to pass". For the benefit of the nation it is necessary to have a guarantee that the transportation will be adequate to carry our exports to the seaboard, so that they can be sent off to our customers. We should lend our support to the Minister of Transport and back him all the way. This is what I propose to do.

Mr. Stan J. Hovdebo (Prince Albert): First I should like to congratulate the Parliamentary Secretary to the Minister of State for Mines (Mrs. Killens) on her elevation to the chair. I should like to deal with the various positions of the Liberal and Conservative parties. For example, as late as February 12, 1982, the hon. member for Lisgar (Mr. Murta), was reported in the *Winnipeg Free Press*. It reads:

> Murta, who favours changing the Crow rates, said he supports the government's position because the issue has been debated long enough.

The Calgary Herald reported the following on February 13, 1982:

> The conventional wisdom is that Vegreville MP Don Mazankowski, transport minister at the time, would have proceeded along lines very similar to the course Pepin has struck.

On October 9, 1981, the minister responsible for the Canadian Wheat Board indicated the following:

> —because I'm convinced the Crow rate will stay and producers will produce if market returns remain good.

• (1550)

Since then he has made other statements of that kind.

The hon. member for Medicine Hat (Mr. Hargrave) said "All I can say is that there has to be some other way devised to return the benefits of the Crow rate to grain farmers."

The Conservatives' attempt to confuse the issue probably comes from the fact that they are having a little trouble with the kind of support they should expect on a general basis.

Mr. Baker (Nepean-Carleton): Do you remember the Constitution?

Mr. Hovdebo: The hon. member for Saskatoon West (Mr. Hnatyshyn) introduced a motion under Standing Order 43 on February 10. He quoted the premier of Saskatchewan out of context.

Some hon. Members: Oh, oh!

An hon. Member: He wouldn't do that.

Mr. Hovdebo: I would like to quote from the same interview as follows:

> It recommended that farmers retain the benefit of the Crow rate. That was the basic recommendation which the government of Saskatchewan fully concurred with—the difference between the compensatory rate and the Crow rate being made up by the government.

As late as November 24, 1981, Mr. Justice Emmett Hall made a statement supporting the Crow rate. I want to read into the record part of that statement:

> If once tampering with the statutory rate is accepted or condoned or as an item on the bargaining table, all will be lost. For once the subject is on the bargaining table, it will be only a matter of time until it is lost step by step.

Transportation has always been and will always be an instrument of national policy in Canada. The government of Canada has been making deals in transportation since it first came to power.

In 1881, the federal government needed a national railway. A deal was struck. In 1897, the federal government needed a rail line into the Crowsnest Pass. Again a deal was struck. In 1925, Mackenzie King needed new legislation. The farm labour members from western Canada had seen the exploitation of the farmers by the railways. They insisted on a fixed rate in statute for the producer. Mackenzie King needed the support of the western Progressives. A deal was struck. That deal was the statutory Crow rate.

Mr. Baker (Nepean-Carleton): That is right. That is history.

Mr. Hovdebo: That statute did two things. First, it gave the producers of grain a fixed freight rate with which the railways could not tamper. This was a guaranteed rate. Second, it gave the producers a delivery system. The guaranteed rate was an equal rate for equal distance, a so-called non-variable rate. Equal rate for equal distance guaranteed that we had a system in the west which would work. It was guaranteed that elevators could be built close to farms and the rates to port would be the same for the same distance wherever they were built. The country elevator system was built. The family farms and the rural communities grew up around the country elevators. The family farm and the rural communities gave us the world's most efficient producers of top-quality grain and built a certain quality of life.

Mr. Baker (Nepean-Carleton): You still see that in Saskatchewan.

Mr. Hovdebo: On Monday, February 8, 1982, the Minister of Transport (Mr. Pepin) announced a plan to change the structure under which grain will move. That so-called Pepin plan—

Mr. Rose: That is not a plan.

Mr. Hovdebo: —guarantees something quite different. It guarantees to the railways adequate compensation for the movement of grain. That guarantee to the railways is to be statutory.

Second, it guarantees that the producer will pay more.

An hon. Member: It is a statutory rip-off.

Mr. Hovdebo: The interpretation of the accompanying papers to the announcement indicate that even with some government subsidy, the producer is likely to pay five or six times more than the Crow rate by 1985.

Third, the plan guarantees there will not be a fixed rate for producers. In other words, they cannot be sure what they are going to be charged. The minister has indicated that these three guarantees are non-negotiable. The minister confirmed that just about an hour ago in the House.

Possibly as important to the farmers as what is in this proposal is what is left out. Two fundamental principles of the Crow agreement were left out. First, there is no fixed rate for producers. Second, there is no equal rate for equal distance. There is no non-variable rate.

Mr. Pepin: That is the subject of the Gilson discussion.

Mr. Hovdebo: The minister went on to appoint a negotiator. No doubt he is sincere.

Mr. Baker (Nepean-Carleton): But there are no public hearings.

Mr. Hovdebo: He has been given instructions to find a consensus in private, in camera. We know that the minister looks on consensus having to do with the Crow as acceptable only if it is in agreement with his position.

We can give significant demonstration of public opinion. For instance, I can suggest that possibly there is no consensus between the whole of the Liberal Party in Saskatchewan and the minister.

An hon. Member: Right on. In the whole west there is no consensus.

Mr. Baker (Nepean-Carleton): And Ralph Goodale.

Mr. Hovdebo: Some other Liberal parties in other areas have not yet indicated, but I think they are probably likely to take the same position. We have been getting petitions from all parties in Canada, petitions to retain the Crow rate as it is from Quebec, Ontario, Nova Scotia, British Columbia, and all of the prairie provinces. We have thousands of signatures from farmers, asking that the government consider keeping the Crow rate.

Just a couple of weeks ago a television station in Saskatoon asked a question "Should the railways be paid more money to improve grain transportation?" In the course of one hour 173 answered yes and 629 answered no. That is the kind of interest there is in the Crow rate and the kind of support there is for the Crow rate.

The National Farmers Union took a survey in south central Saskatchewan which discovered that 80 per cent of the farmers they contacted were in favour of retention of the Crow rate.

CanWest did a marketing survey for the pools. This survey divulged that 53 per cent were in favour of the status quo, and the question did not even mention the Crow rate. That particular group is also the group which the minister quotes quite often as having done a survey for the CNR. He quotes, but he never produces. I would challenge the minister right now to table that full study carried out by CanWest.

• (1600)

Many of the farm organizations said to be supportive of the Crow need to be canvassed more thoroughly. I am not so sure whether the membership follows the same position as the leadership. At a meeting sponsored by a local of the Manitoba pool on February 22, 300 farmers unanimously passed a resolution as follows:

> Therefore be it resolved that the meeting declare that the statutory Crowsnest Pass rates are not bargainable.

Mr. Pepin: I will give you some which says the opposite.

Mr. Hovdebo: That was in Swan River, part of the riding of the hon. member for Dauphin (Mr. Lewycky). I would like to go back to the appointee who is to conduct the hearings on behalf of the Minister of Transport (Mr. Pepin). This man was a member of the task force which produced "Canadian Agriculture in the Seventies", and I will read from that report:

> The purpose of effective government action must be to assist the transition from what agriculture is today to what it should be in 1980, which is of course, only a mile post on the journey to 1990 and beyond.
>
> . . . we must consider the model toward which we are aiming.

They then refer to some trends, which I will read:

—decreasing numbers of farms, farmers, farm labour force and farm population.

—fewer family farms.

—increasing farm size.

Two out of three farmers must go; that is the basic thrust of that report. This from the man who was a member of the task force which recommended the disastrous LIFT plan. Hardly a friend of the farmer.

Apparently, Mr. Speaker, this government does not recognize the economic advantages bestowed by statute as being an obligation they must live up to. The Crow rate is recognized by all as being of some advantage to grain producers. In 1881 the Railway Act bestowed on the CPR the mineral rights to 25 million acres. That statute was of considerable economic advantage to the CPR. If it is considered fair to take away the economic advantage of the Crow rate from the producers of grain, is it not fair to open up the Railway Act of 1881 and take away the tremendous economic advantage given to the CPR by that statute? If it is fair for the farmer, it is fair for the corporation.

Mr. Pepin: You should read the Alberta Wheat Pool publications on the subject. You should read more on the subject.

Mr. Hovdebo: Now, let us look at the claim of the railways for a reasonable return on investment. We recognize and agree that no business can operate without a reasonable return on investment. The Snavely report says the railways lose $335 million a year hauling grain, but if we are going to apply this costing yardstick to railways, it is only fair to apply that same yardstick to the producers. If we use the Snavely formula for farmers, it costs farmers $12.94 to grow a bushel of wheat. The current price is $5.94, which indicates that farmers must be losing $7 on every bushel that they grow. That is a $7 billion loss annually.

Now, the federal government proposes legislation which will guarantee the railways the Snavely shortfall in 1982, indexed for inflation. If you can give that kind of a COLA clause to the railways, why can you not give it to the farmers? Some say that farmers should pay more. Well, net farm income in real terms right now is half what it was in 1970. The average Canadian farmer today makes a 7 per cent return on investment before income taxes, based on deflated 1975 land and machinery values, which would not hold very well now. The government says farmers and taxpayers must pay the railways $752 million to transport grain in 1982. The Snavely formula includes a 25 per cent return on investment and an additional 22.5 per cent in add-on profits. There would be a lot of happy farmers if they could get that kind of return. Yet farmers are being asked to expand production based on a 7 per cent return on investment, which return will be much lower if the Crow is taken away. If it is a good formula for the railways, why is it not a good formula for the farmers? The door must swing both ways.

If farmers operated under straight business principles, Mr. Speaker, they would stop growing food and invest it in shopping centres and oil wells the way the CPR does. Were it not for a dedicated farm population taking low, sometimes no, return on investment, Canada and much of the world would starve. Before we irreversibly uproot our prairie society, let us examine the alleged benefits of killing the Crow. Some say that farmers will get better service. Well, there are ironclad guarantees in the Railway Act which have not made any difference, and we are not likely to get better service.

The Acting Speaker (Mr. Blaker): Order, please.

Mr. Hovdebo: I still have five minutes, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The hon. member has had 20 minutes to speak, which is a proper amount of time. I sense from his remarks that perhaps he was not aware his time had expired at 4.08 p.m. However, with the consent of the House the hon. member might take a moment to wrap up.

An hon. Member: No.

The Acting Speaker (Mr. Blaker): There is not unanimous consent.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have tried to be interested in the comments of the hon. member for Prince Albert (Mr. Hovdebo). Having heard another member from Prince Albert I guess I am not too enthusiastic over the remarks made by the present member. I have to admit they are probably sincere, but not necessarily as convincing as they have been in the past.

Now, Mr. Speaker, we are seized with a problem at the moment involving western farmers. And I must say as a practising farmer I know what added costs mean to a farmer. There is no way the farmer can have another cost added to the burden of maintaining his farm. No amount of statistics will rationalize the fact that we have lost many farmers. That is not the important point. The important point is that every farmer is hanging on by his fingernails. He is hurting.

• (1610)

In addition to the interest rate problem, the minister has added the problem of energy price increases. There is nothing we can do about that. It was caused by the stupidity of Liberal governments over the past ten years, going back to the time when John Turner was minister of finance. I was here at that time. He came on very strong. It was not important whether the country survived, only that the Liberal government should survive.

The whole press seemed to think that John Turner would be our salvation. I would like in my own simple way to make the press realize that it was the beginning of the end. That is my message to the Press Gallery. The Minister of Transport (Mr. Pepin) knows what I am talking about. It was important in 1972 that the Liberal government survive. It did what it thought necessary for its survival. Now we are seized with the problem where we have accumulated a $100 million debt over a ten-year period.

Now the minister wants to go to western Canada, because that is where the money is. That was not always the case. Western Canada has fed eastern Canada for many years and will continue to do so for years to come. We do not mind that, but the government must not zero in on the grain-producing economy just because that is where the dollar is.

The former minister of transport indicated very vividly that the moneys generated from the Crowsnest agreement were adequate to carry the railways. This administration has not taken account of that. In his comments, the Minister of Transport did not take that fact into account.

The CPR seems to be the main source of attack for the New Democratic Party. That is rather silly because attacking the CPR is really an attack against the development of the west. My grandparents settled in the west. This was possible because of CPR and CNR. I give credit to the governments of that time. I do not think that the railways should be attacked now simply because they are not making a buck. That is not right.

Look at past statistics. They show that when the most grain was moved, the railways made a profit. The minister has those statistics. I will not quote them because my time is limited.

I repeat, the NDP members are very vocal in their attack against the CPR. I have CPR and CNR lines in my constituency. Are the NDP members interested in destroying the

system rather than developing it? I do not think it matters whether the CPR is financed privately or in any other way. What is important is that we get the grain moving. I suggest that the minister ignore those stupid comments from the NDP.

If I were to quote the Premier of Saskatchewan or the Minister of Agriculture (Mr. Whelan), I would find a very contradictory situation. Let me quote from a speech by the Minister of Agriculture at the Hotel Beauséjour in Moncton, New Brunswick, on February 9, 1982. He said:

> They show that in 1979, farmers' average income from farming was only $7,744.

Which member of the press or which member of the House could live on that? Who could say that is a fair and reasonable income to support one's family?

Regardless of what the rationale is of the Minister of Transport, I would like him to take that into consideration. Does he realize that the number of permit-book holders has dropped from 210,000 to 140,000? Why? You do not stay in business if you do not make a buck. That message should be passed on to the Minister of Finance (Mr. MacEachen). The government must understand that this country will not survive on charity, or this government's version of benevolence. There is only one way this country will survive. I say to the minister that I do not care who it is, including those on the government side, if there is a buck to be made we will reach for that answer.

• (1620)

I have never in my 24 years as a Member of Parliament apologized for the fact that there was a buck to be made in anything. I thought it was good for the government and I thought it was good for the people of Canada. I will never apologize for telling the government that it must proceed in the direction which shows Canadians that they have an opportunity, a chance and a way out of their dilemma. They will find their own way.

When I look at the statistics which the Minister of Agriculture gave in the committee, I find he told us that the simple reason he was zeroing in was that Saskatchewan had a 25 per cent increase in the value of its land. He thought they were rich. At the same time he made a speech like this to the Canadian Federation of Agriculture, which I have quoted from and will not quote again.

I ask the Minister of Transport to rationalize and consider his position. I will send statements to my constituents which indicate that the Premier of Saskatchewan is willing to negotiate. My colleague from Kindersley-Lloydminster (Mr. McKnight) asked an important question in the house because the Premier of Saskatchewan wanted to call a meeting of the federal government and other interested parties and he wanted to know what he was going to negotiate. It is important to know that despite all the depredation that he makes in western Canada now, he was willing to negotiate something. He was either prepared to hand over money or prepared to listen to the Minister of Transport. I would like to know from the minister or one of his spokesmen what it was that the Premier of Saskatchewan wanted to negotiate. Tell us what he wanted to negotiate.

Mr. Pepin: He did not want to negotiate anything at all.

Mr. Korchinski: I want to know because I believe it is important since he may be planning to call an election. If the minister has any information which would lead us to believe that he was prepared to offer anything, I would like to know about it. I already know about the previous commitment that the farmers had made through the Wheat Board for the purchase of hopper cars and so on but I would like to know where my premier stands on this issue.

Unfortunately, I have used up my time and must end my remarks but I would like to have a response from the minister or one of his spokesmen. I repeat that I want to know the position of the Premier of Saskatchewan on this issue.

The Acting Speaker (Mr. Blaker): I do not know whether the hon. Minister of Agriculture (Mr. Whelan) is standing in order to reply to the suggestion of the hon. member. It would have been the Chair's intention to recognize the hon. minister shortly. However, the proper procedure now is that I will recognize the hon. member for Portage-Marquette (Mr. Mayer).

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, this truly is a historic and important debate for western Canada. Many of us who come from western Canada realize its importance when we return to our constituencies. Personally, I believe I understand the issue somewhat differently from other people because I grew up and lived most of my life in Saskatchewan and have lived in Manitoba for 15 years. I think I have an understanding about what many of the farmers are thinking in western Canada when they hear the prospect of the Crow rate being changed. Before I discuss that, I would like to discuss what has been said about Premier Blakeney.

In many ways, I am surprised by the reaction of the NDP because according to the statements of the Premier of Saskatchewan in January of this year I would have thought that the NDP would be supporting the proposals of the Minister of Transport (Mr. Pepin). I will tell you why, Mr. Speaker. On November 18, 1981, the Canadian Press reported the Premier of Saskatchewan as saying, "The federal government should clarify its position on the Crow rates for moving grain." He proceeded to make some more statements, and at the end he said, "We clearly can't be asked to commit ourselves until the federal cabinet commits itself."

What the premier is saying there is that the provinces cannot be expected to commit themselves until the federal government does. That is essentially what the minister did in Winnipeg on February 8, and I was present at the press conference which was held by the minister.

On January 10, 1982, while speaking on the CBC public affairs program "The Food Show" on a Sunday morning, the premier said:

—obviously they (federal government) wish to have the matter debated and for that I do not criticize them. I think that the issues involved should be better known. I think that there are, clearly, as I indicate, a number of issues involved. Perhaps a revision of the deal makes sense—

That is precisely what the Premier of Saskatchewan said on January 10, 1982, that "—perhaps a revision of the deal makes sense." Therefore, I do not understand why the NDP to my left takes such great exception to what the minister is doing.

There is more. An interview with Premier Blakeney was printed in the January issue of *Business Life* on pages 22 and 23. I will read part of that into the record to further question why the NDP federally is not going along with the Saskatchewan NDP. The hon. member for Prince Albert (Mr. Hovdebo) quoted Mr. Blakeney, and I will quote what premier Blakeney said in this interview. He said:

But the perception of our government really is that the farmers ought to keep the benefit of the Crow rate.

The NDP and the Farmer's Union make big mileage out of the difference between the benefit of the Crow rate and the Crow rate. Here, the Premier of Saskatchewan is saying that the farmers should keep the benefit of the Crow. The premier goes on to say:

If we want to address the issue of who is to pay the additional compensation to the railways, we are prepared to address that issue.

I think most members would agree that the compensation should come from the federal government. The premier goes on, and this is interesting because he says:

We make one other narrow point: in this discussion it is very important to distinguish between the current level of the Crow rate and the principle of having a statutory rate.

He does not say "the present statutory rate", he says "a statutory rate". To me, that clearly means a new statutory rate. This is precisely what the minister is doing.

Again, I find it difficult to understand why the NDP is not getting up and applauding the minister for his actions, because he is doing precisely what Premier Blakeney has suggested he do during the last three or four months.

There is more, Mr. Speaker. He said:

Some people take the position that there ought not to be a rate for the movement of grain set by the Government of Canada. With that position we are absolutely and unalterably in opposition.

I think we agree with that. It is interesting that the NDP attacks this party for not having a position, but clearly when the main spokesman for the NDP is Premier Blakeney in Saskatchewan—and I think that the federal NDP would agree with that—and he is on record as saying on three different occasions that he agrees with what the Minister of Finance is doing, it boggles my mind as to why the NDP complains about what the minister is doing. The minister is doing precisely what the Premier of Saskatchewan has asked him to do. Members of the New Democratic Party had better make up their minds as to which way they are going and what position they are going to take. If they do not, perhaps the Minister of Finance (Mr. MacEachen) and the Premier of Saskatchewan should get together on that issue.

• (1630)

Mr. Kilgour: The Minister of Transport.

Mr. Mayer: The Minister of Transport (Mr. Pepin), excuse me. The Minister of Finance is another story.

I would like to talk about process, because it is important to understand what transportation is to western Canadians. It is the reason that part of the country was settled. It is part of our heritage. We are proud of it, and it is very recent to us. As I said, I lived on a farm in the middle of Saskatchewan. I do not consider myself a has-been or very old yet, but I had an opportunity to plough land for the first time ever with the use of modern machinery. That is how recent our history in western Canada is, and transportation is very much tied up with that history.

It has been mentioned several times in this debate—by the hon. member for Vegreville (Mr. Mazankowski), a distinguished former minister of transport of this country, and by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton)—that transportation is more than simply moving goods around the country and doing it efficiently. It is part of our guts. It is almost a religion to us. If we want to be esoteric and academic about it, we could say it is metaphysical. The minister smiles, but I think he would agree with me because I heard him say in Winnipeg at his press conference that the way people in the west feel about transportation is similar to the way Quebecers feel about some of their cultural and language issues. If one can understand that, one can understand why we approach this revision of the Crow rate with such apprehension.

I would like to make a comparison. The hon. member for La Prairie (Mr. Deniger) spoke today. His total claim to the opportunity to speak about western transportation is the fact that his riding is called "La Prairie". That is his sole claim. My riding is called "Portage-Marquette", and my name is pronounced "Mayer" in French. I receive a certain amount of French mail in my office. I lament the fact that I cannot speak and write French as well as I should, having studied French at high school and university. Had I been a better student, I probably would understand French better. However, the minister is from Quebec, as is the hon. member for La Prairie who spoke today about issues affecting western Canada. His doing so is tantamount to the hon. member for Vegreville's going to the province of Quebec and talking about a new deal respecting language for Quebec. I could just imagine the hue and cry that would go out if that ever happened. Yet in many ways that is precisely what the Minister of Transport is doing so I urge him to understand the way we in western Canada feel as we approach this issue. I am sure he does in many ways, but he must understand the depth of feeling we have about this kind of issue.

It might be presumptuous on my part, but I submit that it is very difficult for one to understand that kind of feeling unless one grew up and lives in that part of the country. This is important. It is something which is inside us. It is the *raison d'être* of the west. We are in western Canada because of

transportation, and when we approach the revision of the Crow rate, we find it very difficult because it is so important to us historically.

Another issue I think the minister should consider carefully when he deals with this is the history of the Liberal Party in western Canada. In recent times it has not been a party in western Canada, and that is our problem. The Parliamentary Secretary to the Minister of Transport (Mr. Bockstael) spoke this afternoon. He is from St. Boniface. He is in no way a westerner, and that is not to take anything away from the parliamentary secretary. I have a high regard for him, but he is asked to speak and to take a position on something about which he knows nothing. He does not understand it. He does not feel it like westerners do. That is the kind of problem the minister faces in addressing this issue. The minister is dealing with issues which are much more important than simply the fiscal arrangements for some tracks and the moving of freight around the country.

There is one other point which needs to be made. I am not so sure it has been made yet in this debate on an opposition day. Incidentally, the Conservative Party chose to debate this issue. I will digress a minute here. It boggles my mind to know why the New Democratic Party, which wants to champion itself as the defender of the Crow rate, did not take the opportunity it had to put its own motion on this issue. I cannot understand why the New Democratic Party did not take its first opportunity. If I am not mistaken, the leader of the New Democratic Party moved a motion under Standing Order 26, the day after the announcement on Tuesday, February 9, to adjourn the House for an emergency debate on the Crow. Yet when the New Democratic Party was given the opportunity, it did not take it. This party took it. It is our responsibility to talk about the Crow rate because it is very important to us in western Canada, and it was this party which did so.

Mr. Althouse: We had our opportunity last week, and you took it away.

Mr. Mayer: The New Democratic Party did not take that opportunity to show how sincere it is about the Crow by debating the issue. We look forward to seeing what members of the New Democratic Party do with the remaining opposition days in this supply period.

Mr. Althouse: Do you think you will give us one some day?

Mr. Mazankowski: You had this one.

Mr. Mayer: The hon. member for Humboldt-Lake Centre (Mr. Althouse) wants to know if we will give him a day. Actually, it is not in the power of the official opposition to determine when the NDP has an opposition day. As I understand the situation among House leaders, the NDP clearly had the opportunity to have this opposition day as its own but turned it down. I do not understand what kind of reasoning the hon. member for Humboldt-Lake Centre is using when he asks if we are prepared to give him a day, we being the official opposition.

Let me deal with what westerners think of the railroad companies. In many ways the railroads are mistrusted. CP is the largest Canadian company. According to "*The Financial Post 500*" CP is the largest company in Canada. It is larger than General Motors, larger than George Weston, larger than the Ford Motor Company of Canada and larger than Imperial Oil. CP is the largest Canadian company and, in many ways, the most profitable company. If I read the table I have before me correctly, its net profits last year amounted to $583 million. That is a tremendous amount of money, yet CP wants more. It is not prepared to talk about going ahead with necessary expenditures on rail and on double tracking through the mountains because it wants an increase in freight rates from grain producers. Grain producers are facing tremendous increases in costs on the one hand and, on the other, they are being asked to pay more for moving their grain. They will be in such a position that when it comes to filling up their tractors with diesel fuel in the morning to go out to their fields, it will cost between $400 and $500. That is the cost producers see in the next two or three years. It is understandable that producers face this revision of the Crow rate with some apprehension.

The hon. member for Vegreville very ably pointed out this afternoon that producers do not want to get themselves into a position of looking at open-ended escalation of freight rates without knowing what they will get in return.

I have before me the Revised Statutes of Canada. If producers are going to pay more, they would like to know what they will get in return. I refer to page 6438 of the Revised Statutes of Canada. Section 262 of the Railway Act dealing with accommodation states:

> The company shall—
>
> (a) furnish, at the place of starting, and at the junction of the railway—

The company is supposed to furnish equipment.

> (b) furnish adequate and suitable accommodation for the carrying, unloading and delivering of all such traffic;
>
> (c) without delay—
>
> (d) furnish and use all proper appliances—
>
> (e) furnish such other service incidental to transportation as is customary or usual in connection with the business of a railway company—

That guarantee is now in statute form. The government set up a situation whereby the railways must guarantee performance.

I see my time is running out. Let me make a final point about another reason why producers in western Canada are concerned about the Liberal government and its attitude about the Crow rate.

On January 18, 1967, Bill C-231, dealing with the National Transportation Act, was before the House. One of the clauses in that bill was the following:

> No later than three years after the coming into force of this section, the Commission (CTC) shall inquire into the revenue and cost of railway companies subject to the jurisdiction of Parliament that are attributable to the carriage of grain and grain products at the level of rates established or maintained pursuant to Section 328—

In effect, that was an attempt in 1967 to remove the Crow rate. This matter was debated in the House, and it is recorded

in *Hansard* at page 11959 for January 18, 1967. That amendment was voted down in the Committee of the Whole which studied that legislation by a vote of 59 to 58. I am told by hon. members who were here at that time that it was the Conservative Party which saw to it that the Crow rate remained in effect. Had we not done that, the Crow rate would have been long gone. Is it any wonder we feel some mistrust about some of the things which are going on in terms of the Crow rate?

I could go into the whole issue of the process and our feeling that Dr. Gilson should make his hearings as public as possible so that producers know exactly what is being said on their behalf behind the doors. I think that is very important. If Dr. Gilson cannot make his hearings public, he should be willing to hold press conferences with all parties involved after his sessions so that producers will know exactly what they are getting. This goes back to the old dictum of English jurisprudence that justice should not only be done but also be seen to be done. If we do not heed that dictum, no matter how glowingly the minister will describe the agreement that will be reached and subsequently come to the House in the form of legislation, if he does not make producers understand that they are being treated fairly, it will not work and we will be worse off than if we had left the whole thing alone.

• (1640)

Some hon. Members: Hear, hear!

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I thank the opposition for giving the government this opportunity today to debate the merits of our February 8 announcement about expanding western railway capacity. My colleagues and I welcome the chance to correct any wrong impressions that some hon. members may have had about the government's intention in acting on the grain transportation issue at this time.

This is a subject of utmost importance for all Canadians, particularly the citizens of the four western provinces. It deserves to be given a full and informed discussion, both in the House and in the country. But there can be no informed discussion of this issue while some are basing their opinions on myths and misconceptions.

With your indulgence, Mr. Speaker, I think it would be useful if I took a few minutes to clear up some of these unfounded points of contention.

The first is the accusation that the federal government is unilaterally imposing a change in the Crow rate on western grain producers. This is certainly not the case. As the Minister of Transport (Mr. Pepin) made clear in his announcement of the government's decision, our action at the present time is a response to a series of requests from various groups in the west, including most farm organizations. It should not be forgotten that the Western Agriculture Conference and the Prairie Farm Commodity Coalition had petitioned us to do something to improve western railway capacity. In making this request, both groups had put forward their own suggestions about possible solutions to the problem. These positions included a recognition that the grain producer should pay more to ship grain in exchange for an improved level of service.

Moreover, the government has not chosen simply to impose a new rate structure in place of the existing statutory rates. It has put up a strong financial commitment to improving the railway system through branch line rehabilitation and the purchase of an additional 1,280 hopper cars. And it is offering to bridge the current Crow gap with public moneys and to confirm this ongoing benefit to western grain growers in legislation. As we pointed out in our announcement, grain will continue to have a special status where transportation is concerned.

The Government of Canada is willing to spend $3.2 billion over the next four years on western grain transportation. This is the public's contribution to solving the impasse over the Crow rate which has existed for a number of years. It amounts to about $23,000 for every grain grower in the west. Now we are turning to the private sector, to the railway companies and the western farmers and asking what their contribution will be.

The government is not imposing its will on the west, as some critics have said. It is acting responsibly and very much in the interests of western Canadians—especially farmers—and is looking for a shared solution that is worked out in consultation with the groups affected.

Another piece of misinformation that has been spread by the critics is the notion that the federal government has already made up its mind about all the issues like variable rates, how much the farmers should pay, how the Crow benefit will be paid out and so on. They say that the consultations led by Dr. Gilson will be just a sham.

That is not true. The government is bargaining in good faith. We have not made any final decisions about variable rates, the manner in which the government will pay the Crow benefit, nor any hard and fast formulas on how much producers should pay for transporting grain in future years. The government's position is outlined in the policy statement issued on February 8. That is the framework we have established for Dr. Gilson's discussions with the railways and farmers. Nothing more and nothing less.

I know that there have been some other pieces of paper floating around and a lot of talk about leaked cabinet documents. I see the hon. member opposite who was minister of transport in the last Conservative government is in the House.

Mr. Mazankowski: I know nothing about them.

Mr. Whelan: As he knows and as anyone who has been in cabinet knows, officials may submit several documents to a minister before one is accepted. Officials had presented the various documents to my cabinet colleagues and I, in consideration of this issue and some of the information, was questioned. Perhaps some of the documents that the official opposition found when it was in government are documents which we discarded. They could come into my office today and look at my desk. If there is anything secret there that they want, they can have it. There are probably some of those old

documents still around. They cannot look at this material and say that it represents the government's position.

It is not true, for instance, that deals have already been struck with the three prairie wheat pools, yet that is one accusation that has been made. Of course, I have met the people concerned at different times but we have not struck any deals. I repeat, the government's position is as set out in the policy statement.

Another untruth that has been spread in the west is that grain growers will be asked to pay five or ten times the current freight charges for grain. Mr. Speaker, there was a political leader who once said that if you were going to tell a lie, you should tell a big one and then people would believe you. He started a world war. In order to enrage people you just have to be as false as you possibly can be!

I have been a politician for 36 years, Mr. Speaker, I do not have much going for me except honesty. The opposition continually tries to attack that by attacking me for wearing a green hat or things that have nothing to do with making decisions. You would think it was a crime to wear a green hat. The opposition tries to downgrade the government in any way it can, but that is being dishonest too.

Producers currently pay 15 cents per bushel. The total cost of transporting a bushel of grain to export points has been estimated at around 75 cents a bushel. That means that farmers are now paying only about 20 per cent of the real transportation costs. Many farmers have said to me, "Look, Mr. Minister—look, Gene, or look, Whelan—we are ready to pay more. You just make those trains move. We will grow more, we will ship more grain and sell more grain." The hon. member for Vegreville (Mr. Mazankowski), who was the minister of transport in the Clark government, used to say, "Keep those trains moving". That is what it amounts to, Mr. Speaker.

If we were still growing grain in the way we grew it in 1879, Mr. Speaker, we would not be one of the world's leading exporters. No country in the world exports as high a percentage of the grain it produces. No country has to haul it as far to port. In some years we export over 70 per cent of the wheat we produce. The United States may export more in actual tonnes but it does not have to be hauled as far. In fact, I think they export about 50 per cent of the wheat produced.

We faced a lot of different challenges in this land that is 4,000 miles from sea to sea. Over our rough terrain and in our cold winters the trains lose one third of their pulling capacity through the mountains and across the prairies. This year we will move the largest amount of grain we have ever moved—26 million tonnes, or two million more than ever before. That will be with what some people say are inadequate facilities. I have received various letters and petitions from farmers. I have had occasion to meet with various people. With the exception of the National Farmers Union, they have all said, "Keep the Crow." They have refused to look at anything else. They have also said, "Whelan, why are you doing this?" I said, "I am keeping part of the Crow; I am keeping the part of the Crow which will fly." I am referring to the one which will make the grain move. The Minister of Transport said that he would keep that part of the Crow as well. He will not charge them full transportation costs. We have made the commitment that our commercial grain producers will not be put at a disadvantage with any other commercial grain producer in any other part of the world. I know we will be able to do this with an improved transportation system.

• (1650)

We must remember that the governement is offering to pay the current Crow gap in future years. Therefore, it is ridiculous to say that farmers' share of increased costs will lead to immediate five or tenfold jumps in charges. I say to these people, whoever they may be, that they are wrong and dishonest; it is a terrible thing to be saying.

Some people are saying that the Crow rates should not be changed because they were part of the original confederation pact and represent a permanent commitment to the west. Crow rates have nothing to do with any bargain on confederation. They are not some kind of Magna Carta. I have heard people say that they are the Magna Carta of the west. Lord help us if any other Magna Carta was similar to the Crow rates. They are not some kind of Magna Carta of inalienable western rights. The original Crowsnest Pass agreement was signed in 1897 and applied only to eastbound grain and flour shipped from some 289 CP grain delivery points. These rates were not extended to other delivery points until 1925. Moreover, westbound export grain and flour were not put under the Crow rates until 1927, and shipments through the port of Churchill did not qualify until 1931. Let us be honest and say that this is not something which is holier than anything else. Some people say, "Holy Crow". No Crow was as holy as they make out this Crow to be. No Crow could be as holy as leaders of the National Farmers Union like to indicate. I agree with them on some matters, but I have always disagreed with them on this. Should we refuse to change? No, we would be the most backward country in the world if we accepted that attitude and refused to accept change for the better. I say that this is better for all industries, not just the agricultural one, but first and foremost I think about the agricultural industry and its great potential.

There is also a myth that Crow rates are tied in with the land grants given to Canadian Pacific at the time the first transcontinental railroad was built. Some people say that CP should be forced to use profits from other operations to keep the Crow rates at their current level, because it received millions of acres of land grants and $25 million when the railway was built through the west a century ago. There is nothing in the 1880 agreement to suggest that these grants or any returns from them should be used to offset the operating costs of the railway; not a thing. The MacPherson royal commission investigated this question in 1961. Who was in power then? It was not us. At that time it found that the sole reason for the original grants was to build the railway through to the west coast. CP received land grants of 33 million acres, and all but 1 per cent of this land was subsequently disposed of. About 6.8 million acres were returned to the federal

government in payment of the loan, and 24 million acres were sold to settlers at prices of about 50 cents to $1 per acre. I just wanted to put this information on the record.

It does not make sense to waste time now questioning the wisdom or fairness of dealings between the CPR and the Dominion Government more than 100 years ago. We clearly face a situation now where western rail capacity is not adequate to meet the needs of western farmers and other rail users. We must get on with doing something about it.

We have also heard the Premier of Saskatchewan and others, including the hon. member for Oshawa (Mr. Broadbent) and a couple of other NDP members, charging that changes to the Crow will wipe out hundreds of small rural communities in the west. This relates to the question of variable rates, in other words, rates which would vary on volumes shipped, location, shipping season and other factors. The government has not advocated variable rates. What we have said in our policy statement is that we would consider suggestions from western agricultural associations concerning variable rates, provided that they are, and I quote from the policy statement:

—consistent, however, with the principle that such rates should not work to the detriment of the individual producer.

In other words, producers, not the railways, will decide if they want variable rates and, if so, what kind of rates. The government will seek to protect the interests of individual producers.

This question of decline in rural communities is of concern to me and other members of government. We are not insensitive to the situation. How could anyone be insensitive to such a situation? We are not about to contribute to decline in rural communities in Canada. There are many factors at work which are causing rural change, quite apart from the Crow rates. A change in Crow rates will not likely materially affect current trends. As the Hall commission pointed out, it is the people and the spirit of the people which give a community viability; not railways and elevators. The commission found no evidence that any community which was already declining would be saved by the retention of the railway. Nonetheless, the government has guaranteed by order in council until the year 2000—and I may still be Minister of Agriculture at that time—that about 16,000 miles or about 83 per cent of the original rail line system will be maintained. We have also announced our intention to legislate that Parliament, not the railways, will decide on the framework and conditions for future changes to the railway system.

Another myth about changing the Crow is that the livestock industry in eastern Canada, particularly in Quebec, will be placed at a severe competitive disadvantage by any change in Crow rates. Premier Blakeney of Saskatchewan has been quoted as saying that the help western hog and cattle producers receive as a result of changing the Crow will be at the expense of eastern livestock farmers. He is trying to divide the country; he is hoping to do that. I am glad the Saskatchewan government recognizes that the Crow has distorted the use of agricultural resources in the west between grain and livestock production. This is one of the reasons the federal government is anxious to see the Crow changed, but increasing Crow rates will have little or no effect upon the livestock industry in eastern Canada. Some people may ask, "Why?" It is because Ontario produces 400,000 tonnes of surplus grain over and above its need at the present time. Quebec will be doing that within five years. The Livestock Feed Board has a surplus of $1.5 million this year because there was not much grain moved under the livestock feed grain program.

Let us take the price of feed grain, for example. This price is directly linked to the price of United States corn. Prices for Canadian grains are determined on world markets, and there is little chance to pass on higher freight rates to foreign buyers. Therefore, feed grain prices at Thunder Bay will not change as a result of revising the Crow. Similarly, an increase in western grain transportation tariffs for hogs and cattle will not affect the basic price relationships between Omaha, Calgary, Toronto and Montreal.

Changing the Crow will decrease the relative price of feed grains on the prairies, enhancing the profitability of livestock production in the west. The main idea behind all this is to improve the general economic structure of the west, to provide jobs and to process products there. I see that my time is up. I would love to debate at any time, in any place with anyone, why we are changing the Crow. It will be the best thing which has ever happened for the west and all of Canada, as far as I am concerned.

[*Translation*]

The Acting Speaker (Mr. Blaker): Order, please. It being five o'clock, it is my duty to inform the House that under the provisions of Standing Order 58(11), the debate on the motion has been concluded. Therefore, the House stands adjourned until Monday at two o'clock p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, March 1, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

ST. DAVID'S DAY

MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, this being March 1, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling), hopefully supported by the Robertses and Evanses among us:

That on this day of St. David, the patron saint of Wales, this House extends to the Prince and Princess of Wales and to all good Welshmen in Canada and throughout the world our warmest greetings and good wishes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

SPORTS

APPRECIATION OF CANADIAN DOWNHILL SKI TEAM—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, those crazy Canucks have done it again. This past Saturday Canadian downhill skiers took four of the top seven positions in the Molson world downhill championships at Whistler, British Columbia, which was, indeed, an outstanding achievement. I therefore move, seconded by the hon. member for Kent (Mr. Bossy):

That this House, through Madam Speaker, express its best wishes to the Canadian downhill skiers who competed at Whistler Mountain and that a special expression of appreciation be extended to their coach, John Ritchie.

Madam Speaker: The House may express its feelings by applauding.

Some hon. Members: Hear, hear!

FINANCE

PURCHASE DEADLINE FOR REGISTERED RETIREMENT SAVINGS PLANS—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, during the last week of February Prince Edward Island, Western Newfoundland, the Magdalen Islands and northern New Brunswick were ravaged by a storm which stopped many residents from making final arrangements to purchase registered retirement savings plans. I therefore move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of Finance extend the purchase deadline for RRSPs by an additional ten days for those citizens of Atlantic Canada affected by this storm.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

EL SALVADOR—CALL FOR NEGOTIATIONS BETWEEN WARRING PARTIES—MOTION UNDER S.O. 43

Mr. Bob Ogle (Saskatoon East): Madam Speaker, in light of the observations of the subcommittee which recently visited El Salvador that the possibility of a free and meaningful election is not possible at this time, and in view of the fact that the American ambassador to that country admits that the number of violations of human rights is not, in fact, declining, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the Government of Canada reconsider its position in regard to elections in El Salvador and join with President Portillo of Mexico and other like-minded countries to bring international pressure to initiate negotiations between the warring parties and postpone the election until a time when all Salvadoreans will be free and safe to participate.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

AGRICULTURE

SUGGESTED USE OF PRAIRIE FARM EMERGENCY FUND FOR RESEARCH PURPOSES—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, whereas an examination of the 1982-83 estimates tabled last week is an indication that the Minister of Agriculture gives little priority to research and development in agriculture and is more concerned about market development. I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Minister of Agriculture forthwith bring in legislation to make the $9 million of producers' money held for the past ten years in the Prairie Farm Emergency Fund available to producers for research and development of cereal grains and oilseeds suitable for cultivation in the Canadian Wheat Board area or, alternatively, undertake to pay interest on the fund at current rates, which would amount to approximately $4,000 per day, until such time as suitable research arrangements are made.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CRIMINAL CODE

CALL FOR INVESTIGATION OF GUN CONTROL SECTION AND OF EMERGENCY ORDER IN COUNCIL—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the present gun control section of the Criminal Code of Canada is cumbersome, expensive to administer, and ineffective. It does not prevent criminals from securing or using firearms, knives, hatchets or hammers. It does militate against peaceful citizens in their proper use of guns and, along with the emergency order in council authorizing civilian detention camps, it aggravates concern about what is happening to our Canada. I therefore move, seconded by the hon. member for York North (Mr. Gamble):

That this House urges the government to order a full public investigation into both these matters.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADA PENSION PLAN

CALL FOR IMPROVEMENTS TO BENEFIT DISABLED AND WOMEN—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I too rise under the provisions of Standing Order 43. In view of the fact that proposals to improve pensions for the disabled and women under the Canada Pension Plan are being opposed by the Tory government of Ontario, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House calls on all Progressive Conservatives, in particular the hon. member for Rosedale and the hon. member for Kingston and the Islands—those self-proclaimed lefties—to lobby the Ontario Tories to come into the twentieth century, albeit kicking and screaming, and agree to implement much needed improvements to our pension system, especially for the disabled and women.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

THE ADMINISTRATION

APPOINTMENT OF PARLIAMENTARY SECRETARIES—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): The government's promotion policy allows it to demote parliamentary secretaries who keep their criticisms private, fire public servants for telling the truth about the government's philosophy and, the same week, promote to parliamentary secretary, backbenchers who have written public letters saying the government is wrong. I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the government urged to clarify its policy publicly so that we might all know how it reconciles these irreconcilable actions.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE JUDICIARY

SUGGESTED NOMINATION OF WOMAN TO SUPREME COURT—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, given that no woman has ever been appointed to the Supreme Court of Canada, even though many qualified women have served with distinction the superior and supreme courts of the provinces, and given that the government has an opportunity to rectify past neglect when it appoints a new member to the Supreme Court later this week, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That in filling the vacancy left on the Supreme Court of Canada by the retirement of Mr. Justice Ronald Martland, the government break the tradition of 115 years of male appointments by nominating a qualified woman to the Supreme Court of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE HONOURABLE MEMBER FOR OTTAWA CENTRE

MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I move, seconded by the hon. member for Don Valley West (Mr. Bosley):

That the House expresses its deepest sympathy to the hon. member for Ottawa Centre whose reward for months of valiantly defending the indefensible, that is, the MacEachen budget, was to be stripped of his post as parliamentary secretary.

Some hon. Members: Oh, oh!

* * *

METRIC CONVERSION

STATEMENT IN GOVERNMENT WHITE PAPER—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That this House reconfirms its approval of the government white paper on metric conversion brought in by the then minister of industry, trade and commerce, Mr. Pepin, where it states that because of the close ties between the U.S. and Canada in science, technology, industry and commerce, each country has a special interest in the course likely to be followed by the other in respect of metric conversion.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

RAILWAYS

CALL FOR RESIGNATION OF MINISTER OF TRANSPORT—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I move, seconded by the hon. member of Beaches (Mr. Young):

That in the interests of rail safety the Minister of Transport tender his resignation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CANADA POST

ROLE OF AUDITOR GENERAL—MOTION UNDER S.O. 43

Mr. Bill Wright (Calgary North): Madam Speaker, the legislation transforming the Post Office into a Crown corporation called for the Auditor General to retain authority for monitoring the Post Office for two years, after which it could be shifted entirely to a private firm. In view of the fact that the Auditor General acts in the public interest and assures disclosure of Post Office operations, I move, seconded by the hon. member for York North (Mr. Gamble):

That this House recommend the Auditor General retain authority for the monitoring of the Canada Post Corporation and that authority not be transferred solely to a private firm which might not protect the valid interests of Canadian taxpayers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

RAILWAYS

TRAIN WRECK NEAR ORILLIA, ONT.

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I should like to ask the Minister of Transport if he could bring us up to date on the train wreck that occurred outside Orillia. Can he tell the House if the safety procedures recommended by Grange and studied by many committees and the CTC had been in place whether this wreck could have been avoided?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, my answer is no. If the regulations had been in place concerning hot box detectors, for example, they would not have applied in this particular case. The situation is under control. The possible cause of the accident is not a hot box; it is a broken wheel, which is a type of accident that apparently happens in Canada two or three times a year.

Thirty-six cars derailed in all. Those 36 included 12 cars containing dangerous goods, most of it in boxcars and most of it in relatively small quantities. The key car was the hydrofluoric acid car, No. 12, buried in the jumble of cars. This one contained 39 tonnes of hydrofluoric acid, which is corrosive and toxic. This is the situation as of now. There is still some fire, but it is not creating any major anxiety on the part of the emergency officials who are at the site at the moment.

• (1415)

POSITIONING OF CARS CONTAINING DANGEROUS GOODS

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I thank the minister for that part of his report. Could he assure the House that under existing regulations proper safety inspection procedures were carried out on the wheel which broke, at its last stop, which I presume was in Toronto? In reference to his answer wherein he talked about the hydrofluoric car buried in a jumble of cars, could he assure the House that in future regulations the positioning of cars containing dangerous goods will be addressed in relation to recent American studies which assert that such cars should be at the rear of trains, not in the middle of trains, even though there may be a buffer zone in the middle of trains?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, as usual there are different views on the subject. I understand that there is a United States report to the effect that cars containing dangerous goods should be in the last part of trains. Justice Grange suggested that they should be in the first part of trains, and the practice now is to put them in the middle of trains. I say this without smiling, just to indicate that there are different views on subjects of this kind.

Partly because of the work done by the Grange commission following Mississauga, the response system in this particular instance worked very well indeed. For example, Canutech, which is the federal emergency centre, was contacted and provided information on the dangerous goods which were involved. The Ontario Provincial Police Emergency Centre in Toronto was very efficient in its handling of the situation. A CTC commissioner was on the scene very early. The expertise of chemical companies was available very early as well. The cars had been properly spaced, dangerous goods had been properly identified, and the manifest was available very early. There are some of the good effects of the Grange report.

With respect to emergency response, we have made tremendous progress. Unfortunately accidents still happen, but at least we cope with them better than we did before the incident at Mississauga took place.

SAFETY INSPECTION PROCEDURES

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I have a short supplementary question. I appreciate that there is a difference of opinion, but my question was twofold. First, could the minister assure the House that proper inspection procedures were carried out at Toronto on the wheel? Second, what study would MOT or CTC instigate to resolve the difference of opinion as to the positioning of cars carrying dangerous goods?

The CTC press release of September 30, 1981, after the show-cause hearing, indicated that safety initiatives will not appreciably affect the competitive position of railways, will not require additional public funds, and will not create an undue increase in charges to the public. In other words, CTC indicated that safety procedures will not affect the financial load of railways, the public purse or charges to the public.

I agree with the minister that there has been a lot of work on safety initiatives, but what will he do to accelerate them? Will safety be part of the mandate, rather than these three other factors, so that some of the safety recommendations which have now been discussed for almost two years will be implemented?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there was a hearing before the CTC on that particular subject. Indications were pretty clear in the recommendations of the CTC that there was a change of orientation, a change of approach in our society. The economic preoccupation is still considered to be of major importance. Nevertheless, the CTC has made recommendations and will make other regulations concerning, for example, hot box detectors, the type of equipment, the shields, the couplers and what not, which obviously will add to the operational cost of the railways. The CTC has tried to maintain a proper balance in this matter, and as everyone across the country has told me, we have to keep a proper balance of preoccupations between safety and economic activity. That is the balancing act that is necessary.

• (1420)

If I may continue, Madam Speaker, on this subject of whether or not there was an inspection of this equipment, because it is rather important, I questioned the CTC this morning who informed me that the CTC had no reason not to believe proper inspection was carried out. By way of an answer, the CTC outlined the different inspections a boxcar, or a tank car has to go through. It has to be inspected during and after manufacture and at intervals during its lifetime.

Mr. Nowlan: But was it?

Mr. Pepin: Yes, it was. At least, there is no reason to believe it was not is the answer I received. Each time a tank car is filled, it is inspected by the manufacturer, and the shipper before and on completion of loading. The railway itself has a mechanical inspection at every marshalling yard throughout a journey. A superficial inspection is carried out when two trains meet. When the consignee receives the tank car and unloads it he also does an inspection. I am told that this time it was an accident.

* * *

NATIONAL HARBOURS BOARD

RIDLEY ISLAND TERMINAL, B.C.—CONTRACT ISSUED TO JAPANESE FIRM

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I have a couple of questions for the Minister of Transport. For much of last week the minister was in British Columbia. He will be aware that the second stacker-reclaimer built by Stephens-Adamson for Westshore Terminals begins operation

this week. My questions, however, have to do with the Ridley Island Terminal. Was the minister in Prince Rupert last week? Does the minister have any better answers now for the exporting of Canadian jobs to Japan? Does the minister have any better answers now for the cover-up of the reasons for the exporting of those Canadian jobs to Japan?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, no, I will not comment on it further.

Yes, I did meet with Mr. Ross of Swan Wooster and I did meet again with Mr. Franche of the National Harbours Board. They are going to produce for me a four-page, a three-page or a two-page letter—

Mr. Epp: What about a no-page letter?

Mr. Pepin: —in which they will reiterate the reason why the decision on the purchase of a stacker-reclaimer was made the way it was.

I emphasize the fact that there is great urgency in the decision-making process with respect to the coal terminal construction at Prince Rupert. And I again emphasize the fact that different departments of government were involved in the decision-making process in that particular instance. And again I emphasize the fact that it was not possible, and I do not believe that it should be for the minister to impose his own judgment in these matters when he is surrounded by experts who can advise him properly on these questions.

BURRARD FLOATING DOCK CONTRACT—CANADIAN CONTENT

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I hope that the minister will make that letter more available than he has the memos and other documents that we have not yet seen. However, with regard to the same contract, the minister talked last week about 53 per cent Canadian content promised by Mitsubishi of Japan. The minister will be aware that Mitsubishi also received a contract for $26 million for the Burrard floating dock in 1980. At that time there was a promise made of a $17 million Canadian offset. Not one cent of that promise has been forthcoming.

What makes the minister think that this contract will be handled any differently than the other one and why would he believe that the Japanese would keep this promise any more than they did the other one? Since the Canadian supplier would provide 96 per cent Canadian content and not 53 per cent, would the minister once again give us those figures that can justify the exporting of Canadian jobs?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am not in a position to judge on the other case mentioned by the hon. member. One of the reasons that the 53 per cent Canadian content will be carried out here is that I will be watching for sure.

Some hon. Members: Oh, oh!

• (1425)

Mr. Pepin: The letter to which I referred will obviously be tabled in the House if my hon. friend asks me to do so in the next couple of days.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF THE HON. JOHNATHAN MOTZFELDT, PREMIER OF GREENLAND

Madam Speaker: May I draw the attention of the House to the presence in our gallery of Mr. Johnathan Motzfeldt who is the Premier of Greenland and, I understand, also the Speaker, which seems to be a great combination for anyone with normal political ambitions.

Some hon. Members: Hear, hear!

* * *

RAILWAYS

NUMBER OF EMPLOYEES REQUIRED TO CARRY OUT SAFETY INSPECTIONS

Mr. Les Benjamin (Regina West): Madam Speaker, I do not think it will be any surprise to you but I do have some questions for the Minister of Transport. By way of directing questions to the minister, may I remind him, if he needs it, that since the early 1950s representatives of railway workers—

Madam Speaker: Order. We were doing very well. The first questions were extremely short. The hon. member need not remind the minister of too many things. Just ask a question.

Some hon. Members: Hear, hear!

Mr. Benjamin: Madam Speaker, your remarks are very appropriate and I would be even happier had you directed them to other questioners earlier this day.

Now, since representatives of railway workers and members of this House—I even remember the former member for—

Madam Speaker: Order. The hon. member must ask his question forthwith.

Mr. Benjamin: Madam Speaker, considering the rare occasions that I have this opportunity, I ask only for one more minute of patience on behalf of the Chair.

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. The hon. member need not have a long preamble. He may ask a question, and I must say that some of his time has already expired and, if he is short, he may have his three questions. Otherwise, it will only be two.

Mr. Benjamin: Madam Speaker, you are probably right.

Some hon. Members: Hear, hear!

Mr. Benjamin: So may I ask the minister, since some 30,000 jobs have been done away with, and since the matter has been raised so often in Parliament, including by members of this House—

Mr. Epp: Well, who else?

Mr. Benjamin: —and since it was looked upon up until recent years as some kind of a narrow and selfish interest by railway workers, and because of the eradication of those jobs there is inadequate inspection and maintenance of railway rolling stock before it goes on the tracks, will he, under the authority he presently has under the Railway Act and the National Transportation Act, require the railways to restore whatever number of jobs are necessary to guarantee the inspection and maintenance of rolling stock, since the eye can detect defects sooner than computers?

Mr. Epp: Yes or no.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, yes.

Some hon. Members: Hear, hear!

Mr. Pepin: Seriously, Madam Speaker, I indicated a moment ago that inspection of railway cars, tank cars in particular, was a job accomplished by a number of people at different times, such as the shipper, the person who receives the car, the railway companies themselves, and the CTC. We have a great number of inspectors there, too. My hon. friend seems to be indicating that the railways do not take their role seriously enough. I will pass my hon. friend's remarks on to them and repeat to them—because I believe in the essential value of the message my hon. friend is delivering—that they have, with others, the responsibility of ensuring railway transportation safety.

• (1430)

REQUEST THAT DISASTER COMPENSATION FUND BE ESTABLISHED

Mr. Les Benjamin (Regina West): Madam Speaker, this happened not only in Orillia, but also in Coquitlam and one other location in British Columbia yesterday. I will say it before the minister does—one cannot stop all the accidents 100 per cent of the time. However, in the interests of adding to present and future regulations on safety and transportation, would the minister consider establishing a disaster compensation fund by a small surcharge on freight charges or by slight increases in taxes, so that all people can be compensated for damages or evacuation, immediately after any such mishap?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I understand that the railways are insured. This is a question which comes up fairly regularly.

Concerning the subject of safety, I want to emphasize that air safety, marine safety and railway safety have been a very great preoccupation of mine. My hon. friend will recognize that I brought in the bill on the transportation of dangerous goods. Since then, and it takes time, progress has been made in terms of bringing the provinces to pass legislation similar to ours, in terms of administrative agreements with the provinces, in terms of the appointment of inspectors and so on.

This afternoon I will issue a progress report on Grange's 15 recommendations. It indicates what has been done concerning each one of the judge's recommendations. I believe very much in safety, particularly railway safety. It will indeed cost the railways more money. We are trying to do the best we can. It takes a bit of time to do the best we can because of the many interests which have to be accommodated in this matter, as with everything else.

* * *

PUBLIC SERVICE

PUBLIC STATEMENTS BY PUBLIC SERVANTS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the President of the Treasury Board, and it concerns the repression being practised against some 300,000 Canadian civil servants who, the Prime Minister says, are free to speak about philosophy. In a letter to me dated February 22, with regard to Neil Fraser, the minister stated that while there are no explicit rules governing public statements by public servants, it has long been accepted as a condition of employment in the public service that public servants should not publicly criticize government programs or policies.

I would like to ask the minister was that condition negotiated with the public service unions, and when. Is it administered to persons when they join the public service? Can the minister produce in written terms, the condition of which he speaks?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the subject was exhausted, it seems to me, in exchanges in this House and outside the House last week.

Mr. Clark: Just wait.

Mr. Johnston: I do not believe the hon. member for Kingston and the Islands was present during those exchanges. The Prime Minister at no time said that public servants could only speak about philosophy. That particular exchange, I believe—

Miss MacDonald: That was the answer.

Mr. Johnston: —took place with the Right Hon. Leader of the Opposition, and he threw that out as a subject matter.

Miss MacDonald: The only one.

Mr. Johnston: I would also like to point out that there are rules of conduct. I mentioned this last week. They vary from department to department because the responsibility for the conduct of public servants has been delegated by the Treasury

Board to the deputy ministers who are responsible in each department across the government. These departments, in some cases, have codes of conduct. In fact I have one with me today, which is quite an elaborate code of conduct, of the Department of Employment and Immigration, and which has been in existence for many years. I understand, in fact, it was in existence while the opposition briefly formed the government in 1979 and early 1980.

Mr. Baker (Nepean-Carleton): We never had any problems like that, that I recall.

POSITIONS TAKEN BY GOVERNMENT

Hon. Flora MacDonald (Kingston and the Islands): I, too, have copies of those codes of conduct of which the minister speaks. However, I notice that he did not answer any of the questions I asked as to whether or not they are negotiated with the public service unions or whether they are just brought in for convenience at the time a minister thinks they can apply. For example, last November thousands of Canadians, including many public servants, demonstrated on Parliament Hill against the government's policy of high interest rates, unemployment, and mortgage costs. They carried placards and banners, and they made verbal protests. However, they were not suspended or fired. They were allowed to express their freedom of speech.

What is the difference in the case of Mr. Fraser, who did exactly the same thing? In this case, is the government being big and bold, and able to use bully boy, ruthless tactics, moving against a single individual, a single voice, using punitive action against him, when it took no action last autumn? What is the difference in Mr. Fraser's case?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the issue of conduct of any employee is a matter of judgment.

Some hon. Members: Oh, oh!

Mr. Johnston: It is clearly a matter of judgment. Perhaps that is not something with which the hon. member is familiar. However, it is a matter of judgment between employers and employees in any situation. It is generally recognized that public servants in any jurisdiction are not there to fan the flames of controversy on issues which are controversial at any particular period of time. But, generally speaking, the matter is not a black and white one. It is specifically provided in these codes of conduct, for example, that there is no problem with respect to matters of collective bargaining. I therefore suggest to the hon. member for Kingston and the Islands that she is trying to fan this particular issue entirely out of perspective.

Miss MacDonald: Do not worry; the whole country is.

Mr. Johnston: Mr. Fraser has every right to embark upon the avenues of appeal which are available to him. I understand he is doing so.

Oral Question

METRIC CONVERSION

COMMENTS MADE BY UNITED STATES AMBASSADOR

Mr. Bill Domm (Peterborough): Madam Speaker, the unemployed civil servant, Neil Fraser, said Canadians should continue to exercise their freedom of choice and that mandatory imposition of metric systems assaulted this freedom. For speaking this truth, he was fired. Last Friday it was reported that the United States ambassador to Canada thinks that the mandatory imposition of metric is rubbish, and predicted that it would be many years, if ever, before the United States switches, and that it might be detrimental to trade between our two nations.

Therefore I would like to ask the Secretary of State for External Affairs if he intends to recommend that Neil Fraser be reinstated for telling the truth, or does he intend to ask Washington to recall its ambassador for presuming to tell the truth to Canadians about the metric system, as Neil Fraser did? He lost his job.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I believe that the comments of the American ambassador, to which the hon. member refers, were made in his personal capacity. Certainly we have received no such representation from Washington.

Mr. Clark: What about Fraser?

Mr. Domm: Madam Speaker, I say to the minister that Neil Fraser's comments were made in the privacy of a public meeting, not while carrying out his duties as a member of the tax department.

Some hon. Members: Oh, oh!

Mr. Domm: Now the civil servants know where they can speak.

ORDER MAKING IMPERIAL MEASUREMENT ILLEGAL

Mr. Bill Domm (Peterborough): I would like to ask a question of the minister responsible for the Metric Commission. The white paper on metric imposition states that because of the close ties between Canada and the United States in science, technology, industry and commerce, each country has a special interest in the course likely to be followed by the other in respect of metric conversion. Those words were written by the former minister of industry, trade and commerce who is sitting beside the minister in this House. I would like to ask the minister why this government has reverted to an order in council making imperial measurement illegal without full parliamentary discussion in this House of Commons. Why did the minister do that? Why did the minister not implement the white paper, which Mr. Fraser was fired for referring to as the document which brought about the implementation of metric in Canada?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the hon. member should get his facts straight before making statements without any justification as he has done just now. It is totally false to give the impression that the Parliament of Canada has not spoken on this matter. Here in the House, we have had a debate in which all political parties supported the measure. There was also a bill to amend the Weights and Measures Act, which enabled the government to proceed with metrication. I may remind the hon. member that the bill was supported by Progressive Conservative members at the time.

* * *

• (1440)

[*English*]

THE ECONOMY

IMPACT OF PROPOSED CHANGE IN CROWSNEST PASS RATE

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, in the absence of the Minister of Finance my question goes to the Minister of Transport. It concerns the impact on the overall economy of the proposed changes in the Crow rate. The minister knows that we have certain geographical disadvantages in being a long way from a seaport, and he also knows that our competitors, the Americans, the Europeans and others, subsidize grain producers. He also knows that the export of grain meant over $5 billion last year to the Canadian economy.

What studies has the government undertaken as to the implication of changes in the Crow on Canadian trade, the balance of payments, and the value of the Canadian dollar; and will he give a commitment to the House to make these studies public so that we may have a chance to assess them?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the postulate is obviously wrong, and my hon. friend should know that the federal Government of Canada will continue to subsidize the transportation of grain. If he reads the announcement we made, he will come to the conclusion that the degree of subsidization will be even higher in the future than in the past. At the level of $800 million a year, on an export of $5 billion—the figure he has used—this is a fairly substantial degree of subsidization. So the postulate being wrong, the rest of the question is not relevant.

INQUIRY RESPECTING GOVERNMENT STUDIES

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I would very simply like the minister to answer the question. What studies have been undertaken by the federal government to assess the impact of the proposed changes on our balance of trade and the value of the dollar? I ask that question because the only study I have seen is one completed only a few weeks ago by a consultant named David Harvey, for the Minister of Agriculture, that said that with the changes in the Crow rate we would still have 1.9 million tonnes of grain less, which is about 9 per cent of our production. I simply want to know what studies have been undertaken, and will he make those studies public?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it must have been seen that under the effect of the system as it exists now the farmer pays money to purchase hopper cars through the Canadian Wheat Board. He is also paying money for the storage of grain that he might not have had to pay otherwise. According to the Canadian Wheat Board, he is losing sales around the world in some years, because of the inadequacies of the transportation system. So I think that, looking at it from the point of view of the farmer, and looking at it from the point of view of western Canada in general, there is a tremendous growth in export that will develop from the building of an adequate rail transportation system. If my hon. friend does not believe in that, he could take a trip to the west coast and see what is happening there, in terms of port developments that have been built in order to receive these goods coming from western Canada and going abroad, to all parts of the world.

GOVERNMENT POSITION

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, how can the federal government make a major change when it has not made any studies as to the impact of this change on the balance of payments and on the value of the Canadian dollar? Is the minister admitting to the House that it has not done any studies of the impact on our economy?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will see if any in-depth analysis has been made of that, but any child knows that if you have an adequate rail transportation system in the west, all these commodities that are going to double in production in the next five years and triple in the next ten years—I mean grain, I mean coal, I mean potash, I mean petro-chemicals, etc.—will be exported and the balance of the export-import trade of Canada will be improved.

* * *

CANADA POST

AGREEMENT ON HIRING OF PART-TIME LETTER CARRIERS IN SUMMER

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question is directed to the minister responsible for the Canada Post Corporation. The minister will know, I am sure, of the latest policy set up by the corporation pertaining to the hiring of part-time help to replace letter carriers this summer. He is probably also aware that the corporation has said that this agreement was arrived at with the letter carriers in order to allow it to hire part-time help, which it was not allowed to do before. Since this arrangement or agreement, Madam

Speaker, is not in the contract of the letter carriers' union and since it could be starting a precedent that we would not necessarily appreciate, I wonder if the minister could inform the House if he is aware of any other verbal agreements within the corporation, and, if so, what are they and, if not, does he feel that this verbal agreement should stand?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I shall be pleased to discuss the matter with the President of the Canada Post Corporation and obtain an answer for the hon. member.

[*English*]

ACTION TO CORRECT DISCRIMINATION

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I would have thought that by now the minister would have been informed. Possibly he should also approach the president on the fact that the corporation is stating that this would allow preference to be given to families of letter carriers for summer employment. In fact, the directive does not say "preference". It says they "will be selected from." That does not allow the postmasters any preference clause in the hiring. I would like to know, in my supplementary, is the minister aware of any action being taken to correct this discrimination and, if not, does he plan any action to correct this discrimination?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, those negotiations took place between union and management of the new Canada Post Corporation. The hon. member may not have realized that some changes have been made and that we no longer have a post office department but a Crown corporation. I shall be pleased to refer the hon. member's representations to the president of the corporation.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

ARCTIC NATURAL GAS PILOT PROJECT—CONDEMNATION BY GREENLAND

Mr. Keith Penner (Cochrane-Superior): Madam Speaker, I have a question for the Minister of the Environment. Earlier today he met with Premier Motzfeldt of Greenland. One of the items which the Premier of Greenland discussed with the minister was his concern about the Arctic Pilot Project, which is a plan to bring liquefied natural gas to the south, through the northwest passage by tanker down to the east coast. Last October the Greenland parliament unanimously condemned this project. I would like to ask the Minister of the Environment if he could tell the House exactly what steps are being taken so that these very legitimate concerns of Greenland—concerns, by the way, shared by many Canadians—are taken fully into account.

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, yes, I did meet earlier today with representatives of the Greenland government. It is true, as the hon. member has suggested, that they raised the question of the Arctic pilot project. I was pleased to see that the Greenland representatives and myself agreed that the need was for us to begin again the discussions which had taken place in the past. I believe that the last meeting took place in August, 1980. Both sides are in agreement that these discussions, which for one reason or another had not continued, should begin again.

* * *

FINANCE

CHANGE IN APPLICATION OF SALES TAX—POSSIBLE REMISSION OF EXCESS TAX

Mr. John Gamble (York North): Madam Speaker, my question, in the absence of the Minister of Finance, is for the Minister of State for Finance. I would direct his attention to a comment made in answer to a question raised in this House on February 12, made by the Minister of Finance, with respect to the intended change in the federal sales tax. He indicated at that time:

> There is absolutely no increased revenue from that particular change. There is absolutely no additional revenue coming to the treasury. I can assure the hon. member of that.

I wonder if the minister would care to confirm to this House that, in the event that any revenue should be generated in excess of what the treasury now obtains, there will be a remission of the excess tax.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I am glad the hon. member asked this question, and with the hon. member and other members of this House, I am also anxious to have an opportunity to discuss in committee the fundamental change that will consist in transferring the application of the federal sales tax from the manufacturing to the wholesale level. I also wish to confirm the answer given by the Minister of Finance, namely, that the point of this exercise is not to generate new revenue for the government but to remove a number of inequities that are present in our tax system and to make this part of our system more equitable for all Canadians. So the point is not to generate revenue, and if the tax percentage is applied to a larger amount, as we shall see in committee, the percentage of tax applicable will be reduced in such a way that no new revenue is generated.

• (1450)

[*English*]

INQUIRY RESPECTING GOVERNMENT'S INTENTION

Mr. John Gamble (York North): Madam Speaker, what the minister said was that there was absolutely no additional

revenue coming to the treasury. I ask the minister very simply, in the event that additional revenue does come to the treasury because we have changed the base and the rate, will the government remit that excess? It is a very simple question.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): The answer is as simple as the question, namely, since the assumption does not make sense, no answer is necessary.

* * *

[*English*]

PUBLIC SERVICE

RIGHT OF PUBLIC SERVANTS TO COMMENT ON PUBLIC POLICY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I will not comment on that assault on parliamentary democracy by the Minister of State for Finance. Let me direct a supplementary question to the President of the Treasury Board. He will have noted the response by his colleague, the Secretary of State for External Affairs, who drew an interesting distinction when he said that the United States ambassador, and I quote, "was speaking in his personal capacity". Does the government accept that Canadian public servants have the right to comment on public policy in their personal capacity?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the entire issue is one of what conduct is appropriate for public servants. As I indicated earlier, I firmly believe it is a question of judgment in each particular case. Clearly there is a difference between a public servant in one area of the bureaucracy commenting in general terms about a government policy and a senior public servant becoming involved in an issue of controversy, picketing, appearing on radio shows, whatever. Clearly there are questions of conduct which must be matters of judgment for the deputy minister to decide. Ultimately, if the deputy minister is wrong, just as if a private employer is wrong in determining that an employee has acted in a manner incompatible with his duties, the employer, in this case the Public Service Staff Relations Board, and ultimately the courts, if necessary, will determine whether the deputy minister acted improperly.

COMMENTS MADE BY DISMISSED KINGSTON PUBLIC SERVANT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister cannot shift this responsibility off to deputy ministers. The government has a responsibility to establish policy and to indicate the principles on which that policy is based. The Secretary of State for External Affairs has recognized that foreign public servants operating in Canada have the right to speak in their personal capacity. The Government of Canada has denied the right of public servants operating in Canada to speak in their personal capacity. That is the principle and the inconsistency here. There is one standard for Americans speaking in Canada and a quite different standard for Canadians speaking in Canada. That is what we find unacceptable.

Let me come to the specific instance. The minister will know that the only action Parliament has taken on the metric question has been to approve a measure which allowed voluntary implementation. An order in council was passed, which ran against the will of Parliament, imposing implementation. What Mr. Fraser did was speak the principle that parliament spoke. Is a public servant in Canada to lose his job because that public servant speaks the principles that Parliament speaks?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I have not nor do I intend to make any personal judgment with respect to the circumstances of Mr. Fraser. The Leader of the Opposition pleads his case very eloquently. I assume that similar representations will be made to the Public Service Staff Relations Board, and that body, which is there specifically to protect the interests of employees and employers, both ways, will ultimately decide whether Mr. Fraser was dealt with properly. I see no point in pursuing the issue here. It is purely one of judgment based upon the facts of a particular case. There are no overriding questions of principle involved. Surely the Leader of the Opposition expects certain conduct from employees. The issue is whether the conduct was appropriate or not appropriate. It is that simple.

REASONS FOR FIRING OF PUBLIC SERVANT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister is suggesting what the country already knows, that this government acts without any principle at all.

Some hon. Members: Hear, hear!

Mr. Clark: My question is to the Minister of National Revenue. The minister knows what Mr. Fraser said and what Parliament said. He knows that the only guidelines in the Department of National Revenue are draft guidelines, not guidelines that are actually in effect. Will the minister tell us why he fired Mr. Fraser?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, at the first instance of Mr. Fraser's conduct involving the press and in public, he was counselled that if he had certain things he wanted to say through certain channels, that was a different matter altogether; for example, if he had made his representation through his Member of Parliament. Mr. Fraser chose to bring this to the public forum, to use the media and to criticize government programs openly.

I would also make the point that I do not think it is right that Parliament be substituted for a legitimate grievance procedure. There is a grievance procedure and that procedure is being followed. I do not feel it is right for Parliament to judge what is legitimately the judgment of another body.

Mr. Clark: Martial law.

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF HIS EXCELLENCY MR. GEORGES RAWIRI, VICE-PRESIDENT OF GABON

Madam Speaker: I am pleased to draw the attention of the House to the distinguished presence in our gallery of His Excellency Mr. Georges Rawiri, Vice-President of Gabon.

Some hon. Members: Hear, hear!

* * *

[*English*]

INDIAN AFFAIRS

LAND CLAIMS SUBMITTED BY HAIDA, NUUCHAHNULTH AND HEILTSUK

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. In the fall of 1980 three Indian nations on the Pacific coast, the Haida, Nuuchahnulth, and the Heiltsuk submitted land claims. One and a half years later they have not been told whether or not these claims have been accepted for negotiation. Last fall departmental officials said they would be told as soon as the Department of Justice had reviewed them. Can the minister tell the House today whether these claims have been accepted, and will he assure the people involved that there will be no offshore drilling for oil or gas until these claims have been settled?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, as the hon. member may be aware, there has been more progress with respect to the acceptance and negotiation of land claims in the last year and a half than there has been in the entire history of Canada. With respect to these particular claims, there is no doubt about the complexities involved. I will check to see when Justice will be ready to give an indication one way or the other. I am fully aware of some of the concerns of the Indians involved, and will try to inform the hon. member as soon as I can. That decision is not yet ready.

KASKA DENA CLAIM IN NORTHERN BRITISH COLUMBIA

Mr. Jim Manly (Cowichan-Malahat-The Islands): After one and a half years these people are entitled to an answer. Two weeks ago the Kaska Dena Council submitted a comprehensive land claim for northern British Columbia. Since the Kaska Dena people are threatened by the impact of two megaprojects, the Alaska Highway natural gas pipeline and the proposed Liard power project, will the minister promise the House that these people will not have to wait a year and a half for an answer to their claims? Also, will he guarantee that neither of these megaprojects will proceed before their claim is settled?

• (1500)

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, it is not within my competence, or perhaps even within the federal government's competence, to state right here that we can stop megaprojects. I would imagine that the B.C. government might have some considerable say with respect to what goes on in terms of the jurisdiction of that government with respect to megaprojects.

I can tell you that the Kaska people were in, and there is no doubt about it that the two megaprojects to which the hon. member makes reference will certainly have significant impact on the traditional lifestyles of the Kaska people. I indicated to them that I would tell the Department of Justice of the urgency of the situation and that some indication should be given because of that fact.

The other situation concerns moneys being made available to the Kaska people to study the potential impact of these megaprojects. We have made some moneys available to them for that purpose. I am looking at the prospect of making further moneys available to them for that purpose next year. They also indicated that if the megaprojects do go ahead they would want to have some economic development moneys in order to be in a position to participate in the employment opportunities afforded. This is in addition to the impact moneys. I indicated we would look sympathetically upon that.

* * *

PRIVILEGE

MR. DOMM—ALLEGED CONTEMPTUOUS COMMENTS MADE BY PUBLIC SERVANT—RULING BY MADAM SPEAKER

Madam Speaker: On Wednesday, February 24, the hon. member for Peterborough (Mr. Domm) raised a question of privilege arising out of certain words spoken by two employees of the Metric Commission. The first problem I have with this question of privilege is that it does not appear to have been raised at the earliest opportunity. However, after taking the matter under advisement I am now prepared to deal with it.

The hon. member names two people in his submission, both employed by the Metric Commission and both, according to the hon. member, used words which the hon. member found to be objectionable.

The question whether the use of such language against a member of Parliament by public employees warrants their dismissal is not a matter for the Chair. I am concerned only with whether the matter should be given precedence over other business so that the House can deal with it immediately.

As the hon. member recognized in his submission, in order to constitute a contempt or breach of privilege, words reflecting on Members of Parliament must, in the the words of Erskine May, "concern the character or conduct of the member in that capacity". On page 136 of May's nineteenth edition, we also find the following:

It may be stated generally that any act or omission which obstructs or impedes either House of Parliament in the performance of its functions, or which obstructs or impedes any member or officer of such House in the discharge of his duty, or which has a tendency, directly or indirectly, to produce such results may be treated as a contempt even though there is no precedent of the offence.

Parliamentary privilege is based on the need to protect members from any action tending to obstruct, or intimidate them or impair their effectiveness in the discharge of their duties. It is not designed to protect them from criticism, however strong, even when the language used might be excessive. The hon. member himself quoted the words of a British select committee report, cited in a ruling of my predecessor on June 23, 1977, which is as follows:

—the House should be slow and reluctant to use its penal powers to stifle criticism or even abuse, whether of the machinery of the House, of a member or of an identifiable group of members, however strongly the criticism may be expressed and however unjustifiable it may appear.

He went on to quote further words from the same report:

Nevertheless, a point may be reached at which conduct ceases to be merely intemperate criticism or abuse and becomes or is liable to become an improper obstruction of the functions of Parliament. For such cases, however rare, the penal powers must be preserved and the House must be prepared to exercise them.

I would point out that the whole thrust of the report from which the hon. member quoted was to discourage the raising of questions of privilege based upon abusive language. It is recommended that where a member feels he has been libelled or slandered, he should seek his remedy through the courts. I shall quote two of the recommendations of that select committee report:

In the future exercise of its penal jurisdiction the House should follow the general rule that it should be exercised (a) in any event as sparingly as possible and (b) only when the House is satisfied that to exercise it is essential in order to provide reasonable protection for the House, its members or its officers, from such improper obstruction or attempt at or any threat of obstruction as is causing, or is likely to cause, substantial interference with the performance of their respective functions.

In the ordinary case where a member has a remedy in the courts he should not be permitted to invoke the penal jurisdiction of the House in lieu of or in addition to that remedy—

It is relevant to refer at this point to the case alluded to by the hon. member for Yukon (Mr. Nielsen) in the course of his intervention. That case, in which certain members who represent the province of Quebec in this House were described as traitors in an advertisement published in a Quebec newspaper, was not raised here as privilege. Rather, the members concerned sought a remedy through the courts.

The question for the Chair to determine, therefore, is whether it is possible to sustain an argument that the words complained of by the hon. member constituted an obstruction of the hon. member in the discharge of his functions. Has his effectiveness as a member been impaired? Have the words uttered prevented the hon. member from discharging his duties in any way?

In a free society we must accept that the line between fair comment and abuse is sometimes thin indeed. Those of us who enter public life are frequently the targets, not only of criticism, both justified and unjustified, but also of abuse. As the hon. member for Yukon pointed out, it has been many years since anyone was brought before the bar of this House to answer for a contempt. I suggest that if such action were taken on every occasion when a member of this House was a target of abuse, we should be summoning a very large number of people to the bar.

Although the hon. member finds the word "redneck" to be contemptuous and insulting, I cannot find that this alone amounts to a prima facie case of contempt of Parliament. With regard to the other comment, I suggest that the use of the words "that is not true" do not of themselves constitute an accusation of lying. Two people may dispute the facts of a matter in completely good faith without either of them being liars.

There are several relevant precedents of this House, and I will now refer to one in particular dealing with virtually the same point. On June 18, 1975, the hon. member for Leeds (Mr. Cossitt) made a submission, claiming he had been the victim of attempted intimidation when he was attacked on a CBC radio program and described as a "McCarthyite" and a "screwball". The Chair gave an immediate ruling in the following terms:

—his privileges as a member of the House of Commons, his right to appear here and to participate fully as an active member of the House, his right to speak and to express his opinions, have not in any way been interfered with. Nor do I see that his rights would be interfered with by any commentary, editorial writer, speaker, television president or otherwise throughout the country. No member is subject to such intimidation, and certainly it does not seem to me that the hon. member has been intimidated in theory or in fact. Therefore, I do not consider that a question of privilege is involved.

I must therefore decline to accord this matter precedence over the regular business of the House, particularly in view of the fact that it does not appear to have been raised at the earliest opportunity. This requirement is not a mere technicality, but indeed in some respects a test of the validity of the complaint.

MR. BEATTY—ALLEGED BREACH OF SAFE CONTAINERS CONVENTION ACT

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, on Friday I gave notice of my intention to raise a question of privilege today. When I did so, I did not realize that the significance of the particular regulation in question would be underscored by the accident which took place near Orillia yesterday.

The reason for raising this question of privilege is that Parliament is being impeded in discharging its responsibilities due to the failure of the government to comply with the law as passed by this Parliament. I should also indicate that I have given notice to the Minister of Transport (Mr. Pepin), who was the minister sponsoring the particular order in question, of my intention to raise this question of privilege.

Mr. Pepin: Five minutes ago.

Mr. Beatty: The particular regulation which I have in mind is an order under Section 8 of the Safe Containers Convention Act. The order itself is the Safe Containers Convention Act

Amendments Order, 1981, which was made on January 21 of this year and registered on January 22. It is SOR 82-156. The point that I would like to make this afternoon in explaining my question of privilege is that the government's failure to comply with the law as stated by Parliament prevents Parliament and the members of this House of Commons from discharging their responsibilities as members of the House.

I listened very carefully to the description which your Honour gave, I think quite properly, earlier this afternoon about what constitutes privilege. You stressed the fact that to demonstrate that privileges were being breached one had to demonstrate that action had been taken which impeded Members of Parliament from discharging their responsibilities, which affected the ability of this House of Commons to act. While that is a relatively conservative construction of what constitutes privilege in this House, I think it is absolutely correct, and I think it is absolutely applicable in this particular case I am raising today.

• (1510)

I refer Your Honour to the Safe Containers Convention Act and, in particular, Section 8 of the act, which gives the government the authority to amend, by order, the schedule to the act. Section 8(2) of the act provides the following:

An order under Subsection (1) shall be laid before Parliament not later than the tenth sitting day of Parliament after it is issued.

In this particular case the order was issued on January 21. It was registered on January 22. It is now March 1. Parliament has sat for more than a full month since the issuance of that order, and yet, as best I have been able to ascertain, the government has still not yet complied with Section 8(2) of the act.

Why is this particularly important to Parliament? It is important for a very good reason, and that is that Section 8(4) of the act provides:

Where a motion for the consideration of the House of Commons or Senate is filed as provided in Subsection (3) with respect to a particular order referred to in Subsection (2), that House shall, not later than the sixth sitting day of that House following the filing of the motion, take up and consider the motion, unless a motion to the like effect has earlier been taken up and considered in the other House.

Subsection (3) provides:

An order referred to in Subsection (2) shall come into force on the later of

(a) the thirtieth sitting day of Parliament after it has been laid before Parliament pursuant to that subsection, and

(b) the day provided in the order

unless, before the twentieth sitting day of Parliament after the order has been laid before Parliament, a motion for the consideration of either House, to the effect that the order be revoked, signed by not less than fifty members of the House of Commons in the case of a motion for the consideration of that House and by not less than twenty members of the Senate in the case of a motion for the consideration of the Senate, is filed with the Speaker of the appropriate House.

In other words, what the law provides is, first, that the government must lay before Parliament within ten sitting days an order issued under the act. Second, it provides that 50 members of this House can put down a motion to disallow the order amending the schedule to the act which was previously laid before Parliament. Presumably it is not possible for 50 members of the House of Commons to lay down a motion proposing that the order be disallowed unless that order is first before Parliament. As yet the government has not complied with the law. Its failure to comply with the law prevents members of Parliament from putting down the motion that is specifically referred to in Subsection (3). Indeed, the government's failure to comply with the law prevents the consideration of the motion which is specifically provided for in Subsection (4). The House of Commons is required to hold a debate to consider that motion within six days of the motion's being tabled to consider the order which has been laid before the House. Parliament cannot do that. This House of Commons cannot hold that debate because we cannot yet put down a motion to disallow the order which has not been placed before Parliament.

If it were simply that the government was acting illegally and that did not in any way affect Parliament's rights and responsibilities or its ability to act under the provisions of the law, then it could properly be stated that this was a matter for the courts to determine and it was not a matter properly before Parliament. In an instance such as this, however, the government's law-breaking affects the ability of each member of Parliament to discharge his or her responsibilities in this House.

I want to expand briefly upon that because I think that is the crux of the issue Your Honour will be asked to decide this afternoon. The first point I would like to make is that this was not a matter which was frivolously put in there by Parliament. It was recommended by the government that the government have a positive onus put upon it to lay the order before Parliament within ten sitting days. That decision was consciously made by the government. It was consciously passed by this Parliament. It was not a frivolous decision.

Second, there is clear and valid reason for that being included in the act. The government and Parliament both felt it was sufficiently important that Parliament should have the opportunity to consider an order made amending the schedule to the act and possibly to strike down that order or disallow it if need be that they wrote that provision in there, and Parliament cannot act in that way unless the government has first complied with the law. Its failure to comply with the law impedes Parliament in discharging its responsibilities.

I should stress that the government itself in passing the law provided in Section 7 that it would be an offence to contravene provisions of the law and, indeed, it provides for a fine of up to $5,000 for anyone contravening a provision of the law. Section 7(1) reads as follows:

Every person who contravenes a provision of this act or the regulations is guilty of an offence and is liable on summary conviction to a fine not exceeding five thousand dollars.

The government may very well claim that the Minister of Transport (Mr. Pepin) is somehow immune from that section, but what it does underscore is that when this law was passed Parliament and the government felt that compliance with the law was sufficiently important that there should be sanctions

put in place for those people who would choose to disobey the law. For the government to maintain one standard for itself of a disregard for elements of the act and a totally different standard for anyone else in the country is, I think, totally indefensible and certainly not something that Parliament—and you, Madam Speaker, as the custodian and the guardian of Parliament's rights—should be prepared to allow.

One of the important questions to be determined is whether, as I said earlier, this is simply a legal question which is up to the courts to decide or whether in fact it is a matter properly before Parliament. I argue that the fact is that this has become part of the procedures of this House. It has become part of the operating procedures of this House and, indeed, one of the subsections of Section 8 of the act, Subsection (4), specifically puts a positive onus on the House of Commons. We do not have the luxury of ignoring the law in the way the minister has. If in fact the order had been properly tabled in Parliament within ten days and if in fact 50 members of the House of Commons on either side had put down a motion to consider the order, Parliament would be required, within six sitting days, to act upon that motion, and Your Honour, as the Speaker, would be required to comply with the law of the land.

So Section 8 clearly affects the operating procedures of this House of Commons. Not only does it provide the ability to Parliament to discharge its responsibilities and to examine a piece of delegated legislation made under its authority, but it goes beyond that. Subsection (4) puts a positive onus on the House to act within a certain specified number of days and, consequently, it would be impossible to argue that this section of the act does not constitute part of the operating procedure of this House of Commons.

I bring to the attention of the Chair pages 138 and 139 of Erskine May, which deal with the question of the importance of such a matter being considered part of the operating procedures of the House. In Chapter X, "Breaches of Privilege and Contempts", under the section "Disobedience to Rule or Orders of Either House" Erskine May states:

> Disobedience to the orders of either House, whether such orders are of general application or require a particular individual to do or abstain from doing a particular act, or contravention of any rules of either House is a contempt of that House.

At page 139 Erskine May lists examples of possible contempts, and "neglecting to make a return" is one of them. I argue that even if Subsection (4) of Section 8 of the act was not there and even if there was not a positive onus upon Parliament to act within a certain specified number of days, the citation from Erskine May would still be valid, but it is doubly valid because of the fact that when Parliament passed that act, we specifically put an onus on ourselves in complying with the law to act within a specified number of days, within six sitting days of a motion being put down for consideration and possible disallowance.

It could also be argued by the government that somehow this is a matter which could properly be considered by the courts. I suspect that if the government were to take a look at Section 7 and the provision which imposes a fine of up to $5,000 on people who are responsible for infractions of the act, the government would feel that did not apply to it, but it might very well say that questions relating to the enforcement of Section 8 of the act would require the courts to take a particular decision.

• (1520)

I would argue, in response, that the procedures described in the Safe Containers Convention Act are internal proceedings of the House and might very well be beyond the jurisdiction of the courts. In that respect I cite Erskine May's nineteenth edition, pages 199-201.

If you accept that point which complements the first point that I made, Madam Speaker, then it follows, using the May citation, that the courts may very well not be able to adjudicate the matter. Therefore, Madam Speaker, it must be your responsibility to ensure that the government complies with the law if what we are dealing with is something that the government may claim is beyond the enforcement powers of the court. I do not know that the government will make that argument, but if it does, clearly that strengthens your position as the sole custodian of Parliament's rights and the person charged with the responsibility of making sure that the law of the land is complied with.

Lest anyone claim that there was a relevant precedent on a similar matter on February 1, 1979, which would sustain the government's failure to act in this instance—its clear breach of the law—let me deal briefly with that point.

On February 1, 1979, as recorded at page 2789 of *Hansard*, my colleague the hon. member for Fraser Valley West (Mr. Wenman) rose on a question of privilege. He pointed out that the government had not complied with the law as it related to the tabling of the annual report of the Canada Council. In that instance the law required that within a certain number of days the annual report of the Canada Council be tabled in the House by the then secretary of state. In response the minister indicated that he did not have the report and therefore was not able to comply with the law and could not be forced to do so.

Mr. Speaker Jerome indicated very clearly that his decision was based precisely on that answer. At page 2791 he stated as follows:

> For the moment the Secretary of State has put that point to rest because he has indicated he does not have the report. I must accept his word. If he does not have the report, he obviously cannot refer it to the House. If the report is in his hands at a later time, or if in fact there is some action to be taken against the chairman for failing to file the report with the Secretary of State, that may be so.
>
> The essence of the hon. member's question of privilege at this time is the refusal of the Secretary of State to ensure examination of the report by Parliament. The minister told the House today, and I must accept it, that he does not have the report and therefore cannot ensure that at this time. There may be other matters the hon. member may wish to raise on further investigation. However, for the moment any question of privilege which is today related to a refusal of the Secretary of State has to be set aside subject, of course, upon further examination by the hon. member, to any action which might relate to a failure on the part of the chairman and the council itself.

Let us consider this very carefully, Madam Speaker. This particular precedent differs from what we are considering

today because the then secretary of state was able to say to the Chair and to the House—and the House was obligated to accept his assurance that his answer was factual—that he was unable to comply with the law because a report which he was required to table in Parliament had not yet been furnished to him; consequently, he could not table a report which had not been made available.

I stress that such is not the case in this instance. The Minister of Transport or some other responsible minister is required—

Madam Speaker: Order, please. Perhaps the hon. member could enlighten the Chair by telling me from the decision he is quoting precisely on this matter, the failure to table a report, whether the Speaker found there was a prima facie case of privilege. Perhaps he could continue with that decision. He seems to have an important piece of paper in front of him.

Mr. Beatty: Madam Speaker, that was the conclusion of the Speaker: because the then secretary of state said he could not table a report he did not have, that did not constitute a question of privilege in itself. The Speaker held open the possibility that had the minister had in his possession a copy of the report, that might very well have constituted a question of privilege. The relevant sentence reads as follows:

> If the report is in his hands at a later time, or if in fact there is some action to be taken against the chairman for failing to file the report with the Secretary of State, that may be so.

In other words, the important distinction to be made is that in that instance the Speaker found there was not a question of privilege because the minister could not be forced to table a report which he did not have.

Mr. Speaker Jerome made it very clear that he left open the possibility that it might have constituted a breach of the privileges of members of the House if the minister had the report and had simply chosen not to comply with the law.

The distinction I should like to make in the instance before us, Madam Speaker, is that the Minister of Transport or whoever the appropriate minister may be to lay this instrument before Parliament cannot claim that he does not have access to it. It is an order made by the governor in council issued on January 21 and registered on January 22. No argument could be made that the government did not have in its possession an order made under the act. Clearly it is something that the government had and could have chosen to table at any time had it chosen to comply with the law.

On the strength of a reading of Mr. Speaker Jerome's ruling I would argue, first of all, that the fact that he ruled there was not a question of privilege because the minister did not have a copy of the report in question in his possession does not invalidate the point I make today. In fact, the government does have in its possession the order that it is required to lay before Parliament.

Second, I would argue that a reading of the decision by Mr. Speaker Jerome makes it clear that he was leaving it open that had the minister had the report in his hands—and he denied having it—that might very well have constituted a question of privilege.

In any case, Madam Speaker, I think the fact that there is a positive onus upon Parliament to act within a specified number of days after the tabling of the order in Parliament adds further weight to the argument that this is a bona fide question of privilege. It means that if Parliament is to act at all, if it is to have a motion to consider the order when it is laid before Parliament, with the possibility of disallowing the order, it must act within a specified number of days. That includes having a debate within the specified number of days. That may not be the case in the instance of the reports of the Canada Council or other reports that are required to be tabled in Parliament, but I think it adds weight to the importance of the government complying with the law. It also adds urgency to the need for the government to table that order before Parliament so that it can discharge its responsibilities.

In sum, Madam Speaker, that is the argument I want to make today. Let me simply capsulize it by saying that no one can argue that the government has complied with the law. Section 8(2) of the Safe Containers Convention Act makes it very clear that the government has an obligation to act within ten sitting days of the order being tabled. That has not been done. Parliament has been sitting for over a month since the order was made.

There is a positive onus upon Parliament to act. It is clearly part of the operating procedures of this House. Parliament is being obstructed in the discharge of its responsibilities.

If members of the House were to review the ruling that Your Honour made earlier today in defining, quite properly, what constitutes a breach of the privileges of members of the House of Commons, they would see that it is clear that action which obstructs Parliament and obstructs an individual member from discharging his or her responsibilities is a breach of the privileges of all Members of Parliament.

I have one final point, Madam Speaker. The government may make two claims. First, because Parliament included a provision in Subsection (3) that said that the order would not come into effect until the later of either the thirtieth sitting day of Parliament after the order has been laid before Parliament or the day provided in the order, perhaps the government would argue that there is no injury in this instance; that the order is not being activated at the present time because it has not been properly laid before Parliament. Consequently, it could argue that no one's rights have been jeopardized in the interim.

I would argue that that claim would not be valid, Madam Speaker. The government has a positive onus under the law. For Parliament to discharge its responsibilities requires that the government obey the law. To claim that there has not been injury to Parliament's ability to discharge its responsibility would be patently false.

• (1530)

Let me elaborate on that briefly by saying that the very fact that the government recommended the bill to Parliament when

it brought it before Parliament that Parliament included in the statute a provision whereby an order made under the act would not come into force until 30 days after it was laid before Parliament underscores the importance in the minds of members of Parliament and of the government of the requirement to lay the order before Parliament. If Parliament had considered it a frivolous matter, we would not have required, and the government would not have recommended to Parliament in proposing the act, that the order could not come into effect until 30 days after it was laid before Parliament. This underscores the importance in the minds of Parliament and of the government of the day that it must be brought before Parliament.

It could also be argued by government that Parliament will still have the authority, if we choose at a later date, to put down a motion with 50 attached signatures and require that a debate be held on the consideration of the particular order, with the possibility of disallowance. It may very well be claimed the fact that may still be held at a later date means there will be no injury to the rights of Members of Parliament. I would say that is false. When the government has a positive onus put upon it by the law to act within a specified number of days,when the timetable of Parliament flows out of it, and Members of Parliament have a specified 20 days after the laying of the instrument before Parliament to put down a motion, and when within six days of that we must have a debate in the House of Commons, it is very clear that Parliament's ability to discharge its responsibilities is being obstructed at the present time.

No attempt by government to bring itself back into conformity with the law when it is breaking the law today rectifies the fact that today there is a grave impediment to Parliament's ability to discharge its responsibilities. In other words, it is false to suggest that if the government complies with the law at a later date, it makes everything all right, wipes the slate clean and there is no damage done to Parliament. Clearly Parliament has a responsibility to act and that ability is contingent upon the government's compliance with the law. If it obstructs Parliament today, the fact that it will remove the obstruction at a later date does not mean that there was not in fact at the time a bona fide breach of privilege.

I know it is a complex point, but I think it is a very important one for all Canadians, particularly for hon. members of the House. Parliament has a responsibility in protecting its rights and the rights of all Canadians to ensure that government sets an example of obedience to the law. When the government, with its own flagrant lawbreaking, takes an action which is clearly in breach of the rights and privileges of Members of Parliament, it sets a very sad example for other Canadians and it undermines respect for the rule of law in the country.

I thank Madam Speaker for the time to enable me to argue this complex case. If Your Honour finds that I have a prima facie case of privilege, I would be prepared to move, seconded by the hon. member for Provencher (Mr. Epp):

That the government's failure to lay before Parliament an order made under Section 8 of the Safe Containers Convention Act, as required by Subsection (2), stand referred to the Standing Committee on Privileges and Elections for study and report.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I am not particularly familiar with the facts of this case.

Mr. Epp: That never stopped you before.

Mr. Smith: But assuming that they are as set out by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty), I do not see where it would draw the factual situation which he pointed out within the very narrowly defined ambit of what constitutes privilege. I have searched Beauchesne's and I do not see anything in Beauchesne's which would draw it within that ambit. It would seem to me that the only authority the hon. member was able to cite, which he felt would draw it within the ambit of privilege, is found on page 138 of Erskine May, which refers to disobedience to the orders of either House, whether such orders are of general application, etc. Then a number of examples of those types of orders are given on page 139. They include things such as neglecting to make a return, neglecting or refusing to withdraw from the House, etc.

I submit that there is a fundamental difference between an order of the House and the enforcement of the law in general. If the hon. member is suggesting, as it seems to me, that somehow Madam Speaker is to become the arbitrator as to whether or not the government, like any other citizen, must conform to the law, it would place the Chair in an impossible position. We would be really usurping the legitimate function of the courts. We would not be able, because of the rules of Parliament, to hear evidence provided by witnesses according to the strict rules of evidence, and things such as that.

What we really have here is something which belongs in the courts. There may or may not be jurisdiction in the courts, but who is to say until it has been tested? Certainly that is the place for an issue of this nature to be resolved, not in the House of Commons, taking up time we would like to use to pass important legislation.

Madam Speaker: I will reserve on this question. At first blush it looks like a matter of compliance with the law rather than compliance with an order of the House. The hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) gave a very structured argumentation, but I must remind him that his quotation of Erskine May related to orders of the House, not to compliance with the law. In this respect the quotation was not entirely helpful. He quoted a precedent at which I would like to look, although I have other precedents of decisions taken in similar matters where quite clearly the Speaker refrained from determining what is a matter to be complied with according to the law and what is a matter for the Speaker to deal with. In case the precedent of the hon. member is relevant, I want to look at it before I make a decision.

MR. McDERMID—FAILURE TO DISTRIBUTE PRESS RELEASE

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I have given notice of a question of privilege, and I will be brief. It arises out of an incident which took place toward the end of last week but came to my attention early this morning. It pertains to material being distributed to Members of Parliament through the distribution service of the House of Commons.

In the past, material has been presented by various organizations that wish to make representations and to pass on certain information to Members of Parliament. As is required, they provide certain quantities of French and English versions of the information to the post office or the distribution centre. Over the past number of years releases have been distributed to Members of Parliament.

Last Friday a press release was distributed by the Canadian Air Traffic Control Association, as has been done many times for many years. We have all received such releases through the distribution service. Mr. Richard Mallette, who identified himself as a supervisor for the House of Commons post office, made the decision to censor the material and refused to distribute it to Members of Parliament. The particular press release concerned the firing of Mr. Neil Fraser. Because this has caused so much controversy in the last while, and because air traffic controllers have always been able to distribute press releases in the past, whether or not they criticize the government—most of them were critical of the government—I feel the supervisor in the House of Commons post office does not in fact have the right to go through this material and to make a decision on what material should or should not be distributed to Members of Parliament.

Madam Speaker: Order. I am somewhat uneasy about having the conduct of members of the staff of the House of Commons discussed in the House. I would rather think that this is a matter of management, which is under my jurisdiction. I would prefer the hon. member to come and see me with his complaint. I will investigate it to see whether he has been deprived of privileges which he should enjoy as they relate to services provided by the House of Commons. Obviously he knows it is not a question of privilege or a point of order. I suggest that this matter would be better settled if he came to see me, made his complaint, and then I investigated the matter.

* * *

ENERGY SECURITY ACT, 1982

MEASURE TO ESTABLISH

On the Order: Government Bills (Commons):

Second reading and reference to a Committee of the Whole of Bill C-94, An Act to amend and enact provisions related to the Petroleum Administration Act, the National Energy Board Act, the Foreign Investment Review Act, the Canada Business Corporations Act, the Petro-Canada Act, the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act; to repeal the Energy Supplies Emergency Act; to amend an act to amend the Petroleum Administration Act and the Energy Supplies Emergency Act; to amend the Adjustment of Accounts Act; and to enact the Petroleum Incentives Program Act, the Canadian Ownership and Control Determination Act, the Energy Monitoring Act and the Motor Vehicle Fuel Consumption Standards Act.—*The Minister of Energy, Mines and Resources.*

Point of Order—Mr. Andre

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I rise on a point of order respecting Bill C-94 which I mentioned to the Chair last Thursday. The bill was given first reading last Friday and I have had the weekend to look at it.

● (1540)

In my view, this Energy Security Act, Bill C-94, is plainly and simply out of order. Standing Order 69 states:

No bill may be introduced either in blank or in an imperfect shape.

"Shape", according to the Oxford Concise Dictionary, is a synonym for "form". Therefore, a bill according to Standing Order 69 must not be in imperfect form. The question of a bill's form is extensively dealt with in our parliamentary authorities, such as Beauschene and Erskine May, and I will show that the energy security bill violates not just one but several requirements as to form. To be precise, six requirements.

The title of the energy security bill is as follows:

An act to amend and enact provisions related to the Petroleum Administration Act, the National Energy Board Act, the Foreign Investment Review Act, the Canada Business Corporations Act, the Petro-Canada Act, the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act; to repeal the Energy Supplies Emergency Act; to amend an Act to amend the Petroleum Administration Act and the Energy Supplies Emergency Act; to amend the Adjustment of Accounts Act; and to enact the Petroleum Incentives Program Act, the Canadian Ownership and Control Determination Act, the Energy Monitoring Act and the Motor Vehicle Fuel Consumption Standards Act.

That is the title of an omnibus bill with a capital "O" and a capital "B". Indeed, I would argue that it would be more accurately described as an "omnifarious" bill, meaning of all sorts, or perhaps an "omnific" bill, meaning all-creating. Certainly there has never before in the history of Parliament been included in one proposed bill such an incredible hodge-podge and mish-mash of such disparate items.

The Chair is well aware that the question of omnibus bills has been raised in this House on several occasions in the past. Various Speakers, including yourself, Madam Speaker, have made rulings on this question, but I will argue that Bill C-94 goes far beyond anything previously introduced in this House, far beyond anything on which Speakers have heretofore been requested to rule.

On the general question of omnibus bills, I would like to refer the Chair to the very excellent ruling made by your predecessor, the Hon. Lucien Lamoureux, as reported in the House of Commons *Journals* for January 26, 1971, at page 284. Commenting on the fact that omnibus bills had been introduced in the House of Commons in the past, he went on to say:

However, where do we stop? Where is the point of no return? The honourable member for Winnipeg North Centre, and I believe the honourable member for Edmonton West, said that we might reach the point where we would have only one bill, a bill at the start of the session for the improvement of the quality of life in Canada which would include every single proposed piece of legislation for the

session. That would be an omnibus bill with a capital "O" and a capital "B". But would it be acceptable legislation? There must be a point where we go beyond what is acceptable from a strictly parliamentary standpoint.

Mr. Lamoureux then went on to say that having reached second reading—and that was the time at which this point of order was raised to which he was referring—it was basically too late to take such drastic action suggested by the point of order, namely, that the bill be split up, and he said that in future such questions should be raised at first reading.

This is what I am doing today. Mr. Lamoureux then went on to say:

—it is much easier for the government to go back to the legislative mill to where bills are prepared, to the judicial luminaries of the Department of Justice for the consideration of Parliament.

If I may say so, I think that even those very learned gentlemen should take into account that this is an aspect of a matter that is of interest to all honourable members, of interest I am sure to the government, and certainly of interest to the Chair, namely that there must be a point where an omnibus bill becomes more than an omnibus bill and is not acceptable from a procedural standpoint.

Mr. Lamoureux, in order to emphasize this point a third time in his ruling, stated:

Having said this, I would have to rule—if I must rule—that the government has followed the practice that has been accepted in the past, rightly or wrongly, but that we may have reached the point where we are going too far and that omnibus bills seek to take in too much. All honourable members should be alerted to this difficulty of which the Chair is fully conscious.

My colleagues and I will show the Chair that this bill, in the words of Mr. Speaker Lamoureux, "goes too far" and, therefore, it is unacceptable "from a procedural standpoint." Mr. Speaker Lamoureux suggested in his ruling that when another omnibus bill is proposed to the House it should be scrutinized at first reading, when all hon. members would be given an opportunity to express their views, and the Chair could express its view as to whether the bill goes too far or is acceptable from a procedural point of view. This, Madam Speaker, is what I am doing.

To establish the omnific and disparate nature of Bill C-94, one need go no further than to the press backgrounder supplied by the Minister of Energy, Mines and Resources (Mr. Lalonde) last Friday after tabling the energy security bill here in the House. While this bill contains eight parts plus six schedules and would amend 11 existing acts and create five new acts, the press backgrounder supplied by the Minister of Energy, Mines and Resources divides the contents of this bill into seven separate stand-alone, independent subject matters. From the minister's statements these are, first:

A. Petroleum Incentives and Canadian Ownership and Control.

This part "A" is made up of the new petroleum incentives program act; the new Canadian Ownership and Control Determination Act; amendments to the Canada Business Corporations Act, as well as amendments to the Foreign Investment Review Act.

This group of two amendments to existing acts plus the creation of two brand new acts, although spread throughout the bill, do in fact stand alone as a single item. The principle involved here, in the words of the minister is:

To implement and support the new incentives system for the oil and gas industry envisaged in the National Energy Program.

There is nothing else in Bill C-94 dependent upon these provisions, nor do these provisions depend on any other cautions or parts of the energy security bill. Those two new acts and two new amendments are in fact a stand-alone part that in no way are related to the rest of the bill or depend on the rest of the bill. Nor does the rest of the bill depend upon these parts.

Part B of the bill is energy monitoring. In the words of the minister this involves:

The new energy monitoring act replaces the Petroleum Corporations Monitoring Act and will enable the federal government to obtain on a regular basis complete information on the activities and financial performance of enterprises that have more than $10 million in oil and gas annual revenue or $10 million in assets.

Here again, Madam Speaker, these provisions stand absolutely alone. The principle involved here is to require oil and gas companies to supply the government with certain information about their activities. This has nothing to do with Part A of the bill, and no other part of the act depends on this. This is a stand alone provision. Whether it is desirable or not is something which this House should have the right to decide. It is in no way connected to other parts of the bill.

Part C deals with energy administration. This portion, which the minister has called energy administration, includes the oil export charge; the transportsation fuel compensation recovery charge; the petroleum compensation charge; the special compensation charge; the Canadian ownership special charge; the Canadian ownership account; the role of Petro-Canada and new energy corporations.

I would argue that these provisions, grouped by the minister in something called energy administration, are themselves an omnibus, omnific or omnifarious collection of disparate items that perhaps ought not to be included under one heading or one bill.

For example, the oil export charge has to do with the fact that Canadian crude oil is priced by government rather than by market considerations. An oil export charge is provided to collect the difference between that which is charged by foreign purchasers of Canadian oil and that charged Canadian purchasers. The ownership special charge, on the other hand, is moneys collected from the consumers of gasoline and heating oil to be used by Petro-Canada for the purchase of Petrofina. As such, they have no relationship with each other. It has nothing whatsoever to do with export charges or Canadian oil pricing regimes. Also, Madam Speaker, the amendments to the Petro-Canada Act and the provision for the creation of new Crown corporations are quite separate and distinct from other parts or this part of the energy security bill.

• (1550)

Most certainly those eight items, Madam Speaker, which the minister has called energy administration, are totally distinct, separate and in no way connected to other parts of the

act. They neither depend on other parts, nor are other parts dependent on them.

The other four separate parts of the bill as identified by the Minister of Energy, Mines and Resources are amendments to the National Energy Board Act to broaden tht board's jurisdiction with respect to power lines, allocation of oil and gas, and to redefine the board's jurisdiction in relation to oil and gas exports. Another part is amendments to the Energy Supplies Emergency Act, which again is separate, distinct and has nothing to do with the rest of the act. There are also amendments to the Oil Substitution and Conservation Act, enacted last year, and here again these amendments have nothing to do with the rest of the energy security bill.

Finally, there is the creation of the motor vehicle fuel consumption standards bill, which would empower the Minister of Energy, Mines and Resources and the Minister of Transport (Mr. Pepin) to establish a voluntary fuel consumption program. Thus, Madam Speaker, even using the minister's groupings—and as I have indicated one of his groupings is in my view all too inclusive—there are seven distinct, separate and stand-alone subjects dealt with under this one bill.

Citation 703 of Beauchesne reads in part, and I quote:

> Although there is no specific set of rules or guidelines governing the content of a bill, there should be a theme of relevancy amongst the contents of a bill.

Now, that citation is attributable to a ruling by the Chair on May 6, 1971, as reported in *Journals*, page 532, in which the Chair said:

> It follows, of course, there should be a theme of relevancy between the contents of a bill. They must be relevant to the subject of the umbrella which is raised by the terminology of the long title. It is of course a matter of judgment in each case as to when a bill offends to the point that it should be ruled as unacceptable because it contains disparate matters in the same bill.

The Speaker went on to say that in the case of the bill under consideration he did not think there were disparate matters being considered. However, Madam Speaker, I think it is clear from the minister's own press release that in this case there certainly are disparate matters being considered, and there is no umbrella and no theme of relevancy. The Oxford Concise Dictionary defines "relevant" as "bearing upon or pertaining to". So if there is some theme of relevancy, then one part of the bill must bear upon another. Yet we know from the minister's own comments that there are at least seven parts to this bill, each of which has no bearing upon any of the others.

The government might argue, Madam Speaker, that this bill flows from the National Energy Program and that provides the necessary relevancy. To begin with, that would not strictly be true. While most of the items were mentioned in the National Energy Program, there are parts of this bill which do not flow from the National Energy Program. They are separate.

Secondly, and more importantly, if that argument is to be given any weight then one clearly would have to accept the principle that a single bill could be brought in covering all intended legislation for a session, rationalized on the basis that all its component parts flow from the throne speech which commenced the session. As Mr. Speaker Lamoureux pointed out, that obviously would be going too far.

Presumably the government will also argue that the component parts have to do with energy and thus that provides the theme of relevancy to the bill. Well, Madam Speaker, to begin with, all the component parts do not deal with energy. However, if that argument were put I would only say that to accept it would be to accept that it would be satisfactory to bring in a single bill covering income tax, excise tax, appropriations, borrowing authority, and for that matter unemployment insurance, since all of these deal with money. It that is the theme, then we could have that kind of grouping.

As I pointed out, Madam Speaker, the bill includes more than just energy items. As one example, the amendments to the Canada Business Corporations Act do not deal with energy companies exclusively. The bill has consequences for the entire capital markets of this country, and is not restricted in any way to energy.

When I first received a draft copy of this bill, Madam Speaker, I had the Library of Parliament undertake a study on the rationale for House of Commons procedures. They prepared the study and I would just like to read one short passage from it. It says:

> The passage of a bill has only one objective in procedural terms: the making of a new law or the amendment of a law already existing. This implicit rule will sometimes lead to the division of a bill in two or more bills—for the sake of precision—on the other hand it may also lead to the fusion of two or three connected bills if they refer to the same principle. This process can happen at committee stage upon recommendation from the House. This implicit rule will also forbid the existence of omnibus bills dealing with separate matters referring to different principles—by definition a law is a statement on the application of a principle—not a hodge-podge of intentions.

So to conclude my first point, Madam Speaker, based on the evidence supplied by the minister himself as to the components of the bill, based on Citation 703 of Beauchesne, plus the excellent ruling of your predecessor, the Hon. Lucien Lamoureux, I submit that the Chair has no choice but to send this bill back to the draftsman so that it might be broken up into more appropriate parts for proper consideration by Parliament.

The second point I would raise, Madam Speaker, is the difficulty, indeed the impossibility, of having a coherent and proper second reading debate and vote on this bill as presently structured. Citation 734 of Beauchesne states, and I quote:

> The second reading is the most important stage through which the bill is required to pass; for its whole principle is then at issue and is affirmed or denied by a vote of the House.

I think it goes without saying, Madam Speaker, that it is impossible to have a vote on the principle of a bill which, on evidence presented by the minister himself, contains at least seven different principles. And I would argue there are perhaps ten different principles involved in this bill. It is surely reasonable to anticipate, Madam Speaker, that some members of this House might be in favour of the petroleum incentives program to provide grants to companies primarily Canadian-owned for the capital costs involved in drilling exploratory wells but, on the other hand, to be opposed to a special tax which goes directly to the account of a Crown corporation; or to be in

favour of the creation of new Crown corporations by the minister but opposed to the provision of subsidies to Syncrude and Suncor.

I could go on but I think it must be patently obvious to the Chair, indeed to everyone, that one cannot have a single vote on principle when there are so many different principles involved. That is especially true for this bill where there is every likelihood that many members of this House will be for and against various principles expressed by the parts of this bill.

It may be argued by the government, Madam Speaker, that a vote on second reading is not really a vote of approval for each and every one of the different principles at issue, but rather a vote to send the bill on for further study. This argument has been put in the past, but it is quite clear from various rulings made by the Chair that second reading is most definitely a vote in favour of or against the principle of the bill. For example, as reported in the April 2, 1974 *Votes and Proceedings*, page 90, in ruling on the admissibility of a report stage amendment by the hon. member for Central Nova (Mr. MacKay), the Chair ruled the amendment out of order on the basis, and I quote:

> The amendment . . . would, in the opinion of the Chair, negative the principle of the bill as determined by this House on second reading.

• (1600)

On July 2, 1975, as reported in *Votes and Proceedings*, page 677, Mr. Speaker Jerome, ruling on a report stage amendment proposed by myself, ruled that that amendment was inadmissible and out of order, and stated:

> With the greatest respect to the hon. member who expressed his intentions clearly, it seems inescapable that the amendments fly directly in the face of the basic principle of the bill, and in order to confine it to its narrowest terms at report stage, they are just not procedurally acceptable to the Chair.

As a final example, as reported on June 29, 1976, in *Votes and Proceedings* at page 1384, it is stated:

> There is a rule that amendments after second reading cannot contravene the principle adopted by the House on second reading.

Thus, not only does the citation in Beauchesne state that second reading is a vote on the principle of the bill, but various rulings by the Chair have clearly established this fact as well as the examples I have pointed out. The fact that the principle of the bill is established and concurred in at second reading very seriously proscribes the types of amendments which might further be put to the House. Hence, we have the double dilemma of the impossibility of having a second reading vote on a bill which contains so many disparate principles, as well as the very serious difficulty in which the Chair would be placed in trying to ascertain what types of amendments are acceptable or not during further stages of a bill's consideration. Thus, my second point is that this bill contains much more than one principle, and it is therefore impossible to have a single vote on the principle of the bill, which is the requirement of second reading.

I would now like to deal with the problems the Chair faces by virtue of the fact that certain types of omnibus bills have been ruled acceptable in the past. In certainly recognize that in many instances omnibus bills are not only properly admissible, but, indeed, are also the best way to proceed since the grouping of certain amendments or certain items aids in providing a coherence to the debate and discussion, and attempting to handle the subject matter by a different set of separate bills would not only be wasteful of time but would also be confusing. An example of this type would be Bill C-40, passed by this House on July 9, 1980. Its title was "an act to amend the Pension Act, the Compensation for Former Prisoners of War Act, the War Veterans' Allowances Act and the Civilian War Pensions and Allowances Act". This was an omnibus bill in the sense that it would amend a number of acts under one bill; but there was clearly a fundamental, underlying, principle, namely, the increasing of pensions to veterans and others affected by the war.

Another type is the Canada Post Corporation Act, which set up a Crown corporation for the post office and amended 14 other statutes to make them consistent with the new statute dealing with the post office. It is clear that grouping these is an aid, not a hindrance, to proper parliamentary discussion and decision.

Another type, which I frankly think gets a little close to the edge, is Bill C-43, referred to as the freedom of information act, but in fact it is not entitled that. In fact, it is entitled "an act to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof". This bill seeks to create two new acts as part of one bill. While I have some reservations about the way this bill was drafted, in fact the grouping of these two separate subjects under one bill is an aid to the discussion, and there is certainly a single underlying principle covering both of these, in spite of the draftsmen having proposed two acts and, I think, erroneously.

On several occasions in the past, points of order have been raised as to the appropriateness of omnibus bills, and the Chair has been called upon to make rulings. I would like to deal with what I believe to be the last three occasions on which the Chair has made such rulings and specifically addressed this question of what is an appropriate and inappropriate grouping of subjects in an omnibus bill.

Within the last two weeks, of course, the Chair was asked to consider Bill C-93, which combined the Borrowing Authority Act with amendments to the Excise Tax Act. The Chair ruled that she could find nothing wrong with grouping borrowing authority with a bill based on Ways and Means; thus, Bill C-93 was in order. I only want to emphasize to the Chair the narrowness of that ruling in that Your Honour did not discuss or comment on the general question of omnibus bills, but merely made the decision that a Borrowing Authority Act could be included with a bill based on a Ways and Means resolution. That was a decision which we argued against, but, nonetheless, a decision which has no bearing on the question

under discussion now, which does not involve a borrowing authority being attached to Ways and Means, which was the simple question Your Honour had addressed in your ruling.

The last major or substantial argument and decision by the Chair on an omnibus bill is recorded in *Hansard* on May 11, 1977, dealing with amendments to the Criminal Code. At that time, Mr. Speaker Jerome ruled that since the point of order was raised at second reading, he could find no authority which would allow the Chair to divide the bill into its component parts at that stage and, second, that the use of omnibus amending bills was enshrined in our practices. The point to be emphasized is that Mr. Speaker Jerome was speaking of omnibus amending bills. Throughout that judgment, he spoke of omnibus amending bills.

There is clearly a distinction to be made between an omnibus bill which would amend a number of existing statutes and an omnibus bill which would create a number of new statutes. Existing statutes have been passed by previous parliaments. They have a principle which has been authorized and okayed. To amend these, even several of them at the same time, seems to me to be taking a much smaller step than creating a whole new series of acts since, by definition, a separate act has a separate principle. If the principles of two acts were the same, there would not be two acts. They would be one act.

I would also like to point out that in his ruling on May 11, 1977, Mr. Speaker Jerome was very troubled by the difficulties caused even with omnibus amending bills, let alone omnibus creating bills. Indeed, he was moved to say:

> This still leaves and it has in the past, every time this kind of argument has been put forward, some very deep concern about whether our practices in respect of bills do in fact provide a remedy for the very legitimate complaint of the hon. member that a bill of this kind gives the government, under our practices, the right to demand one decision on a number of quite different, although related subjects.

He went on to propose a potential or partial means for dealing with this dilemma in the case of that particular bill. However, since the Energy Security Act, Bill C-94, which we are considering, must be considered in Committee of the Whole, the remedy suggested by Mr. Speaker Jerome to deal with that dilemma does not apply in this instance and is not a remedy which is available to this House. One could safely conclude that Mr. Speaker Jerome would have been exceedingly troubled by the Energy Security Act.

I have already mentioned the only other ruling to which I would like to refer at this point, namely, the ruling on January 26, 1971, of Mr. Speaker Lamoureux, who said:

> For hon. members to express their view in Committee of the Whole on a particular clause of the bill is not the same as being given an opportunity to express their views on a clause of the bill by way of a recorded vote.

Mr. Speaker Lamoureux was saying that it is an essential element of the reasonable conduct of this House, when dealing with legislation, that hon. members have the ability to call for a recorded vote of this House on each and every clause. Because of this grouping we have here with the ways and means resolution which requires the bill to go to Committee of the Whole, that essential feature which Mr. Speaker Lamoureux identified is not available to us. The remedy for that problem posed by Mr. Speaker Jerome is not available to us either. Therefore, we find that between those two Speakers, the concerns they have raised and flagged as being serious concerns are ones which cannot be addressed by any available procedures in this House except by splitting up this bill into reasonable parts. Thus, both Speakers have said that it is essential that hon. members of the House require a standing vote of the House and not just a vote in Committee of the Whole on every clause of the bill.

As Your Honour will recognize, this is impossible concerning Bill C-94. Such a requirement might not exist for an omnibus amending bill. If such a requirement exists for an omnibus amending bill, about which they were speaking, it most certainly and absolutely exists for an omnibus-creating bill which is creating brand new statutes. Surely, if we are to have any adherence to the hundreds of years of tradition in this place, there must be that ability for the House to express itself on each and every clause. It is quite clear from rulings of Your Honour's predecessors that the conditions placed upon the reasonableness of omnibus bills are conditions which are not met and cannot be met in the case of Bill C-94, the Energy Security Act. Thus, the Chair, in the words of Mr. Speaker Lamoureux, should send this bill "back to the legislative mill, to where bills are prepared, to the judicial luminaries of the Department of Justice for the consideration of Parliament".

• (1610)

The fourth difficulty or reason why this bill should be sent back to the draftsman arises from the fact that in its present form it needs to be treated in Committee of the Whole.

A part of this bill, called by the Minister of Energy, Mines and Resources the energy administration part, deals with taxes and therefore was preceded by a Ways and Means resolution. That means that, according to our rules, it must be treated in Committee of the Whole. In Committee of the Whole, Madam Speaker, there is no ability to bring in officials or outside experts in a way that members can address questions directly to those officials or outside experts. There is no ability to go into the detailed clause-by-clause consideration that is necessary, desirable and prudent when considering new and complicated legislation—and this is certainly new and certainly complicated.

I think I can say without exaggeration that on every piece of legislation that I have followed carefully through committee there has been, as a result of the committee's work, several and in some cases numerous amendments brought forward and passed by the committee because of anomalies, inaccuracies or drafting errors brought to light by reason of this very useful committee consideration.

There is a paper that, Madam Speaker, I had the Library of Parliament prepare for me on the rationale for House of Commons procedure. I would like to quote from that paper:

> Bills that are retained in Committee of the Whole (budget bills) are very similar from one year to the next and can allow general discussions because there are fewer things to be changed. The Standing Committee is thus a committee specializing in a certain area and it can review a bill in an expert manner. The task of a committee is thus to permit the possibility of a detailed discussion.

The fact that we treat most bills by sending them to a standing committee is a very valuable part of the scrutiny that the House of Commons gives legislation. By and large it is budget bills that come through Committee of the Whole—amendments to income tax, to the excise tax. There are annual kinds of changes that come here and it is not necessary to go through the same kind of detailed discussion.

Furthermore, most of the time they are preceded by a six-day budget debate. They are also preceded by Ways and Means resolutions which also provide the House with an opportunity for examination. So the treatment of bills based on ways and means motions should not be confused, united and joined with bills that most properly are treated by a standing committee because of the two different intents and purposes of the types of procedures.

Moreover, Madam Speaker, there is no reason for us to have this uniting of Ways and Means motions with the rest of the bill, because the Ways and Means part stands alone and does not depend on the rest of the bill. The fact of the matter is that the non-Ways and Means portion of this bill are quite separate. It can go to standing committee. The Ways and Means portions are in no way related to the non-Ways and Means portion. There is absolutely no reason for them to be attached. There is no hindrance to the discussion and debate on the bill that would occur as a result of these being separated. So there is that fourth reason for ruling this legislation out of order, namely, that it is an inappropriate mixing of Ways and Means and non-Ways and Means.

The fifth reason I believe this bill should be ruled out of order has to do with the schedules. Citation 708 of Beauchesne states:

> At the end of many bills there is found a set of schedules which contain matters of detail dependent on the provisions of the bill. A schedule is part of the bill and is dependent on one or more of the preceding clauses, by means of which the provisions of the schedule are carried into effect.

Schedules I and II of the Energy Security Act are schedules of the regular, ordinary type in that they contain detailed amounts respecting the oil export tax and the transportation fuel recovery tax.

Schedules III, IV, V and VI, however, are separate, distinct acts. Their connection with the main body of the bill is essentially nil. For example, Schedule III is claimed to be dependent on Section 113 of the main body of the bill. Section 113 states:

> The Petroleum Incentives Program Act set out in Schedule III or any provision thereof shall come into force on a day or days to be fixed by proclamation.

It would be a perversion in the extreme to suggest that Schedule III, a complete act, is simply a matter of detail dependent on the provisions of Section 113 in the main body of the bill.

Similarly, Schedules IV, V and VI are each separate and distinct, completely new acts and connected to the main body of the bill by Clauses 114, 115 and 116 respectively, each of which merely states that the schedule shall come into effect on a date to be set by proclamation. To suggest that these clauses, stating that the acts shall come into effect on a date set by proclamation, legitimize the connection of the four separate, brand-new acts to this bill is quite frankly a perversion of the proper form of a bill.

I would bring your attention, Madam Speaker, to another practice where we have this kind of perverse behaviour. It arises out of Citation 777 of Beauchesne, which states:

> Schedules to a bill are treated in the same manner as the clauses. They are considered, as a rule, after new clauses are disposed of. If a schedule is disagreed to, another cannot be offered to replace it, until the remaining schedules have been disposed of.

In other words, Madam Speaker, each schedule is treated in committee as if it were a single clause. To treat a whole new act as if it were a single clause is a total violation of our traditions and practices.

Erskine May at page 465 defines a bill as a draft statute. He says:

> A public bill is in the form of a draft statute, and contains the following parts—

He then talks about the various parts. Beauchesne at Citation 703(2) states:

> Some of the constituent parts of a bill are essential; some are optional. The title is an essential part; the preamble is not.

Since we know that amending bills do not have short titles, we know that a long title is an essential part of the bill. Indeed, Erskine May says that:

> When the term "title" is used without qualification it usually refers to the long title.

In other words, the requirement in Beauchesne that the bill must have a title is a requirement that there must be a long title to the bill.

If we look at the Energy Security Act, Schedules III, IV, V and VI, we see that each of these is a separate act. Presumably, as separate acts they could have been brought in under separate bills. That is the definition of a bill. A bill is the draft statute or act. So we could presumably, if we were passing an act that is properly constituted, bring in a bill and pass that act. If we did that with these schedules, each of these bills would be out of order, for the simple reason that there is no long title. There is no long title for the petroleum incentives program act. There is no long title to the energy monitoring act and no long title to the Canadian ownership and control determination act. If we allow this bill to stay as presently constituted, we will be creating an act unlike any other in the Statutes of Canada in that it would be an act without a long title.

• (1620)

I have looked through the Statutes of Canada and I can find no example of an act or statute that does not have a long title. I asked the Library of Parliament where this practice came from. They said that, as far as they knew, it was some 500 or 600 years ago. Acts have long titles. They are filed for reasonableness in alphabetical order of long titles.

In this bill we have four acts with no long titles. They will be created in a way that if the government attempted to do this by separate bills, they would be ruled out of order on the strength of citations in both Beauchesne and May. They are trying to do through an omnific kind of hodge-podge something that cannot be done if it is attempted in a regular way. I wish to quote Citation 1 of Beauchesne:

> The principles that lie at the basis of English parliamentary law, have always been kept steadily in view by the Canadian Parliament; these are: To protect a minority and restrain the improvidence or tyranny of a majority; to secure the transaction of public business in an orderly manner; to enable every member to express his opinions within limits necessary to preserve decorum and prevent an unnecessary waste of time; to give abundant opportunity for the consideration of every measure, and to prevent any legislative action being taken upon sudden impulse.

This bill violates a number of those fundamental precepts of parliamentary law. It is impossible to have a reasonable transaction of public business in an orderly manner when one has this kind of omnibus bill to consider. It would be a travesty and a precedent of scary proportions to allow this type of bill to go forward with so many disparate and different items collected together for no other reason than to obfuscate and confuse. It will not be possible to have a reasonable and intelligent discussion and debate on the various parts when they are all collected.

The minister of energy will be talking about great things having to do with Canadianization. That will be the sum total of his contribution. The other side will be clouded over trying to identify the ramifications of the amendments to the Canada Business Corporations Act which extends beyond energy companies. What about the Petroleum Corporations Monitoring Act which flies in the face of the commitment of the government to cut red tape and cut the paper work burden? What about the implications of all those things? These will be all obfuscated as a result of trying to discuss that item and at the same time trying to discuss the petroleum incentives program and so on.

I want to make it clear to the House that I am not interested in breaking this bill up for the purpose of carrying on an interminable debate. Before Christmas I notified the minister through his parliamentary secretary that if they wished to separate what amounts to Part I, the petroleum incentives and Canadian ownership and control part, I would recommend to my caucus that this legislation be treated with some dispatch and carried through. The minister countered that if I would agree to treat it all with some dispatch, he would go along with it.

That was not something I was prepared to recommend to my caucus, nor would I guess that my caucus would accept it. I am certainly willing to negotiate with the minister the manner in which we might treat this bill in a more reasonable fashion. Some arrangements can be made. Parts of the bill are not controversial and, if properly formulated as separate pieces of legislation, could be dealt with quite quickly. There are other parts that need and deserve careful committee study in the standing committee with outside experts. People will be affected and influenced by this bill. They should have an opportunity to bring their concerns to the attention of this House.

There are the taxation parts which by our rules must be considered in Committee of the Whole. We would be prepared to consider them. I have no interest in delaying, but I do have an interest in protecting the integrity of the House. I fear that if this precedent is allowed to stand, we will have reached that day when we will have a single bill covering the entire legislative program. It will be rationalized on the basis that this is what was promised in the throne speech. The bill will be called "the betterment of Canada act", and who could argue against that?

We do not argue against energy security. We are 100 per cent in favour of it. We just do not think that title is an adequate description of everything that is contained in this bill.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I apologize to you for the fact that you are being kept in the chair so long this afternoon to deal with a whole series of points.

Listening to the hon. member for Calgary Centre (Mr. Andre), I was reminded of my time as a practising lawyer. Lawyers used to argue that the weaker the case, the longer the argument. My impression this afternoon is that my friend must be defending a very weak case indeed. On the reverse theory, the better the case the shorter the argument, I will keep my remarks as brief as possible.

• (1630)

[*Translation*]

First, Madam Speaker, I should like to point out to my hon. colleague that Bill C-94 has a single theme and objective. The theme and objective are both indicated in the short title of the bill itself, the Energy Security Act, 1982. The bill is the main legislative component of the National Energy Program. As you know, Madam Speaker, the National Energy Program was a wide-ranging set of proposals which attempted to provide a specific and stable planning framework for the energy sector in Canada. The program had three objectives: first of all, it was to establish the basis for Canadians to seize control of their own energy future through security of supply and ultimate independence from the world oil market. Second, we wanted to offer all Canadians a real opportunity to participate in the energy industry in general and the petroleum industry in particular, and to share in the benefits of industry expansion.

Finally, we wanted to establish a petroleum pricing and revenue-sharing regime that recognizes the requirement of fairness to all Canadians. As far as Bill C-94 is concerned, each component of our bill on energy security is based on the objectives and philosophy contained in the National Energy Program. I am now going to deal with supply, demand, Canadian ownership in the industry and a reasonable pricing system. All of these aspects are part and parcel of the bill, and I maintain that we cannot deal intelligently and consistently with the problem of energy security unless we look at all of

these aspects simultaneously. That is what this bill is trying to do. For instance, where oil supply is concerned, I may refer you, Madam Speaker, to the amendments to the Petroleum Administration Act, which will make it possible to establish adequate and sure prices for new supplies, so as to attract investors, and to the petroleum incentives program act, which will provide a direct incentive to investment in this sector. Furthermore, the tax measures contained in the Petroleum Administration Act implement the new system set forth in the National Energy Program and designed to provide adequate incentive to the industry, while avoiding unfair windfall gains. Finally, to continue with the measures contained in the bill that are aimed at improving the oil supply outlook, these include amendments to the Petro-Canada Act that will enable the corporation to act as a leader and catalyst in the implementation of these measures.

Thus, Madam Speaker, we have here a long list of the measures contained in this bill which have to do with oil supply.

I shall now deal with the measures concerned with oil demand. I am referring to the amendments to the Oil Substitution and Conservation Act, which is intended to encourage a reduction in oil consumption by assisting the substitution of more abundant fuels for oil. The same applies to the motor vehicle fuel consumption standards act, which is part of a general conservation and liquid fuels policy designed for Canadian needs and conditions. In addition, amendments to the National Energy Board Act will enable the Board to ensure that oil and gas are distributed fairly across Canada, while amendments to the Energy Supplies Emergency Act, 1979, provide the means for a more effective response to the need for restrictions in emergency situations.

So we have now dealt with the matter of supply and demand. Another aspect of the National Energy Program is concerned with opportunities for Canadian ownership in the industry. Here, Madam Speaker, I am referring to the petroleum incentives program act, which I mentioned earlier, and the Canadian ownership and control determination act. I am also referring to amendments that will make it possible to establish new corporations acting as agents of Her Majesty. I am referring to the establishment of the Canadian Ownership Account and to amendments that will be made to the Canada Business Corporations Act and the energy monitoring act which will enable the Petroleum Monitoring Agency to play a key role in monitoring the financial position and ownership of the major oil companies. Two technical amendments will be made to the Foreign Investment Review Act which will not modify the interpretation of the act by the Foreign Investment Review Agency.

Finally, Madam Speaker, one of the main objectives of the National Energy Program was to establish a system in the energy sector that is fair to all Canadians. And that is the intent of amendments to the Petroleum Administration Act, for instance, in terms of the prices Canadian consumers will be paying for oil and gas and of sharing oil export charge revenues with the producing provinces. That is also the objective of amendments to the Oil Substitution and Conservation Act, which provide for financial assistance to consumers wishing to convert to fuels in more abundant supply than oil.

Thus, Madam speaker, the components of the proposed legislation are all interdependent aspects of an over-all energy strategy that will make Canada independent of the world oil market and make it possible for Canadians to benefit substantially from increasing revenue from and expansion of the oil and gas industry in Canada.

My colleague has referred to a number of precedents. Most of his arguments, Madam Speaker, were heard during the debate on Bill C-93, and I am not going to discuss the matter again. However, I should like to point out that, as my hon. colleague indicated, there are many precedents for the fact that one bill can include a number of subjects provided there is a single central theme. And as I indicated earlier, this bill has a single central theme, and all components of the bill are closely linked to it. My colleague referred to the ruling made by Mr. Speaker Lamoureux on January 26, 1971. I simply want to remind the House that on that occasion, the Speaker pointed out the long-standing practice of introducing omnibus bills in the House. I want to refer to another ruling made by the Acting Speaker Mr. Honey on May 4, 1971, as reported on pages 5585 and 5586 of *Hansard,* when the Acting Speaker specified that the issues dealt with in a bill must be relevant to the subject indicated in the long title. He also noted that each case must be analysed to determine whether a bill is unacceptable because it contains too many disparate elements. Finally, Madam Speaker, on February 16, 1982, you turned down a request concerning Bill C-93 stating that such provisions could be included in one bill on condition that the required notice be given.

My colleague tried to say that he was shocked by the schedules contained in the bill. I want to point out, Madam Speaker, that the bill was prepared in this way to facilitate its consideration by members of this House. It would have been just as easy to introduce a bill starting with Clause 1 and ending on the last page with Clause 356 and simply to line up one after the other the various elements contained in this bill which, as I have already said, are all interrelated. To make it easier for parliamentarians and the public to examine this bill, we have attempted to group subject matters so that, during the debate, we may truly focus our attention on clauses of the bill instead of simply having a succession of unrelated provisions.

There is no doubt that every provision contained in this bill and the schedules can be debated and amended in the House. As for us, we are willing to debate it without delay. My colleague also argued that the bill is such that some members might be willing to agree to certain provisions while objecting to others, and that they could therefore not be asked to vote on

second reading on such a bill. I must remind him that this is the case with almost every bill introduced in the House. I think there must be few bills about which certain opposition members do not say: For my part, I would be willing to agree to such a clause, but I find other clauses inadequate. Such bills are still debated, and no one argues that they should be divided simply because the opposition is willing to accept some parts of them and opposes others.

In addition, my colleague stated that he would readily agree that the provisions of the bill which involve payments to companies be passed very quickly by the House. However, he noted that some provisions involving taxes should be debated at length, that his party is not sure to agree, and so on. This also is too easy, Madam Speaker. The implication would be that the House could easily provide for expenditures but when it came to collect funds for those expenditures, it would be another matter altogether. As I said, what is involved here is a total package. This bill includes proposals for significant expenditures and grants to corporations, but it also includes significant and most varied taxation features to finance those expenditures. I submit that my colleague has no valid point when he suggests that the bill should be divided to allow easy passage of the expenditures, but that all sorts of tactics will be resorted to in order to deny the government the means of paying for the proposed expenditures. Madam Speaker, I said my argument would be brief, because I feel it is valid and I see no need to review one by one the points made by my colleague at considerable length. I know that most of these points have already been covered during the week of February 16, when Bill C-93 was debated, and I see no need to delve unduly into the points made by my colleague.

I want to flatly reject the point made by my colleague that these provisions, the various chapters or parts of the bill are not connected. Quite the opposite, they are closely connected, closely interdependent. They have to do with that basic goal that we as a government have been putting forward since 1980, the goal of securing for Canadians energy security through a reasonable price structure, by acting on supply and demand and at the ownership level, in order that Canadians may have a share in that industry.

• (1640)

[*English*]

I will conclude with what might be the most telling argument. When I was a lawyer I learned that the best argument should be saved for the last.

Mr. Rose: And the loudest.

Mr. Blackburn: Is that why you are in politics?

Mr. Lalonde: My colleagues opposite are afraid. They should not worry; the arguments will come from themselves.

My colleague referred to a number of precedents and developed his argument in relation to them. I have said a few words about that, but I think the best argument, again in support of what we have been doing, has come not from my colleague, the hon. member for Calgary Centre, but from his predecessor, the hon. member for Etobicoke Centre (Mr. Wilson), when he was energy critic. On January 27, 1981, as recorded at page 6596 of *Hansard*, the hon. member for Etobicoke Centre said that the House of Commons should be given the opportunity to consider the National Energy Program in, and I quote:

> —one place, in one forum, not spread among five different forums as a result of the different pieces of legislation?

The hon. member for Etobicoke Centre thought this would result in a clearer understanding of the National Energy Program. I say amen to that, and I hope it will have the support of the opposition.

Hon. Marcel Lambert (Edmonton West): Madam Speaker, I do not want to add unduly to the length of deliberations on this particular point. There has been a repetition of some of the arguments in relation to Bill C-93. It is true that the Chair did find against us. We may have to accept the ruling, but we do not agree with it.

I come back to the charge that it is not right to mix Ways and Means motions with a number of other subjects. This time it is not just a case of borrowing authority with a few Ways and Means motions. The Ways and Means motions referred to in this bill number seven or eight, and then there are all the other matters referred to by my colleague, the hon. member for Calgary Centre (Mr. Andre), and by the minister—the Petroleum Administration Act, the National Energy Board Act, the Foreign Investment Review Act, the Canada Business Corporations Act, the Petro-Canada Act, the Energy Supplies Emergency Act and the Oil Substitution and Conservation Act. Then there is the repeal of the Energy Supplies Emergency Act and then a further act to amend an amended act. There is also new legislation. What is the forum, Committee of the Whole or a standing committee? That is one of the points.

What the minister has done here again is to adhere to the well-known principle which seems to guide this administration, that the end justifies the means. We say this has to do with a particular plan dealing with an aspect of energy, but to say that it is an Energy Security Act is grandiose boasting because it does not secure energy for this country at all. All it touches is the petroleum part, and it has nothing to do with other forms of energy.

There is no way we can take all these references—acts here, acts there, the Canada Business Corporations Act, the Foreign Investment Review Act and all those I have cited—and say that there is one principle to this bill. All one can say—and perhaps this is what the Chair will come to—is that this is a bill and that the principle of the bill is to amend certain acts in relation to petroleum and the taxation and production thereof. That is all. However, should amendments be put forward, there will come a very difficult question, and that is the question in relation to which Mr. Speaker Jerome got into trouble. With respect to the criminal law bill which eliminated the death penalty, an amendment to vary the form of death penalty was deemed to be contrary to the principle of the bill

since the abolition of capital punishment was the principle of that bill. I continue to insist that was not so. There were pages and pages of amendments dealing with all other types of crime from A to Z, and the same problem faces the presiding officers in this case, whoever they may be.

Madam Speaker: Order, please. I suggest to the hon. member that if he wishes to criticize decisions of former Speakers, that is not very relevant to the debate we are having now. I would very much appreciate it and it would be very helpful to the Chair—this is the reason the Chair has recognized several speakers—if the question itself were not debated but the point of order were discussed.

Mr. Lambert: Madam Speaker, with the greatest respect, I am discussing the point of order, and it is by showing the error in relation to a previous omnibus bill that one shows the error that is easily led into with this type of bill. It is wrong. After all, this House must be given an issue on which it can declare itself. Hon. members of this House might be strongly disposed to voting against certain features of this bill—let us assume taxation—yet they find that they are fully supportive of some of the many other features of the bill. How are they going to vote? That is something about which the Chair has to concern itself. How is the House going to proceed with this type of bill?

• (1650)

What we are talking about are the great omnibus bills that have been put forward. This is a highly complicated and very extensive bill, one of the most important to come before the House in years. Yet we seem to dismiss it because it concerns energy. The government wishes to tidy things up, and therefore the House will have to deal with all these matters in one bill.

One could as readily say that we could deal with the problems of agriculture—the price of beef, the price of pork, support prices, the foreign market—in one bill. In a sense, that is wrong. It is impossible to do so and that is what I wish to underline.

My colleague has covered the subject very carefully and the minister has presented the case for the government. I wish to emphasize the particular difficulty the House may have in coming to a resolution of particular points when the bill is referred to the committee that deals with energy. What about the rule that Ways and Means motions should go to Committee of the Whole?

Those are the points that present difficulty when we encounter them in an omnibus bill.

Mr. John Thomson (Calgary South): Madam Speaker, I rise on the same point of order but I shall be as brief as I can. I think my colleagues, the hon. member for Calgary Centre (Mr. Andre) and the hon. member for Edmonton West (Mr. Lambert), have covered the arguments very well. There are a few points that I want to reinforce, however, which are covered in Citation 703 of Beauchesne regarding the umbrella caused by the terminology in the long title of the bill. Citation 703 also deals with the point of relevancy among the contents and Citation 734 deals with the principle at stake. After that, Madam Speaker, I have a few general remarks to make.

The minister said that the single theme of this bill was energy security. That simply is not the case, Madam Speaker; it deals with a whole range of subjects that have nothing to do with energy security. He also said that the bill is the main legislative element of the National Energy Program. That is not the case either. There are 18 different parts in the bill, of which five sections and one part relate to the National Energy Program while 12 sections and part of one other section are not mentioned anywhere in the National Energy Program. The bill does not constitute the main legislative element of the National Energy Program nor does it deal with energy security.

Citation 703 of Beauchesne reads in part as follows:

> They must be relevant to and subject to the umbrella which is raised by the terminology of the long title of the bill.

The operative word is "umbrella", Madam Speaker. There is no umbrella in this bill. How can there be an umbrella when it deals with 15 different acts in a wide range of legislation? How can the Foreign Investment Review Act and the motor vehicle fuel consumption standards act be said to fall under the same umbrella, for example? Citation 703 also deals with the theme of relevancy amongst the contents of a bill. How are hydro transmission corridors relevant to the motor vehicle fuel consumption standards act?

The point that the minister was trying to make—and I do not think he succeeded—was that each part of the bill is interdependent on the others. That is simply not true. Most parts of the bill stand on their own. How can the Canada Business Corporations Act be relevant to the transportation fuel compensation recovery charge? How can the Energy Supplies Emergency Act, 1979, relate to the Canadian ownership and control determination act? They are poles apart.

I will not go further in demonstrating my point under Citation 703, Madam Speaker. Citation 704 of Beauchesne deals with the question of the whole principle at stake. The hon. member for Calgary Centre dealt with that at some length. There are seven different principles at stake in this bill and the minister admitted that in his press release. Is energy security the whole principle that is at stake here? It is not at issue at all. Many other subjects are dealt with in the bill that have no bearing on energy security. I have made the point that they do not relate to the National Energy Program either.

Let me conclude with some general observations, Madam Speaker. I have spent a good part of my life in the oil and gas business. This is the most comprehensive and complex document that I have ever seen. It makes Mr. Benson's white paper look like child's play. It is a gross abuse of a member's ability to perform well for his constituents. I am not trying to argue a question of privilege, Madam Speaker, but I say to you in all sincerity that I do not think six members of this House can debate this bill intelligently. I cannot, and I have been in the industry for 20 years. I will have to get some help. I will need expert witnesses if I am to serve my constituents and I believe

that every member of the House will need help in order to debate the bill intelligently. Apart from the politics of it, this legislation is highly controversial and will have far-reaching effects. Surely it is incumbent upon the government to allow time for proper debate of its contents in the interests of public disclosure.

I believe that to present a bill on such a complex subject in this fashion is a gross abuse of the government's power. I let my argument stand there, Madam Speaker.

• (1700)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, we have heard three interjections from the other side. I should like to emphasize a couple of points in response to some of the concerns expressed.

In response to the hon. member for Calgary South (Mr. Thomson), it is fair to say that the bill is complex, comprehensive and very complicated; there is no getting away from it. The bottom line, which really determines whether or not a bill is in order, is whether it deals with one subject. It does. It is all energy-related; there is no question about it. Basically it implements aspects of the national energy policy which were not implemented in Bill C-48. I think this is the only manner in which it can be done in a cohesive, rational and orderly fashion. Notwithstanding the fact that the bill is complicated, it contains a couple of entire acts for which there are precedents for it to be in order.

Going back to the early 1970s, the Unemployment Insurance Act was very comprehensive and was of similar magnitude. The government organization, 1970 bill contained within it entire acts.

Today we heard the suggestion that Mr. Speaker Jerome thought that there was something basically different in terms of an omnibus bill which amended an existing act as opposed to one which created one. With respect, I submit that I do not see any difference. I think the precedents would indicate quite clearly that on numerous previous occasions there have been bills of similar magnitude which have in themselves contained entire acts.

Because it is a tax bill, it is based upon a Ways and Means motion; there is no doubt about it. Some complaints were made today that because of this it will go to Committee of the Whole and falls under Standing Order 74(3), which reads:

> Any bill based on a supply or a Ways and Means motion, after second reading thereof, shall stand referred to a Committee of the Whole.

Citations 521 of Beauchesne reads:

> Bills related to Ways and Means resolutions are referred to a Committee of the Whole House.

This is not something new or something which has been suddenly sprung upon Parliament. If the hon. member for Calgary Centre (Mr. Andre) had the opportunity of its going to a standing committee, he would probably find witnesses, if he searched long and hard enough, who might not like certain aspects of it. I am sure the government could find some witnesses who liked it. Then we would have some witnesses saying that it was great and others saying that it was not. It is not a question of discretion. It is based upon a Ways and Means motion and therefore it goes to Committee of the Whole; it is as simple as that. This does not mean that members cannot move amendments; of course they can. We can have as lengthy a discussion of those amendments in the Committee of the Whole as we would have if it were referred to a standing committee.

With the greatest respect, there is really no precedent for Madam Speaker to split the bill. Of course, there is the precedent which occurred on a motion during the flag debate, but I would suggest that to break such ground would cause considerable problems for the Chair in the future. I cannot conceive of any omnibus bill or complicated bill, which may deal with several principles, being brought before the House by the government when we would not have the opposition imploring Madam Speaker to split it.

There was the comment of Mr. Speaker Lamoureux when he asked, "Where do we stop?" In a sense that was really an *obiter dictum*, because he did not do anything about it. He was sort of musing out loud, "At what point do you go too far?" Notwithstanding the fact that the bill may contain several different aspects, all of which are part of the National Energy Program, it is not going too far or crossing the bounds to which he referred but never really defined. He was sort of hypothesizing a situation which did not develop, and I suggest that it has not developed here.

There may be some fine-tuning which has taken place since the announcement of the national energy policy, but no one can deny that there is a common thread, denominator or common link through all aspects contained in the bill—that this implements the national energy policy. Some people may say that it is complex; there is nothing new about that. Some people may say that it contains more than one principle; there is nothing new about that. Many bills have been complex and contained a number of principles. Members can move amendments as the bill goes through its various stages. It may create difficult decisions for hon. members when it comes to the final vote as to whether or not hon. members like it. It may contain some things they like and some things they do not like. This is nothing new. This happens. This is why we are elected. We are elected to make decisions.

With regard to the schedules, they can be amended; there is no doubt about that. I do not see why the fact that some schedules are incorporated, which in themselves are entire acts, somehow means that they are removed from the main body of the theme running throughout the entire bill. There is no question of this bill being rammed through or anything like this. I think the first draft was published last summer. As the hon. member pointed out, it is a complicated bill. There has been an appreciation of that fact on the part of the government, which accounts for one of the reasons the first draft was released some months ago—in order to give those interested members a considerable amount of time to review it. Of course, it implements a policy first announced back in the fall of 1980.

Basically we get back to the ruling which Madam Speaker made on February 16, as reported on page 15053 of *Hansard*. In dealing with the point of order raised at that time as to whether or not it was appropriate for the borrowing authority to be combined with Ways and Means motions relating to excise tax, Madam Speaker said:

As I indicated to the House on January 19, 1981, I have no quarrel with the practice of combining in the same bill taxation matters based on Ways and Means motions with the borrowing authority, provided the notice provision was respected.

I submit that the same principle applies here. We have a Ways and Means motion which is related to the bill. There are other matters in it, but there is a common denominator or thread throughout it. We are implementing one package, namely, aspects of the national energy policy which were not included in Bill C-48. I submit that the bill is perfectly in order.

Madam Speaker: I thank the hon. member for Calgary Centre (Mr. Andre) for raising the point of order and other hon. members who have contributed to elucidating it. I will take the matter under advisement and rule on it later.

ROUTINE PROCEEDINGS

[*Translation*]

ECONOMIC CO-OPERATION

TABLING OF COPY OF COMMERCIAL AND ECONOMIC CO-OPERATION AGREEMENT WITH NEW ZEALAND

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, pursuant to Standing Order 41(2), I wish to table a copy of the commercial and economic co-operation agreement signed between the Government of Canada and the government of New Zealand. Of course, those documents are being tabled in both official languages.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,769, 3,304, 3,445, 3,463 and 3,891.

[*Text*]

MR. DONALD MARRIOTT

Question No. 2,769—**Mr. Cossitt:**

What is the annual salary of Mr. Donald Marriott, Director of Restaurants and Catering of the National Arts Centre, and what is a complete history of his education and employment experience that was a consideration in his hiring, including all the businesses where he worked and the type of work he performed?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows: The position Mr. Marriott occupies is classified at a salary range of $39,100—$52,700. The additional background information is of a personal nature concerning Mr. Marriott, the disclosure of which is governed by the Canadian Human Rights Act, Part IV.

MRS. BONNIE G. TROTMAN

Question No. 3,304—**Mr. Cossitt:**

1. What is a complete record of employment in the Public Service of Mrs. Bonnie G. Trotman?

2. Is Mrs. Trotman presently employed by the Department of Employment and Immigration Centre at Prescott, Ontario in the constituency of Leeds-Grenville and, if so, what are her duties?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. In so far as the Canada Employment and Immigration Commission department records indicate, the reply is:

November 26, 1969--Appointed on a term basis at the ST 3 level, Canada Immigration Centre, Prescott

June 6, 1970--Tenure of employment changed from term to indeterminate status

January 1, 1971--Position and incumbent reclassified to the ST 4 level

September 24, 1973--Position and incumbent converted to the ST-SEC 1 level

November 3, 1975--Promoted to the CR 3 level

Mrs. Trotman received acting pay at the PM 1 level as a Border Examination Officer, Prescott, for the period October 3 to 30, 1977.

2. Yes. Mrs. Trotman is presently employed as a CR 3, secretary/clerk receptionist at the Canada Immigration Centre, Prescott.

Her duties are: to provide secretarial and general clerical services; to perform financial functions; to receive and counsel clients, referring in-depth cases to the immigration counsellor; to receive immigrant and non-immigrant applications; to action case files.

REPRESENTATIONS FOR RELOCATION OF CERTAIN GOVERNMENT AGENCIES

Question No. 3,445—**Mr. Cossitt:**

Did the government receive representations from any organizations or persons to relocate the Canadian International Development Agency and the Export Development Corporation from Ottawa to Montreal and, if so (a) what were the names of all persons or groups making such representations and on what date were they made (b) to the knowledge of the government, is the regional municipality of Ottawa-Carleton extremely concerned about this matter and has the government given full consideration to the damaging impact that this might have on the economy of the municipality (c) will the government guarantee that

it does not intend to move either institution to Montreal and, if not, for what reason?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): The government has received representations from Montreal-area organizations to relocate the Canadian International Development Agency and the Export Development Corporation from the National Capital Region to Montreal.

(a) The representations were made on various dates during 1981, by representatives of the Board of Trade and Chambre de Commerce of Montreal.

(b) Mr. Andy Haydon, Chairman of the Regional Municipality of Ottawa-Carleton has expressed concern about this proposal, which the government has taken under review.

(c) The government has, at this time, no intention to move either agency to Montreal.

CBC COVERAGE OF MANITOBA PROVINCIAL ELECTION

Question No. 3,463—**Mr. McKenzie:**

1. What was the total number of CBC staff involved in the coverage of the Manitoba provincial election campaign and the election results on November 17, 1981 and, in each case (a) what were their functions (b) how much time was spent on actual election coverage work?

2. Were any brought into Manitoba from other parts of Canada for the specific purpose of the election coverage and results and, if so (a) how many (b) who were they and what were their functions (c) from which locations and what were their transportation costs (d) what was the cost for food, lodging and other expenses while in Manitoba (e) what was the total cost of bringing these employees into Manitoba?

3. (a) What was the total cost to the CBC for computer services and staff for election results coverage (b) who was hired (c) how many computer operators and related staff were involved (d) what was the total cost for all of the computer related services?

4. What was the total cost of covering the election campaign and the results and what were the costs involved in reaching this figure?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows:

1. One hundred and fifty-fourth staff members took part at one time or another in actual election coverage work, i.e. coverage of the campaign and/or election night results, on behalf of four services—English television, English radio, French television and French radio—for local, provincial and national use.

(a)	(b)	
English Television		
1 national news reporter	10	days
1 producer	11	days
1 cameraman	10	days
1 soundman	10	days
1 producer	6	days
1 executive producer	35	days
1 cameraman	35	days
13 reporters	35	days (total)
1 film editor	22	days
3 ENG cameramen	25	days (total)
1 producer	12	hours
2 researchers	28	hours (total)
2 hosts	30	hours (total)
2 commentators	20	hours (total)
3 reporters on remotes	19	hours (total)
8 reporters—editorial desk	50	hours (total)
4 reporters—decision desk	25	hours (total)
1 roving reporter	6	hours
3 technical producers	100	hours (total)
French Television		
1 reporter	5	days
4 reporters	12	days (total)
1 executive producer	4	weeks
1 producer	2	weeks
1 production assistant	1	week
3 script assistants	12	weeks (total)
1 anchorman	5	days
1 co-ordinator	4	weeks
1 Vista Operator	2	days
1 co-ordinator	4	days
1 producer	4	days
1 script assistant	4	days
1 anchorman	4	days
English Radio		
2 news reporters	23	days (total)
5 news reporters	270	hours (total)
1 news producer	11	days
1 news supervisor	8	days
1 news editor-in-charge	85	hours
1 news editor	12	hours
1 project manager, computers	9	days
1 executive producer	120	hours
4 producers	292	hours (total)
2 associate producers	56	hours (total)
3 writer/broadcasters	129	hours (total)
1 writer/broadcaster (freelance)	100	hours
2 researchers	16	hours (total)
1 researcher (freelance)	100	hours
2 commentator/analysts (freelance)	96	hours (total)

1 host/announcer	3	days
1 guest commentator (freelance)	5	days
2 announcers, host/results	26	hours (total)
1 technical supervisor	35	hours
French Radio		
1 host	3	days
1 reporter	3	days
1 producer	4	days
Joint English/French—Results Gathering Group		
6 runners	24	hours (total)
12 telephone operators	48	hours (total)
10 production assistants	110	hours (total)
6 CRT operators	72	hours (total)
1 election results co-ordinator	35	days
1 secretary	30	days
2 casuals	12	days (total)
1 communications specialist	4	days
1 corporate co-ordinator	5	days
3 program analysts	17.5	days (total)
1 software analyst	6.5	days
1 operations supervisor	5	days
1 telecommunications manager	5	days
1 departmental assistant	6.5	days
2 operations analysts	19	days (total)
1 systems analyst	6	days

Plus associated technical and staging staff.

2. Yes.

(a) English Services Division—12

French Services Division—5

Joint ESD/FSD—10

(b) With reference to names, see reply to part 4 below re individual employees.

Functions (this staff also included in answers to part 1 and/or part 3(c):

English Services	(c)
1 project coordinator, TV	Toronto
1 technical co-ordinator, TV	Toronto
1 reporter, TV	Toronto
2 producers, TV	Toronto
1 cameraman	Toronto
1 soundman	Toronto
1 news reporter, radio	Ottawa
1 host announcer, radio	Toronto
1 news producers, radio	Toronto
1 news supervisor, radio	Toronto
1 project manager, computers	Toronto
1 guest commentator, radio (freelance)	Toronto
French Services	
1 co-ordinator, TV	Montreal
1 producer, TV	Montreal
1 script assistant, TV	Montreal
1 anchorman, TV	Toronto
1 producer, radio	Montreal
Joint ESD/FSD	
1 election results co-ordinator	Toronto
1 communications specialist	Calgary
1 corporate co-ordinator	Ottawa
1 programmer-analyst	Montreal
1 programmer-analyst	Toronto
1 telecommunications manager	Ottawa
1 departmental assistant	Ottawa
1 operations analyst	Ottawa
1 systems analyst	Montreal
1 operations analyst	Toronto

See reply to part 4 below for transportation costs and for parts 2(d) and (e).

3. (a) See reply to part 4 below.

(b) Only CBC staff were used.

(c) No people classified as computer operators were involved. CBC Information Systems staff involved totalled 11.

(d) See reply to part 4 below.

4. It has not been customary to require the CBC to provide such details of its internal management and administration as

the names of individual employees and the costs involved in specific program projects. The background to this custom is explained in detail in the reply to question No. 2,530, answered November 6, 1975.

QUESTIONS ON THE ORDER PAPER

Question No. 3,891—**Mr. Cossitt:**

With reference to the answer to question No. 3,027 given on February 15, 1982 and which stated "See response to question No. 3,273 answered on December 17, 1981", for what reason was the answer to question No. 3,027 delayed until two months after a similar question was answered, which had been placed on the Order Paper after question No. 3,027?

Hon. Yvon Pinard (President of the Privy Council): The government takes responsibility for the answers it provides to questions and for the process involved in replying to such questions and does not consider it appropriate to provide information about internal administrative arrangements.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,284 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. It is the pleasure of the House that question No. 2,284 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

CONTRACTING OF PRIVATE EMPLOYMENT AGENCIES PERSONNEL BY GOVERNMENT DEPARTMENTS

Question No. 2,284—**Mr. Blenkarn:**

Were persons employed by private employment agencies under contract to government departments and agencies during the fiscal years 1977-78, 1978-79 and 1979-80 and, if so (a) how many (b) by which department and, for each department, how many and for what term (c) what was the cost (d) what was the average term of each person's employment (e) how many were (i) male (ii) female?

Return tabled.

[*English*]

Mr. Smith: Madam Speaker, I ask that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed from Thursday, February 25, 1982, consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, once again it is a pleasure to speak on Bill C-89. The other night I managed to get in perhaps ten minutes, at which time I dealt with some of the remarks of the hon. member for Provencher (Mr. Epp) who belaboured his concern and the concern of his party about the absence of property rights in the Constitution when dealing with the mortgage and housing portions of the bill. I had to say then, and I repeat now, that this kind of argument is being used around the country in some way or the other to indicate that this government is not concerned about property rights—

• (1710)

An hon. Member: It isn't.

Mr. McRae: —when the hon. member knew, as they all knew, that this was a matter strictly within the realm of the provinces.

Miss MacDonald: Why was it accepted?

Mr. McRae: Most of the provinces had Tory governments. They were very much concerned that we move into this area.

Mr. McDermid: NDP blackmail.

Mr. McRae: The fact that the rights were not included in the bill of rights in no way changes the relationship of property in terms of the provinces and the property rights of individuals.

Mr. Taylor: Why did you put it in in the first place, then?

Mr. McRae: The other point which the Tory party often mentions, and which the hon. member mentioned, is the whole question of the mortgage deductibility scheme.

Some hon. Members: Right on.

Mr. McRae: The Tory party did not stay around long enough to have that scheme enacted. But I think there are many reasons why that was an untimely bill. First, given the amount of freedom with indexing, and so on, which ministers of finance have, it meant that the minister of finance was tied almost totally to mortgage deductibility. It was the only thing he could add given the restrictions on money. It meant that $2

billion or $3 billion would be going out of the treasury for this purpose. It would be going to people who did not need it.

Some hon. Members: Oh, oh!

An hon. Member: Be careful.

Mr. McRae: It would be mostly welfare for people in very high income groups.

Mr. Taylor: Do you really believe that hogwash?

Mr. McRae: That same amount of money would not be available for people with a great need.

Mr. Domm: What about those losing homes?

Mr. Taylor: Do people lose their homes on purpose?

Mr. McRae: Another objection to that bill, and I think it is an objection which we should still take very seriously, that kind of over-all bill which was a reverse income tax type of bill in the sense that it provided more return to the wealthier people in our society than it did to the poor is that it tended to come at the wrong time in terms of the growth of the country.

Mr. Domm: Property ownership?

Mr. McRae: The rate of family formations, which was a very important aspect of life in the early 1970s, was the time when we were putting a lot of money into housing. We were putting it basically where there was the greatest need. But at this stage of the game, large portions of capital are not needed. There is not that kind of inducement at this stage of the game in this area, at least not as much as needed in other areas, such as energy.

In a sense, the minister of finance was moving money into an area where there was some need, but moving it away from an area where there was a great need. These basic needs will still have to be met.

Another point I find interesting when debating this bill with the opposition is the opposition's great concern about housing for Canadians. Put that together with the few months the Tories actually were in power and take a look at the Matthews report, which was a rather interesting document, a report put out by a task force chaired by a former national president of the Conservative Party. That document basically underlined why that government did not remain in power.

Mr. Howie: Because a report came out?

Mr. McRae: Basically this report said that we must get away from subsidies and support in general for non-profit housing, and all kinds of things like that.

Miss MacDonald: You would have people live in the cold?

Mr. McRae: Over the years these have been basic social requirements in this country. Over many years and under successive Liberal governments, as well as under the Diefenbaker government, we have arranged to make sure that these things were available to Canadians. I think that housing report was a very big step away from that kind of support that Canadians have learned to expect.

The same thing, I think, could be said about the move away from Petro-Canada. That was another move away from things that Canadians were beginning to expect in a more complex world.

Mr. Domm: They love it now.

Mr. McRae: On the other hand, I have not heard that many speeches from the New Democrats. But once again, we are caught in this in-between business. One side says we are doing too much and another side says we are not doing enough.

Mr. Taylor: Who said you are doing too much? Nobody ever said that.

Mr. McDermid: It is too much of the wrong thing.

Mr. McRae: It seems to me in this day and age one tries to get more, but at least we support what is here. I would like to see this mortgage assistance increase. I would certainly like to see that, but I want to get through what we have in this bill as soon as possible.

Some hon. Members: Sit down, then.

Mr. McRae: We have had six days of debate. We should get along with this legislation and get this thing going. I want to get this bill going because I have constituents here and I am sure others have constituents here who need some assistance at this point and for whom the bill will provide assistance.

Miss MacDonald: You said nobody needed assistance.

An hon. Member: He has changed his mind.

Mr. McRae: There are some very serious cases. I am sure if I recite two or three of them that all hon. members could duplicate them.

Mr. McDermid: You had better get your act together.

Mr. McRae: They need the assistance that is going to come from this bill.

Mr. Domm: They need mortgage interest assistance.

Mr. McRae: Let us take one example. What about a person who has a serious health problem?

Mr. Munro (Esquimalt-Saanich): Is he helping you?

Mr. McRae: This serious health problem arose very recently. This person has a mortgage with the Bank of Montreal. I specify the Bank of Montreal because that bank is the harshest of all the major chartered banks—

Miss MacDonald: Next to the government.

Mr. McRae: This bank concerns me the most. This bank, alone among all of the other major chartered banks, refuses to

pass on to its managers information about the mortgage scheme. The Bank of Montreal has refused to do that. That is in sharp contrast to what the Royal Bank does. Not only does the Royal Bank pass on the information but it sets up possibilities for other things to happen. This bank advertises how people in an emergency can cut their interest rates back, and so on. It also suggests how to roll back the 20.5 per cent interest rates that were negotiated last summer. The Commerce has done the same sort of thing. But the Bank of Montreal refuses even to discuss the passing on of information to its managers. It refuses to discuss this whole business of mortgage assistance.

I can cite one case of a citizen who went to this bank, is caught with a 20.5 per cent mortgage, who has a serious health problem and cannot go to another bank because likely he would not be able to get a mortgage since he has financial difficulties. He is one of those persons holding on and waiting for this bill. He cannot last much longer. I think that is the fact with a lot of people. Therefore, I think this bill should be moved along.

I have been critical of high interest rates for at least two to two and a half years.

Miss MacDonald: You will get fired, just as Neil Fraser did.

Mr. McRae: I was very critical of high interest rates when the Conservative Party was in power. I was quite disturbed last week, and I have mentioned this earlier, when my name was being used as one who should vote to get this government out of power so we could put these people in power.

Mr. McDermid: You should be disturbed.

Mr. McRae: The Tory government was the government that had the largest spread that ever existed in real interest rates between Canada and the United States. Real interest rates are the prime rate minus the inflation rate.

An hon. Member: You like yours much better?

• (1720)

Mr. McRae: On October 26, 1979, I asked a question in the House with respect to a five-point spread in interest rates between the U.S. and Canada. That was the highest spread ever. The U.S. inflation rate was higher than ours, yet our interest rates were five points above theirs. That is the kind of government we put into power.

Mr. McDermid: What were the interest rates in those days?

Mr. McRae: Now, I make it quite plain that I want to see interest rates come down, which I think they will. At this stage of the game it is very pleasant for me to stand here and see that we have our prime rate at or slightly below the U.S. prime rate. I hope the government will continue to keep it at that level and that the Americans' will come down, and we will come down also. I would like it to move faster, but that certainly is one of the things we have to do.

I would like to make two suggestions to the Minister of Finance (Mr. MacEachen), the first one having to do with the banks themselves. In studying the Bank Act in the last ten years it seems to me that we would just get started but never finish because an election, end of a session or something like that occurred. However, in late 1978 or early 1979 the member for York-Simcoe at the time, the hon. member for York-Peel (Mr. Stevens) now, suggested very strongly that it was time we took a look at our banking system and compared it with systems in other major industrialized nations such as the U.S., Japan, Switzerland and so on, to see whether our system was effective.

I thought at the time that made some sense, and I think it makes a great deal more sense right now because during the last six or 12 months I do not think our banking system has functioned well enough with respect to mortgages and those people caught in the mortgage vice which occurs when we have high interest rates. This is not to condemn the banks because I think some of them—and I mentioned the Royal and the Commerce—have functioned very well and have done their best. However, it seems to me that the whole system should be looked at. Let us see if there are not better and more effective ways that our banking system can work.

I have brought to the attention of the Minister of Finance my very strong suggestion that we form an all-party task force, possibly from the Senate as well, and give it a fair period of time to have a good look at other banking systems and see if there are ways in which Canadians can be better protected.

One of the things which has bothered me, and I think it has bothered most members, about our financial institutions—not just the banks, but all financial institutions—is the absence of long-term mortgages. The idea that a mortgage would only run for a year or two, or five years at the most, is most disturbing. It used to always be that when you bought a house, you took a mortgage at a fixed rate for whatever period was required to discharge the mortgage. That is not the case now, of course, but it is the case in the United States. So I think there are a lot of things we can look at, and I suggest very strongly again that a task force of this kind be put together.

This would not in any way duplicate the proposed reference to standing committee with respect to bank profits. That is an entirely separate item which I support strongly. The task force would be totally separate and would look at our banking system and our financial institutions, not in a critical way but rather comparing them with other financial institutions around the world, to see whether there is anything we could introduce which would serve Canadians better than they are presently served.

The final point I would like to make has to do with where I think we have to go with respect to housing and a whole series of things. Over the last several years I have come to the conclusion that the macroeconomic ideas that we put forward, the fiscal and monetary policies that we use, have become less and less effective as time goes on. I would think that even people like Milton Freidman would be very upset if he thought that the economies of the countries where monetarism was being tried were so inflexible that it takes a doubling of

interest rates to have any effect on inflation at all. I would think the whole theory is based on the fact that marginal increases would have an effect and reduce inflation accordingly.

What has happened is that the system is so inelastic, for all kinds of reasons such as multinational corporations and trade unions, that these things are not working. Similarly, increases in demand and government spending, which is very popular in the NDP, lower taxes and so on, do not have the effect they used to have. We used to say that if you could increase the flow of money by so much, you would have a multiplier effect of so much. That is not so at this particular time. Therefore, I think we have to look at other ways of producing the effects we want to produce.

The problem that bothers me most is high interest rates, because I think they are having an opposite and inflationary effect to that which was intended. At the same time, particularly with respect to mortgages and small businesses, they are very indiscriminate in application. If you have a house with a long-term mortgage, you may not be affected. Someone else has a mortgage of, say, $400 a month and all of a sudden he has to pay $800 a month. So while it may be only a small inflation factor across the country, it is a very major factor for that particular home and family. There are a lot of families who cannot survive because their way of life is based on a certain income plus an inflation factor. It is that indiscriminate application of interest rates which creates the real problem.

If, for instance, the dollar were to drop and imports cost a little bit more, then instead of buying 12 oranges this week, buy six, or whatever it is. You can adjust because the change is only a marginal one. However, when the mortgage loan or very large business loan interest rate goes from 10 per cent to 20 per cent overnight, that family or business is put under severe strain, and in many cases it is a total disaster.

Mr. Taylor: Why do you support the bill, then?

Mr. McRae: The point of this legislation is to try to put some kind of floor under that family in crisis. And we are just talking about families in crises because governments today cannot afford to take hold of things as they could in the early 1970s when growth rates were higher.

• (1730)

I would like to conclude by just speaking a little bit about an approach that we must take. I was a principal of a medium-sized high school in northern Ontario up until 1972. Around 1970, all of a sudden, almost within a year, we went from a situation in which there was a great shortage of teachers to one in which there was a glut of teachers on the market. It happened very rapidly. I was aware that this would happen some time before because I was trying to keep my school down to a certain size, and the board wanted to build a great many extra rooms, so I had done some demographic work and was certain that this would happen. However, it did not appear to the school system that this would happen before it did happen. It happened suddenly. There were four or five years in education in Ontario and, I am sure, in other parts of the country, where there was much turmoil and strikes, annoyed teachers, students who were being shuffled around and parents and teachers who were fighting. There was much of an upset in education. I am not condemning anyone, but that could have been avoided if we had had sufficient foresight in Ontario and in other places to see that that particular growth pattern was no longer there, and that the pattern of upward mobility, with new schools opening, new jobs for principals, new vice-principals, new department heads and so on, would disappear. What came to my mind, having looked at it somewhat beforehand, was that we had to look at alternative approaches to slower growth. In this case, there was a sudden drop. However, even gradual, slower growth should have been considered.

I think that the particular case that I mentioned can be applied to a broader range of matters. We can look at the facts and say that it is not likely that we will resume, for any sustained period of time, growth rates such as we had in the early seventies, in the sixties and through the fifties, and that that 4 per cent, 5 per cent or 6 per cent growth rate cannot be indefinitely sustained.

There are all kinds of reasons for this. Considering only the notion of exponentiality, if there is a 5 per cent growth rate, that means a doubling every 14 years. It doubles and doubles and doubles. If resources like oil run out, all kinds of problems are created concerning the environment, and so on. There are kinds of reasons for this being likely. I think governments must accept the principle that gradually, over the years, there will be some lowering of the growth rates, not suddenly, as in the teaching profession in Ontario and in other parts of the country, but a gradual reduction. It seems to me that the first principle the government must consider is how we will provide alternate solutions which Canadians can choose and which will provide some hope and good feelings. I think we are speaking about quality of living. I think we are speaking about the same kind of things as the Prime Minister (Mr. Trudeau) spoke about in 1975 and 1976 concerning some lifestyle changes. However, it seems to me that we must make some of those adjustments.

I am not satisfied when someone says that we must pull in our belts. I do not think that is what we are talking about. I think we are talking about looking at other approaches to this kind of situation. This is not the time to develop this thought because we are talking about a housing bill, except to say that in housing itself there are ways and means which can be found to provide people with good, decent housing, although not as lavish as some of the housing people have been forced to get into over the last several years. I am reminded of a type of house which was built in Thunder Bay during the war. Many very attractive homes were built and hundreds and thousands of people still live in them today as they have been kept up well. This is a basic, core floor type of housing. I mentioned this to the minister and he told me that he grew up in one of those houses. It was a very sensible approach to housing. There is no way we can build one of those houses today. No one is

building them. Houses are being built which are much more expensive.

I think that at some particular point we must be able to consider a starter home, a home in which a new family can start, and when their circumstances improve they can move into something larger. I do not mean poor quality housing, but I mean a small, modest type of house. I think that is the kind of thing we must consider.

I say that the first principle is that we must anticipate that we will have a slower growth rate, and then we must provide alternatives to people in this country so that they will have hope and alternatives in quality living which do not demand a larger use of goods and services. The second point is that we must be very careful. The reason I belong to this party is that I believe very strongly that we have always held, as a small "l", liberal principle, not a nineteenth century Liberal principle, that if there are groups in our society which are, in some way or another, put under more strain than they can handle, then the state, the government, whether the provincial, the federal or the municipal government, must be able to provide some support. This is the essence of this bill. Much as I would like to see more in this bill, this is the essence of the bill. We should ensure that no one loses their homes because of quick, high interest rates and because they cannot make adjustments to survive. I emphasize the word "adjustment". That does not mean that people will not have a tougher time; I mean that they should not be asked to pay mortgages which rise from 20 per cent or 25 per cent of their total income to 40 per cent or 50 per cent of their total income, which this bill covers. I think that is a cardinal principle which we must keep.

It seems to me that those two principles are the ones we must consider for the future. We must consider the adjustment to a somewhat lower growth rate and provide incentives in the way of quality of life and a more stable type of environment. Second, we must ensure that no individuals, whether businessmen or families, are made to suffer unduly because of some of these changes.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Laval (Mr. Roy)—the Economy—Inquiry whether minister will meet provincial ministers to establish program to stimulate economic recovery; the hon. member for St. John's East (Mr. McGrath)—Disasters—Sinking of *Ocean Ranger*—Lack of rescue craft. (b) Introduction of legislation in United States Congress.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT—CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

The Acting Speaker (Mr. Ethier): The hon. member for York-Sunbury.

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, in my opinion, the basic reason for the crisis in housing in Canada today is high interest rates. High interest rates have created widespread unemployment in the building trades. Carpenters, electricians, plumbers, artisans, masons, bricklayers and labourers are unemployed in near record numbers. In the Atlantic provinces, three quarters of our lumber mills are closed and millworkers, lumberjacks and woodworkers are unemployed in very large numbers. Many businesses which have existed for generations by selling building products are now closed; their employees, too, have joined the lengthening ranks of unemployed Canadians who live in the Atlantic provinces.

According to CMHC, as many as 40,000 Canadian families may lose their homes this year because of high interest rates. Generally, a $45,000-a-year income is needed for a person to be able to afford an average-priced home in Canada today. Serious shortages are developing in many centres. Housing starts in 1981 were barely one half the level needed to keep up with housing requirements. In terms of rental housing, this bill provides interest-free loans of $7,500 per unit to a maximum of 15,000 units. What the $7,500 a unit interest-free loan means is that rent for an $800 a month unit would be reduced to $700. It is a good measure, but its impact is restrained. The prospect of paying $1,000 a month on a mortgage is not as attractive to a couple who can rent an apartment, if they can find one, for $300 a month; yet, if that couple had purchased a home, their apartment would have been available to someone else.

The reason the mortgate interest and property tax deductibility plan of the Clark government was a good thing was that it encouraged home ownership. It would also have had the effect of stabilizing the rental market by increasing the supply to meet the demand and make rental units more competitive, thus lowering the price.

• (1740)

Another measure in the bill, the mortgage deferral scheme, is a good measure. It means to some people who receive the benefit that what you do not pay today you will pay tomorrow with interest and you will pay interest on the interest; but to others there is a good financial benefit. The bill's intent is, first, to provide the necessary legislative authority to put into effect the Canada mortgage renewal plan and, second, to enable the government to act more effectively in stimulating production of rental housing and make possible new kinds of assistance to young families who are buying their first home.

I do not think there could be any serious disagreement with this intent—indeed, it is a laudable one. My concern is with the magnitude and the impact of the measures proposed in the bill in relation to the enormous problems that it seeks to attack, and in this regard I find the measures inadequate.

The plan will offer interest deferral guarantees of up to $3,000 to borrowers who have some equities in their homes and are obliged to renew their mortgages at rates of interest which could require an excessive proportion of their income. For borrowers with the same problem but with no substantial equity, the government will provide assistance up to $3,000. The program will apply to mortgages renewed between September 1, 1981 and November 12, 1982. It will only be for home owners who are required to pay more than 30 per cent of their gross family income.

It is really a scheme for home owners to borrow against equity, to pare down their payments and pay off the amount at a later date. This grant and loan guarantee program will assist a total of 50,000 home owners out of nearly a million who renew their home mortgages during the time limit imposed by the government. In fact, 37,500 of the 50,000 assisted receive temporary help, but only 12,500 will receive real financial assistance.

On the subject of housing and the high cost of rents, I wish to refer to an ominous note sounded in some of the material tabled with the budget.

One of the tax expenditures referred to in the budgetary paper on this subject that was tabled by the minister with his budget, was the subject of imputed rent to ordinary Canadians who live in their homes and own their own homes. By imputing a charge for rent and making it subject to tax, the government would be able, according to the paper, to achieve a saving of a further $4.5 billion for its tax revenue. That was based on the fiscal year 1979. According to the Minister of Finance (Mr. MacEachen), if the government chose to charge that imputed rent, that $4.5 billion would have resulted in a tax increase of an average of $458 per tax filer in Canada.

It is in the same tax paper that saw other tax expenditures terminated by the budget. It is significant that computations were made to see how much revenue could be gained by a tax on imputed rent. The minister decided not to do it this year, but when you consider the fact that other measures in the same paper did find their way into law, and considering also the goverment's tax record and its role as a tax master, Canadian home owners and families have good cause for concern that the trial balloon floated by the Minister of Finance in November of 1981 may very well turn out to be the reality in the coming budget.

The best plan to have seen the light of day in the House to assist home owners with high interest rates and to stimulate the building trades, is the Clark government's mortgage interest and tax deductibility plan. To Canadians facing high interest rates, $1,250 provided by that plan would have been a big help this year. Where is the government's better program to replace it? Where is the shelter assistance program for lower-income Canadians facing massive rent increases? Where is the energy tax shelter similar to the one proposed by the Clark government for Canadians faced with high heating fuel costs?

I would like to express thanks for the small blessings that are contained in the bill before us. The basic problem is probably outside the mandate of the minister and is rooted in the high interest policies of this government. The best answer was the Clark government's interest and property tax deductibility program; and the present government has not proposed a better alternative.

Another group of home owners who are on the short end of the stick when dealing with the government are those who insulated their homes with urea formaldehyde foam insulation on the advice and with financial backing of the federal government. Anyone who is currently trying to sell or renew a mortgage on a home with this insulation knows all about UFFI.

It took the government over a year after it banned UFFI to bring in a program to help clean up the very mess which it helped create. The government is taking its sweet time to begin processing applications, obviously wanting Canadians to shoulder the financial burden themselves, at a cost which can easily run into thousands of dollars per household.

If the government had acted more quickly, it would not be faced with so many angry Canadians, not to mention the problem of removing the foam. There is no question that the government has a responsibility to help remove UFFI, because it pushed for Canadians to use it.

It is clear that the most common sense approach would be for the government to own up to its responsibility, to recognize a mistake was indeed made, to stop dragging its feet, and to pay full compensation to home owners involved in this government-sponsored mess.

Some hon. Members: Hear, hear!

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, I consider this is a very critical bill that we have before us at this time, Bill C-89, dealing with the housing measures that were produced in the budget. I have been rather interested, listening today to various Liberal members get up and in a somewhat backhanded way try to defend the measures that have been put forward. Obviously, try as they will, they cannot bring much empathy to it. They cannot put much

of their spirit into it, because they too know that the bill is only a very partial solution. In fact, it is no solution at all but a band-aid to a very serious and critical problem.

The minister, when he was speaking about this bill, purported to show that it responds to a crisis which has spread across the country, touching cities large and small, urban and rural areas, depressed and prosperous regions, a housing crisis which touches all parts of Canada.

When I refer to the housing crisis in Canada, Mr. Speaker, I have to stress that this is the best indicator of the economic malaise and the stagnation that so bedevils this country today.

We know, Sir, that it has been a long tradition in Canada that everyone has the right sometime to own their own home. That has been the view, the dream, the hope, the belief of our forefathers and foremothers down through generation after generation. But here, today, that tradition is being lost. It is being lost for tens of thousands of home owners who can no longer afford to pay to keep up that right, to have that right to own a home. It is also being lost for so many young Canadians who will never be able to afford a home in the first place.

How does this loss of the right to own one's own home affect the very fibre of our nation, of our society? I submit that the home is the traditional foundation of the family, of a strong family, and that that very convention is today under attack. Rents and mortgages are skyrocketing. Housing starts cannot keep pace with the demand. Homes that are being built become much too costly for even middle-income families. The one million poor, many of whom are single-parent families and elderly pensioners, are in a desperate position as inexpensive housing becomes non-existent. It is just impossible for them. As well, the national vacancy rate is edging toward the zero mark.

Faced with the cold, hard facts pointing to a housing crisis, the government has responded, as it did in this budget and as it is doing in this bill, with a quick-fix measure. No long-term solutions are proposed. They are not even attempted. The minister has ignored the gloomy housing outlook documented in memoranda given to him by people in his department some months ago. It shows the gloomy picture that lies ahead in the housing area. It is all there in those documents. He may remember one which he himself signed. It is all there in the words used in this document such as "little hope", "standards of living set back", "unmanageable burdens on housing budgets", "substantial regression in housing conditions". These are all in the documents provided to the minister.

• (1750)

We must come to terms with the severe shortage of housing in Canada today or embark on a regressive course from which we may never recover. That seems to be the way at the present time. The regressive course of which these documents speak seems to be the way we are going.

Looking over the history of housing in this country, we see that some 13 years ago the Prime Minister (Mr. Trudeau) authorized a task force to examine housing and urban development in Canada. That task force was set up under the then minister responsible for housing. It was to report on ways in which Ottawa together with the provinces and the private sector could meet the housing needs of all Canadians.

That is the way the Prime Minister thought of going some 13 years ago. He was going to work with the provinces and the private sector to try to bring a viable, healthy housing industry to this country. At the present time we know he has dismissed any kind of co-operation with the provinces from here on in. However, those were the terms under which he wanted to operate some 13 years ago.

As a result of the work of that task force, conducted under the then Liberal minister, Mr. Hellyer, some recommendations were brought forward. It outlined some principles on which housing policy should be based in Canada. I will quote two of those principles because they very much bear repeating. They are:

> Housing and urban development are an urgent priority for the people of Canada.

If it was an urgent priority in 1968-69, how much more urgent is it today? I quote the second recommendation:

> Every Canadian should be entitled to clean, warm shelter as a matter of basic human right.

That is what was espoused by the Liberal government of that day. Today these same principles that I have just enunciated should be the cornerstone of the housing policy. We are faced with the most severe housing crisis since 1945. I do not think the minister would deny that, yet this government's token response shows that the basic principles enunciated in 1969 by that task force meant nothing to the Trudeau Liberals. Whatever they meant then, they mean nothing today.

What does Bill C-89 mean to the more than 900,000 home owners facing mortgage renewal this year? I submit it really will not mean very much. A mere 12,000 out of 900,000 who are facing mortgage renewals will receive direct assistance. Those "dire straits" home owners were told last fall by the minister responsible for housing to grit their teeth and hang on until the budget.

Many of them did that in great expectation. For a few weeks prior to the MacEachen budget, the minister held out hopes to the thousands of home owners faced with high interest and foreclosure. I know the minister to be a decent man. I believe he really hoped he would be able to offer people a great deal more than the budget allowed for. I am sure the minister expected more from the tight-fisted Minister of Finance (Mr. MacEachen) than was finally produced. I am sure he shared in the disappointment of many Canadians from coast to coast. I only hope he has expressed that disappointment and his reaction to the Minister of Finance on every possible occasion so that some of the difficulties that lie ahead for Canadians may be somewhat modified.

The assistance plan contained in this legislation before us offers no long-term solution to the chronic housing shortages in Canada today. I, of course, do not oppose any measures, however small or however inadequate they might be, to provide relief to home owners. What I oppose, and I say this in all

seriousness to the minister, is this government's token efforts to deal over-all with the housing crisis.

The minister will have received different reports and analyses of his bill. The Canadian Council on Social Development, an agency which does a great deal of analysis of social problems throughout Canada, branded the housing plan as a stop-gap measure. The budget's proposals to assist home owners do not begin to meet the needs of the more than 100,000 households documented by CMHC whose mortgage payments will exceed 30 per cent of income after renewing their mortgages. This situation has been outlined to the minister by his own officials. It is not something trumped up as some partisan issue.

The interest deferral plan we are being asked to consider simply puts home owners into greater debt. Mortgage interest rates are reduced by shifting the lower cost to the principal amount of the loan, thus increasing the over-all mortgage debt for a short-term reprieve. If interest rates do not go down, home owners may well face the loss of their equity. Second, home owners with little equity to use as collateral in deferring interest payments are eligible for one-time grants of $3,000. This will provide a little help, very little, to a small number of people.

What the bill really shows is that the government does not want to face up to the housing crisis. Whether the minister wants to or not, he cannot get the cabinet collectively to face up to the housing crisis. Nowhere is this more evident than in the bill before us today and the token assistance it provides. Further, the bill does not respond to the chronic shortage of rental units in Canada. The national vacancy rate went from 2.8 per cent in April, 1980 to 1.2 per cent in October of last year. Relief in the federal budget is virtually non-existent. The net effect of the budget may in fact be fewer housing starts, a point to which I want to return later.

[*Translation*]

The Acting Speaker (Mr. Ethier): It being six o'clock, I do now leave the chair until eight o'clock.

At six o'clock, the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

Mr. Deputy Speaker: Order. When the House rose at six o'clock the hon. member for Kingston and the Islands (Miss MacDonald) had the floor.

Miss MacDonald: Mr. Speaker, when I was reviewing this bill before the dinner hour, I stated that it did not respond in any way to the needs of the 100,000 families which Canada Mortgage and Housing Corporation has stated will be paying more than 30 per cent of their income for accommodation this year. It will affect only approximately 15,000 families.

Furthermore, the bill does not respond to the chronic shortage of rental units in Canada. Anyone who comes from a metropolitan area will know how those shortages are becoming increasingly acute. The national vacancy rate fell from 2.8 per cent in April, 1978, to 1.2 per cent in October of last year. Relief in the federal budget is virtually non-existent. The net effect of the budget may, in fact, further reduce housing starts. This is a point to which I will return later.

The dream of owning a home in Canada may sson become just that, a dream which can never be realized. High mortgage interest rates have had a grave impact on the affordability of homes in Canada. In the third quarter of 1981, the average price of a home in Canada was $77,900. Assuming a 10 per cent down payment, $1,000 in property tax and the rule of thumb that total payments for principle, interest and taxes should not exceed 30 per cent of gross income, when these facts are added up the result is that a family income of $44,500 is now needed in order to afford an average-priced home in Canada.

According to the Canadian Real Estate Association, a family income of $56,000 is needed in order to afford an average-priced home in Toronto. An income of $79,800 is needed in order to afford that same average home in Vancouver. Mortgage rates today are 18 per cent to 19 per cent compared with 10.25 per cent in 1978. The price of an average house now is $77,900 compared with $54,800 four years ago. The combined effect is an increase of about 130 per cent in the cost of servicing a mortgage or a new home. Furthermore, 1.2 million Canadian families all across this country have to renew their mortgages over the next two years. Those renewing mortgages, which they presently hold at 10 per cent, will, at the new rate of 18 per cent or 19 per cent, see their payments rise by 40 per cent. How many families will be able to afford 40 per cent increases each month? When the CMHC looked at these figures, it estimated that 40,000 Canadian families will lose their homes because of high interest rates. Where will these people go when vacancy rates are now registering zero?

• (2010)

Ben Gestrin, the chief economist at the Canadian Imperial Bank of Commerce, says that the five-year mortgage rate may soon be a thing of the past. If the five-year mortgage rate is dying, it will be replaced by mortgages of one year or less—six months, perhaps making life all that much more difficult and much tougher for home owners and those buying homes.

The Progressive Conservative Party's mortgage interest and property tax program would have helped provide some relief. It was a program we put forward knowing it would not resolve all the difficulties, but we knew it would be helpful to hundreds of thousands of Canadians across this country. For instance, for a person renewing a $40,000 mortgage at 18 per cent, the tax credits which would now have been in effect would have lowered the effective interest rate to 14.75 per cent for the 1981 tax year and to 13.5 per cent for the 1982 tax year. To anyone who has to take an 18 per cent or a 19 per

cent mortgage at this time, how much better a 13.5 per cent mortgage rate now sounds!

During the 1980 election campaign, in February 1980, the Liberals promised to increase "affordability of ownership so that more Canadians can choose between renting and owning". What a hollow lot of words that is at this point, because there are very few Canadians, given the present high mortgage rates, who have that choice of renting or owning.

However, facts and figures aside—and I have been dealing with a number of facts and a number of figures—how can the government ignore the human cost of its failure to deal with the serious housing problem and the housing crisis which confront this nation? The homeless in metropolitan Toronto provide a very dramatic illustration of this. Hundreds of ex-psychiatric patients, battered wives, single parents, unemployed, welfare recipients and evicted families—the have-nots of our population—have joined the traditional down and out people and the drifters. They have joined them in not being able to find accommodation. They have joined the ranks of the homeless. They are the real victims of the so-called equity budget of the Minister of Finance.

According to a recent series on the homeless in the *Toronto Star*, as many as 3,000 people could be homeless in Toronto at this time when vacancy rates and housing starts have fallen to an all-time low, with nowhere to turn at night and no shelter they can call their own. Usually metro's hostels and their 1,100 beds are taxed and overbooked in January and February, but in October of last year they were already full before the real depth of winter occurred. They were already full, and people were looking for places to stay overnight. In December one of the churches in Toronto set up an emergency shelter and took in some 250 people. They had to sleep on the floor, but at least this provided a roof over their heads. That is how desperate things are, and that accounts for only half the 3,000 people who right now are homeless in the city of Toronto.

Toronto alderman Gordon Cressy is quoted as saying that if more affordable housing is not provided, more vandalism and more theft will result. To quote Mr. Cressy from a *Toronto Star* article of December 10, 1981:

> We're on a collision course. The survival instinct is very strong in people. If they are left on their own, they'll go out and get what they need.

Jay MacGillivary, a hostel worker at Nellie's Home for Woman, says that the housing crisis has already claimed lives. Think of the seriousness of that statement! Jay MacGillivary was quoted as saying that people are literally dying because there is not enough housing. She went on to cite the illustration of four women aged 28, 29 and 30 and already distressed by their personal problems, to the point that they committed suicide last fall because they had no place to go. These four women were alone, abandoned and homeless, and they ended up committing suicide. They had no place to go.

There are cases in my constituency in Kingston. I meet people when I go to my office on Saturdays. A woman came to see me. She had worked hard all her life, as had her husband, and through no fault of their own, both their jobs in the manufacturing sector were terminated. Both found themselves unaccountably on unemployment insurance for the first time in their lives, although each of them had worked for a number of years. They came to a point where they were faced with a great increase in the mortgage rates they had to pay. Their renewal had increased their mortgage rate tremendously. One of them came to me and said, "What are we going to do?" They have unemployment insurance on which to live. They have to face the fact that their mortgage payments will increase drastically, and they have no help. The alternative is that their home will be taken away from them. It was solutions to these kinds of problems people were looking for when they knew there would be assistance in the budget respecting housing needs. People hoped for assistance that would help them personally, but it did not come. It did not come to the hundreds of thousands who desperately need that kind of help.

Canada needs something in the vicinity of 220,000 new housing units each year. Back in 1980 only 159,000 housing units were begun. In 1981, last year, 178,000 units were built. Each time the number was well under the 220,000 units it is estimated we need every year. The latest forecast I have seen for this year has been by HUDAC. That was in February of 1982, and HUDAC predicted that only 155,000 units will be built in 1982. If we were to take the results of the last three years together, we would see that there is a shortfall in Canada of 168,000 new units. High interest rates have made construction of badly needed apartment buildings unprofitable for anyone to take on. In Ontario a landlord would have to charge in the order of $800 per month for a typical one-bedroom apartment just to break even on a new building financed at today's interest rates. How many people can we find who would pay $800 for a one-bedroom apartment? This is more than double the current rental rates in most cities; not surprisingly, apartment construction has ground to a halt. I want to elaborate on what I think is the plight of renters. Just what has the government offered to deal with the rental shortage? Instead of increasing funding for rental units, it is reducing it.

• (2020)

The MURB program was responsible for the construction of approximately 25,000 units in 1981. This program should be reinstated.

The assistance proposed to builders is expected to result in only 15,000 starts or 10,000 fewer than were built last year under the MURB program. Simply put, Mr. Speaker, the government's commitment to social housing has been reduced to 25,000 starts this year, from 30,000 last year. In every sector we see that the number of units, whether social housing units or MURBs, will be down this year.

The poor and the sick, who need shelter the most, find it toughest to get. In Toronto, renovations and demolitions have claimed many of the old boarding houses which used to be rented to people with little or a very subsidized income.

More than 8,000 people are on waiting lists for government subsidized public housing. The minister's own officials told him in the leaked CMHC document:

The prospect is not only for tight rental markets but for waiting lists and doubling up with family and friends. We will thus witness a substantial regression in housing conditions following 35 years of gradual improvements.

Suddenly we see a turnaround. Instead of more units being built to meet the demand, we are facing a regression in the housing sector.

The same CMHC document predicted that we will have a zero per cent vacancy rate by 1983. If the present trend continues, we should approach that by this summer. In the city of Kingston, the vacancy rate dropped from 3.2 per cent in April, 1981, to 0.6 per cent last October. This is a steep decline.

I want to reiterate that this government deliberately ignored the advice of its own officials. The CMHC report stated that the situation of renters will worsen as a result of the short-term rental market prospects. To quote the CMHC report again, referring to the rental situation it states, on page 21, that it is "the most fundamental housing problem today."

Clearly, the government does not see it as being fundamental. But to thousands of renters, Mr. Speaker, this government's inactions may result in homelessness.

The Canadian Council on Social Development shows the devastating impact the housing shortage is having on low income Canadians. In 1979, almost 56 per cent of renters, both families and individuals, had income before taxes of less than $14,000. Over half of this group had income less than $5,000.

Rent increases have averaged 8 per cent to 10 per cent in the last two years in most provinces. Recently, there is growing evidence that increases have exceeded these rates by as much as 20 per cent, even in provinces where rent regulation is in effect.

The Canadian Council on Social Development says the budget emphasizes mortgage renewal, even though the rental housing sector is of more serious concern.

To quote the CMHC document again, it reports as follows:

Close to half a million low income renters already pay over 30 per cent of their income for shelter.

These are people in the lowest income bracket in the country—and 500,000 of them pay over 30 per cent of income for shelter!

With predicted rent increases in Toronto of over 12 per cent, the council estimates a single parent in the labour force, with a $10,000 income, will be paying 40 per cent or more of his or her income for rent by the end of this year. What is going to happen to those people? I would classify these people as being in the most dire straits.

HUDAC predicted on February 16 this year that there will be large rent increases in months to come because a great number of rental projects were built in 1978 under the government's assisted rental program. Half of these had mortgages at 10.5 per cent to 11.75 per cent interest rates and five-year terms. People had something that they could manage, but all these mortgages will be coming up for renewal this year at rates of about 18 per cent or 19 per cent.

HUDAC estimates that monthly rents in these buildings would have to increase $200 to $250 per month per unit to cover the mortgage increases. Such forecasts are cold comfort for those on low and fixed incomes. The simply do not know where they will get the extra money each month to meet the increase in rent.

Foreclosures, and the doubling up of families predicted by the housing minister's own officials, may well provide fertile soil for family breakdown, crime, violence, alcoholism and suicide. With more than a million unemployed Canadians, social unrest and hardship are bound to grow.

The government has failed to see the link between a strong housing sector and a more vital and stable economy. HUDAC estimates that for every 1,000 housing starts, 2,210 jobs are generated for one full year in our economy. For every 1,000 lost housing starts, the national economy loses $83,500,000 in income. That is what a healthy, viable housing sector means to the economy—more jobs, more income.

Yet, we must recall the words of the finance minister who told his provincial counterparts in Halifax last November, that the unemployed would have to be sacrificed in the short term to bring down inflation over the longer term.

Sir, our criticism of Bill C-89 relates to the government's failure to bring in adequate relief measures commensurate with the severe housing crises and not just band-aids such as this bill provides.

I come back to the second principle that I mentioned earlier of the task force established by the government in 1969. That principle was that every Canadian should be entitled to clean, warm shelter, as a matter of basic human right.

Canada has made great strides since the Second World War in providing shelter for its citizens. But, Sir, this government has lost sight of the principle I just enunciated. The government's own housing officials say there will be "a substantial regression in housing conditions following 35 years of gradual improvement". It will unfortunately be true that the principle that every Canadian should be entitled to clean, warm, shelter as a matter of basic human right, is slowly but surely being put behind us.

Owning a home will perhaps become a reality for only the rich, leaving low and middle-income Canadians to fend for themselves in a period of high interest rates, near zero vacancy rates and spiralling inflation. Their government holds out little hope for assistance.

Mr. Speaker, despite all the warnings about deteriorating housing conditions in the country, the government fiddles while Rome burns. The right of Canadians everywhere to adequate housing fades away, as did Mr. Hellyer and the many former members of the Liberal cabinet who are no longer gracing government benches.

• (2030)

[*Translation*]

Mr. Carlo Rossi (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, as the member for Montreal-Bourassa, a riding that includes the lovely town of Montreal-North, I am very pleased to take part in this debate. In spite of all attempts by the opposition to discredit Bill C-89, I believe that the bill now before the House is sensible and takes into account both the needs of the Canadian people and the government's responsibility.

Mr. Speaker, we have all heard the unfavourable comments made haphazardly by the members opposite. I wonder whether they realize what is involved. I wonder whether they realize the extent to which the proposed amendents will help to resolve some of the housing problems confronting the Canadian people today. I wonder whether they are at all concerned, and whether they realize that while they are wasting precious time making insinuating remarks and criticisms that are not at all to the point and have no justification, Canadians are waiting anxiously for us to take some kind of action. Many of us will have seen on national television Tuesday evening, the story of a family that is desperately holding on to its home until the Canada mortgage renewal plan becomes effective. Mr. Speaker, these Canadians do not want rhetoric, they want facts. With a profound sense of responsibility, the present government has taken the initiative. The minister responsible for housing has already made it clear to the House that after a number of meetings with lending institutions, he had received the assurance that they were ready to do their part in making the mortgage renewal program work so as to benefit the individuals and families that need it most. Mr. Speaker, we have clients who are waiting for this plan and we have people ready and willing to help put it into effect. We must get to work immediately, and to do so, we need constructive comments and not endless speeches that keep repeatig the same senseless clichés.

Mr. Speaker, another important point is the government's intention to take steps to help people who rent their homes. The budget provides $350 million for housing over the next two years, part of which is to finance the Canada rental supply plan. To refresh the memory of my hon. colleague, the rental supply plan is a stimulus for the construction of rental units, under which interest-free loans of up to $7,500 per unit are to be granted for the construction of 15,000 low-cost rental units in areas of the country where the rental market is tight or a substantial increase in the population can be expected. Of course, the loans will be in addition to assistance already provided under present non-profit and co-operative housing assistance programs. Members on both sides of the House have expressed their concern regarding the supply of rental accommodation across Canada.

Incidentally, I may point out that the province of Quebec has the highest proportion of renters in Canada. The percentage of renters in Quebec is 44 per cent, compared with 18 per cent in Newfoundland. Under the plan I just mentioned rental units will be built in Quebec, as in the other provinces, in areas where vacancy rates are low and where the population can be expected to increase. This means that the program will be fair and adapted to actual need, thus benefiting people with low incomes.

Mr. Speaker, another interesting point is worth discussing. Renters have lower incomes and fewer assets than home owners. According to 1977 figures, renters have an average income of $16,800, while home owners have an average income of $27,800. The average home owner has net assets of $71,650, compared with $8,900 for the average renter. The Canada rental supply plan fits in very well with the non-profit and co-operative housing assistance programs, and will provide 25,000 units in 1982. Quebec has put the non-profit and co-operative housing assistance programs to good use, adapting them to specific needs. In all, the various plans will be providing 40,000 units during the next few months, which will be available to people on low and moderate incomes. I have already indicated, Mr. Speaker, that this bill will be playing a key role in providing 15,000 additional units for Canadians under the Canada rental supply plan. The bill will, in fact, enable the Canada Mortgage and Housing Corporation to provide more substantial loans for rental housing.

Furthermore, Mr. Speaker, by raising the loan value ratio and offering interest-free loans of up to $7,500 per unit, the government will be achieving two major objectives. It will be providing moderate-cost rental accommodation to the people who need it most and furthermore, it will be creating about 35,000 jobs in the construction industry and related sectors. In the present situation, this is an admirable initiative to which the members opposite cannot close their eyes, although they are asleep more often than not. Another aspect of the bill before the House concerns measures to assist home ownership. Canadians who want to own their own homes are having problems owing to high interest rates and especially because of the fact that mortgage funds are available only on a short-term basis. And when I say short-term, I mean as short as less than a year, in some cases. As a result, the individual who does become a home owner has high monthly payments to meet and has no way of knowing how these payments will fluctuate in the future.

Mr. Speaker, Bill C-89 is certainly designed to make home ownership easier. Its provisions will enable Canada Mortgage and Housing Corporation to develop new mortgaging instruments. I must add that these new mortgaging instruments include mortgage loans with capital gains sharing, which will help many Canadians to deal with some of their present problems and will help future occupant home owners to obtain the required financing and to plan their future on the basis of the type of payments they will have to make. I would like to emphasize another point, Mr. Speaker, namely, that this bill

does not represent a complete answer to the issue of providing affordable housing for all Canadians.

I have already mentioned the assisted rental program, mortgage renewal assistance and the home ownership assistance programs. However, when I refer to additional housing initiatives, I am thinking about improvements which should be made to the worst housing conditions in Canada, those of our native people and rural poor. Much progress has been made to improve housing conditions for these people, but a lot remains to be done. As other government members have pointed out, in the last few months, Canada Mortgage and Housing Corporation has made a comprehensive review of the rural and native housing program. Major amendments and improvements to the program, as well as a consultation process are now under way. Moreover, other amendments to the National Housing Act are now being prepared to make significant improvements to federal programs, concerning both residential rehabilitation assistance and construction of new housing under the Rural and Native Housing Program. This legislation will provide improved living conditions for rural residents and native people throughout the country.

Another long-term priority is the housing allowance. As we all know, because of financial restraints the government will not be able to implement this project immediately, but it remains the subject of serious consideration. A housing allowance program can take many forms and various options are now being considered. One possible approach would be to use the same indications for the housing allowance program as for the Canadian mortgage renewal plan. In other words, the housing allowance could be offered to those who spend more than 30 per cent of their income for housing.

Many Canadians are in that situation. Older people with fixed income and single-parent families trying to eke out a living with an income at or below the poverty line are particularly affected. A housing allowance program would be exceedingly helpful in their quest for better housing or to reduce the excessive amounts they have to spend for their current accommodation. I am referring to this long-term endeavour to show clearly that not only is the government acting now but it can also foresee future housing requirements and plan accordingly within the framework of a sound housing policy. Bill C-89 which is now before the House is a very significant step in that process and I urge all hon. members to adopt it.

• (2040)

[*English*]

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, I am very pleased to offer a few thoughts tonight on Bill C-89. I am extremely honoured that the minister has seen fit to sit in the House to listen to my words of wisdom and has given up some of his reading for a moment or two to listent to the concerns of my constituents, who are under a great deal of tension because of the policies of this government.

Bill C-89 is perhaps overblown as far as my constituents are concerned. This bill will be put forward as the greatest thing for housing since sliced bread. However, the people in British Columbia do not think the bill will be that valuable. The minister is going to tell us about how it will create 300,000 housing units and 70,000 jobs. I think that is a step in the right direction.

Mr. Deans: It is also a lot of nonsense.

Mr. Rose: I beg your pardon.

Mr. Deans: It is also a lot of nonsense.

Mr. Rose: You think it is a lot of nonsense. Well, that is your comment.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. The hon. member should address his remarks to the Chair.

Mr. Rose: I was going to say that I had enough trouble being heckled by the opposition without having someone in my own party "helping" me.

An hon. Member: Bring back Stanley.

Mr. Rose: I have a personal story to tell tonight. It is not about my hon. friend here because I do not think we should do that sort of thing in the House of Commons, but about a personal experience of mine.

In 1961, at the depths of the Diefenbaker recession, I purchased a "spec" home, just an ordinary, plain jane "spec" home for my family. It was a home for my wife and my three daughters in Coquitlam. It cost $13,000. The home was modest and frugal. It contained 1,500 square feet. It had three bedrooms and one bathroom and an unfinished basement. There was no carpeting and it was not even located on a road with a sidewalk or a pavement.

Mr. Deans: Things were bad in those days.

Mr. Rose: My mortgage was 6 per cent for 20 years. The payments were roughly $100 per month—perhaps $107 but I have forgotten because it was such a long time ago. Today, because of the pressures on the housing market, one can purchase that kind of house in a municipality just across the river at Langley for $70,000.

Mr. Deans: That is a rip-off.

Mr. Rose: The interest rate is 19 per cent and the payments are $1,000 a month, not $100. It takes an income of $40,000 a year to handle the purchase of a home at that price. The most interesting part of all is the fact that the house is worth $35,000 but the land upon which it sits is also worth $35,000.

Mr. Cosgrove: There is the story.

Mr. Rose: When one considers that a house is made up of labour, material, contracting and profit totalling $35,000 and

that 50 per cent of the cost of that house is land and interest rates, that is something we should consider when we are dealing with a housing problem. So, one might ask, what is keeping people out of housing? It is not the cost of labour, or even the contractors' profits. It is two things only, land prices and interest rates. The land under the house I bought in 1961 was 10 per cent of the total cost. Today that same house costs $70,000, but the land under it is now 50 per cent of its cost. Perhaps the minister is going to say, "Well, that is all the fault of the municipalities".

• (2050)

Mr. Cosgrove: The provinces.

Mr. Rose: The provinces? Oh, well, I know, the Liberals are always out to bash the provinces these days, like the Tories are always out to bash the stand of the NDP because we are known, of course, as the western wing of the Liberal Party. I have heard that in about 16 Tory housing speeches to date, and I thought it would be nice to put on the record here that since last October the Tories voted with the Liberals 20 times.

Mr. Deans: Twenty times?

Mr. Rose: Twenty times they sided with the Liberals, their ideological friends.

An hon. Member: Good judgment.

Mr. Rose: And the NDP voted with the government 13 times.

Mr. Roberts: How many times did you vote with the Tories?

Mr. Rose: So who is the western wing of the Liberal Party?

An hon. Member: The Tories.

Mr. Rose: The hon. Minister of the Environment (Mr. Roberts) is asking—

Mr. Deans: The only party with two right wings.

Mr. Rose: I wish the Minister of the Environment would respect the fact that I am a meek and timorous member and that I get sort of bothered by that kind of—

Mr. Roberts: You have a lot to be meek and timorous about.

Mr. Rose: And humble, too. I think it is terrific that you read so much about Winston Churchill. I did not even know you could read.

I think it is obvious from what I have had to say here, Mr. Speaker, that land prices under the control of the provinces, or the municipalities if you like, are almost as important as interest rates in terms of why we have moved from what I think was a reasonably sensible housing policy 20 years ago, to one which puts interest rates in the position of impeding the kind of housing development that we need. I think it is all part of the problem of the federal government trying to privatize housing, mortgage interest rates and development so that the government can ease its way out. The minister shakes his head. I did a musical dedication to him at Christmas with the little musical background that I have—

An hon. Member: Very little.

Mr. Rose: —and I think he has had a very difficult time as the minister responsible for housing. I think it serves him right, but I know he has suffered as well. Because of his record of producing housing I did not know whether to dedicate to him that old tune "A Shanty in Old Shanty Town" or, for the many people who are doubling up and sharing accommodation, that song from "My Fair Lady", "All I Want is a Room Somewhere".

His record has not been all that terrific. It has been great, though, for developers, the banks and mortgage companies. But it has been really rotten for consumers, for people who desperately need housing.

Mr. Cosgrove: I rise on a point of order, Mr. Speaker. I wonder if the hon. member would entertain a question if time permits at the end of his comments?

Mr. Rose: Mr. Speaker, I would be delighted to answer any questions the minister cares to pose to me after I finish.

Now, Mr. Speaker, let me talk to you a little about bank profits. We have had these record high interest rates and they were supposed to fight inflation. What happened, though, is that they have caused inflation. The minister knows that full well, but obviously he does not have the influence in cabinet to have that changed so we can have decent and affordable interest rates as we once had.

In the decade between 1970 and 1980 the average industrial wage in Canada rose 150 per cent to $317 per week. Direct taxes on individuals rose 300 per cent to a total of $41 billion. Now, contrast those figures with the record of the banks over the same period. Bank profits were up 210 per cent, their taxes were up only 14 per cent, and their tax rate was cut from 50 per cent to 15 per cent. So obviously there has been favouritism on the bank side of the equation. Some people say, well, what happened? We had a reasonably good housing policy in 1970. We might have even had a better one in 1960. I am sure the hon. member for Kingston and the Islands (Miss MacDonald) would agree that we probably had a better one in 1960 than we did in 1970, but we had a good one in 1970. What happened in the meantime? I will tell you what happened. In 1967 the Liberals freed the bank rate from the 6 per cent limit. It was said that if we could only eliminate that limit, we could have a lot more money for mortgages. So we eliminated it, and bank rates started rising for mortgages.

The hon. member for Kingston and the Islands talked about the housing report of the hon. member for—I have forgotten, but I think it was some Toronto Trinity riding—who had a big housing report on behalf of the Liberals. I can still remember that report; it had two big zeroes on the front of it and its author was the Hon. Paul Hellyer, a big "0", too. Later, and belatedly, he came over and joined the Conservative Party. I

will tell you what he advised. He said, "Remove the ceiling on NHA mortgages". So we did. That is what happens when the Liberal government takes the advice of a Conservative. Then, around 1969 Mr. Hellyer advised that we introduce five-year roll-over mortgages. That would put more money into housing. Now, where is that man today? He is usually up there in the gallery, but they just sold out *The Toronto Sun* to MacLean-Hunter, so he is probably down in Bermuda clipping coupons. I do not know where he is today, but I do not think that advice helped us at all. I do not think that advice helped the housing industry one whit.

In 1973 the Liberals and the Conservatives encouraged high-priced housing by unrestricted interest rates. All that did was to allow the developers and lenders to put their money into high volume projects where they could make the most money. In 1974 the Liberals introduced the AHOP program which has become a disaster for many people. I am quite certain that when Barney Danson, who is no longer with us, introduced it, he did not intend that at all. His intention was that if you start out with a low mortgage, after a few years the breadwinners' incomes rose and they could perhaps pay the higher interest rates. But what happened? Because of this, government mortgage rates outstripped incomes and so people were stuck with them. They abandoned them right, left and centre, and in many cases, such as in Oshawa and Brantford, ended up selling them to speculators. As if that were not enough, in 1979 CMHC withdrew from direct lending. Gradually, over the years, there has been a withdrawal of CMHC from an active role in the housing market to becoming observers and guarantors for the mortgage companies. That is their role today, and it is not satisfactory because it does not solve the problems we face.

Now, Mr. Speaker, we have a few more gimmicks. We have the mortgage interest deferral, and what does that mean? It means that after five years of deferred mortgage interest rates you end up owing the lending institution more money than you did five years previously. Then we have the other little thing imported from the United States, and I will speak about it a little more later; the variable rate mortgage. A no-limit mortgage is really wonderful. That sort of thing gives a great deal of stability to our country—that is nonsense.

• (2100)

We have a minister over there who is laughing about all of this while many people are crying because they are seriously concerned about losing their homes, their propects and their dreams. I do not think the minister should laugh about peoples' problems. I think he should cry in shame as well. I do not think he feels comfortable about it, though. I am not suggesting for one minute that the minister feels great about this. He probably feels very frustrated, like many people do.

What is the current situation? The current situation is that most people in this country think that an affordable home is a constitutional right. We have heard stories in this debate about property rights.

Mr. MacBain: Not from us.

Mr. Rose: We have heard that people should enjoy in the Constitution, federally, despite what the provinces might say, the right to own property. I can understand that, notwithstanding the fact that I think the enshrinement of property rights federally is an intrusion on provincial rights. I think that we can understand the peoples' desire for property rights. The fathers, mothers, grandfathers and grandmothers of people sitting right here in this room came to this land from Europe and Asia for a dream, for land they could own, land that was there, because they did not have it where they came from. Therefore, they could be owners of property. They could have their own homes and farms. I think perhaps the right to shelter, like the right to health, like the right to medicare and like the right to legal services, should have been enshrined in the Constitution as a constitutional right, because what is happening right now is that more and more people, not fewer and fewer, are becoming tenants on their own land. The number of tenants is rising and the number of owners is declining. Why is that? Is that because of the wicked socialists? No. It is because of the rapacious interest of the mortgage companies, banks and private developers.

I just heard the hon. member for Kingston and the Islands say, "That was not me, I did not do that."

Miss MacDonald: I did not say that. I said it was great up here for you to be an audience.

Mr. Rose: I think it is terrific that you are an audience, and I am really pleased that you are interested.

Miss MacDonald: Thank you.

Mr. Rose: In British Columbia, where I come from, the average family earns about $30,000 a year. The average house price over in the Vancouver area, anyway, although I believe it is cheaper up the valley in suburbia, where I come from, was about $140,000 last year.

Some hon. Members: Shame!

Mr. Rose: If one spent 30 per cent of one's income, with a 16 per cent mortgage, and that is a low one, one could probably qualify for a $50,000 house, except that there is just one snag in that whole scenario—there is no $50,000 house. One needs an income of $80,000 to $90,000 to purchase a house. So what has happened to that dream of home purchasing? It has gone. It is out the window. No young person can aquire a home unless he has a mother or father who helps him.

Mr. Deans: The Liberals are destroying them.

Mr. Rose: Home ownership is being destroyed.

Mr. Deans: By whom?

Mr. Rose: The minister might say that the private housing market will fix it up. The private housing market cannot fix it up. It is impossible for it to do that. What will happen in future? We have a zero vacancy rate for rental units in Vancouver and that area. Yet, houses are sitting vacant, unsold,

because of high interest rates. No one wants to buy them because they cannot afford the mortgages, because they do not earn enough to afford the mortgages. In my riding, 30 per cent of the forest workers and the millworkers are unemployed. Many shingle mills in the riding I represent have just closed down. The workers are out. They are out of work. We have a country with money, we have a country with skills and we have a country with raw materials, yet we are short of housing. Zero vacancy rate! That must say something about mismanagement somewhere. It does not matter whether one points a finger at the minister responsible for housing, whether one points a finger up in the air, or points the gun at the foot and shoots the foot off. There is something wrong in this country when that happens. This mismanagement is totally unacceptable. People will be forced to double their mortgage interest rates.

Let me tell hon. members a little story about a constituent of mine. Approximately six months ago, a very nice young woman with three pre-schoolers came to see me at my office. She told me her story. She will have to give up her family AHOP home because it will soon be five years since they bought their place, and the mortgage is due for renewal. She is extremely worried about this. Out of her husband's net income of approximately $1100 or $1200 a month, they pay $465 for house payments. If the interest rates remain around 20 per cent, this young couple will face a mortgage payment of more than $750. That is out of $1100 to $1200 a month. I do not know how your math works out, but it looks to me like approximately 60 per cent or 66 per cent of family income goes to mortgage payments. So what will they do? They will have to do one of three things. They will have to sell the house and find something cheaper, which will be very difficult, or they will have to go renting, which is almost impossible, or else she will have to go out to work if she can find a daycare centre for her children. That situation is replicated all over Canada. I know it is much more tense in high-cost areas such as Calgary and the lower mainland of British Columbia; but I think it is only one example of the tragedy which affects many people and the tensions which build up in the family, the sort of policy in human terms, the stress and the scrimping of many households, as a larger and larger hunk of the family income goes to pay off mortgage payments, just for shelter.

We must talk about these things in human terms, because it is happening to people. It happens to people whom I represent. Hon. members cannot be unfeeling about this. We should freeze mortgage rates. At any time the family income goes above 30 per cent for shelter, we should freeze mortgage rates.

Some hon. Members: Hear, hear!

Mr. Rose: There is no question about that. We cannot let it go on. We had it before in the thirties. We had it in Saskatchewan. What did the CCF do? Banks were threatening takeovers of farms. The new government forbade that to happen, and the people of Saskatchewan have never forgotten T. C. Douglas for that.

A lame justification was offered by the minister when I approached him with this. He said, "Well, you would be helping home owners, but you would not be helping renters. Besides, after all, they are increasing their equity." I have forgotten exactly whether the minister said this to me or to the House. He further said, "It would be unfair because many renters would be caught in the same squeeze if it were not for rent controls." My view is that that is no excuse for doing nothing or for cutting rent controls, which is what he suggested in order to stimulate house purchases or more building of rental accommodation. He said AHOPers could claim an extra subsidy under certain circumstances and implied that the people were getting wealthy because their home values had doubled. Listen to the minister. Here is his advice. Great! "Sell your house and be rich and homeless." That is what he is saying.

Approximately 300,000 people are due for mortgage rollovers in the next few years, approximately three or four years. In Saskatchewan alone, there are 15,000 in distress, and it is what, two thirds the size of British Columbia? Probably. We are in a high-price area. However, most people do not talk about that. They are embarrassed to admit that they are scrimping on food, giving up on insurance, clothes and entertainment. Other people sell just to beat the foreclosure. They sell before the bailiff comes in. I do not understand why we have not had mass civil disobedience over this sort of thing, mortgage strikes, or rent strikes. I think a time will come when people will both refuse to pay and refuse to move out.

I will refer back to the 1960s. We had a 6 per cent legal ceiling. We cannot go back to 6 per cent, and everyone knows that. However, there certainly ought to be some place between 6 per cent and the inflation rate of 12 per cent, and perhaps 2 per cent or 3 per cent for a reasonable kind of mortgage interest rate. I think the minister agrees with me because I do not think he is a heartless man. He has been under a great deal of pressure. I think he has attempted to convince his colleagues that the matter is serious. The minister just cannot convince his colleagues to go along with him. At least, I hope he cannot. I think something has to give somewhere. It is not going to splash all over the household. What we now have is a shelter shambles. Nobody can quarrel with that. What do we need? In the Vancouver area we need about 2,000 co-op units next year. Last year it was over 1,000 we built. Next year, building will be down around 900. Why? Because federal funding has been withdrawn from the co-op units for senior citizens and others on low income. We need 14,000 total units per year on the lower mainland alone. The minister says that if we pass this bill there would be an additional 3,000 units. We would have 3,000 for all across Canada. We could use that many in our lower mainland without any difficulty at all.

• (2110)

I know that one has to make a start somewhere. But what has happened is that the government has cut back and is not going ahead.

An hon. Member: They are starting to go backwards.

Mr. Rose: They are starting to reverse. That is what concerns us. The hon. member must believe, as the Frenchman said when he kissed the girl on the hand, "You have to make a start somewhere." I do not think making a start is an answer to our problem. The question is, who is doing what to whom?

Miss MacDonald: You wouldn't say that if you had women in your caucus.

Mr. Rose: That is very interesting coming from the hon. member for Kingston and the Islands. We have a few women in our caucus. You have even fewer in yours.

Miss MacDonald: You cannot even count.

An hon. Member: Try percentages.

Mr. Rose: A recent report of the Canada Mortgage and Housing Corporation said that the housing starts for British Columbia were going to be down 8,000 units in 1982. That is an extremely serious matter for the people in an area where the housing starts are already too low.

What is that going to do for rents? I do not know if the minister really thinks that rents should go up in order to entice more people to build more rental accommodation.

Mr. Deans: Sure he does.

Mr. Rose: Unless rents somehow keep pace with the income increases of the average person, I do not think rent hikes will be the solution. We know that incomes have fallen behind the inflation rate now for five years in a row. The abolition of rent control is going to be particularly harmful to Canadians.

The minister says in this bill, essentially—it is unstated, it is said *sotto voce*, it is subliminal, it is a kind of implicit assumption—that if we would only allow the private sector to look after things, everyting would be fine, that if the government would only get out of the housing business directly and maybe go into guaranteeing things and propping up things here and there, things would work out and we would do pretty well. I am not so sure that that is going to be the case.

What we need in this country is a mix of housing. We do not need just public housing, we do not need just private housing, because no matter how efficient the private sector is, and it is efficient, we have one of the best housebuilding industries in the world, more than that is needed.

I would like the government to take some of that 97-cent petroleum incentive program dollars it intends to give to the oil companies for puching holes in the Beaufort Sea, and give it to our housing industry and see how they would do it, with conservation measures and solar measures and heat pumps and all that kind of thing. That would create far more jobs. We need to review the kind of policies this government has been following.

Anyway, the government cannot just sneak out and leave the private sector to do it all alone. The privte sector cannot do it. The reason it cannot do it basically is because of interest rates. Other people have highligted that. It is not a sort of new discovery by me and my party as far as interest rates are concerned.

I talked today to the spokesperson from the real estate board of the Lower Fraser Valley. He said to me, "We see the light at the end of the tunnel; we have some optimistic kinds of things happening now, especially in low-cost housing, low-cost private housing, but interest rates are the biggest impediment to progress."

As long as blind adherence to high interest rates prevails, I do not think anybody, the private or the public housing sector, is going to be able to solve housing problems. But, remember, the Tories and the Liberals do not disagree on high interest rates all that much.

On June 5 or June 6 of 1981, on a television program on CTV, the hon. member for St. John's West (Mr. Crosbie) said, and I quote in part: "Yes, I would continue to back Mr. Bouey." This is our former finance minister from the Tory party. He said: "Yes, I would continue to back Mr. Bouey, he is doing his best on the monetary side, the interest rate and the money supply." And then Michael Wilson, Etobicoke-Centre, has no quarrel at all.

Mr. Deputy Speaker: Order. I would call it to the attention of the hon. member that the practice is not to refer to hon. members by name, but rather by the constituencies they represent.

Mr. Rose: Mr. Speaker, I apologize for referring to Michael Wilson. I should have said, that the hon. member for Etobicoke-Centre (Mr. Wilson), who is the critic on financial matters for the Conservative party, speaking before the Canadian Club, said that he agreed with the high interest rate of the government. He was telling us that the Conservatives would do nothing differently.

Mr. Taylor: That is a misquote.

Mr. Rose: A misquote? You are missing a lot. They are exactly the same. They are identical.

Mr. Taylor: It is just the opposite.

Mr. Rose: Just the opposite? They are both high-interest-rate parties. The Conservative Party is the western wing of the Liberal Party.

Mr. Taylor: How can you say that?

Mr. Rose: I guess you have forgotten the numbers. I say the Tories have been voting with the Liberals 20 times and we have been voting otherwise.

An hon. Member: They are the supporters of separatism in Quebec.

Mr. Rose: What the CMHC has told us, essentially, Mr. Speaker, is that we can predict continued high interest rates, a continuing decline in housing starts. We already have a problem, and the minister's own department says that if we

carry on the way we are going, we will have an even worse problem. Those are the facts. Is that irrelevant?

I was speaking a little earlier about the area I represent, a suburban riding which constantly needs a lot of housing. And the housing means growth, it means economic development. Our party is not against economic development.

Mr. Taylor: Nationalization.

Mr. Rose: That is not the answer to everything. If nationalization made a social utopia of any country, every one of the countries would have been doing it by now.

Mr. Taylor: It never will.

Mr. Rose: You do not have all the answers, either.

Mr. Taylor: We do not say we have them all, but we have got some of them. Nationalization is not the answer.

Mr. Rose: The hon. member said that. He has a few ideas, that is right. I represent a suburan riding, and when the housing starts go down in a suburban riding, and they are, the growth is down, the lumber sales are down. I have already said that about 30 per cent of the people whom I represent who work in the mills are out of employment. The retail building sales are off. The subtrades—the electricians, the plumbers and such types of contractors—are not fully employed. In my riding we expected a 5 per cent growth in population per year. We have had a housing glut. We have not been able to sell the lot we had. We are now moving into lower-cost housing, as I described in my opening statement. A $70,000 house in British Columbia is a low-cost house. It is a 1,000 square-foot house with an unfinished basement, a plain Jane. The contractors are now cutting their price. Prices have dropped 30 per cent and the builders are building on smaller lots and they are taking lower profits. But the average price is still $90,000 in my area. If you have an $80,000 mortgage on it, that is $1,224 a month. If you multiply that by three, and that is about $40,000, you have to have that in order for it to be 30 per cent of your income. So it is a Catch 22. It is a bad state of affairs for most people. It is. Read that to your children some day. The builders will need all the help they can get. They need mortgages through CMHC. In my area they are now moving into building houses, not mansions as they were doing for the previous ten years because of the policies of this government.

• (2120)

Why do we have high interest rates? That is probably the greatest single impediment to cheaper housing. I will give a few ideas about why I think we have high interest rates. We have inhererited a lot of the American policy in terms of interest rates. We cannot ignore that. We cannot limit interest rates all by ourselves. We can have a made-in-Canada interest policy, but it will certainly reflect what is going on in the United States. We have put all our eggs in the big basket of megaprojects as the hopeful economic solution. The other day we heard that the Alsands project is in trouble. That is a serious matter. No one can say it is not. Do members know how much Alberta intends to put into Alsands? Between $3 billion and $5 billion. How much is the Government of Canada going to put in? Two billion dollars.

Four billion dollars is being spent through the petroleum incentives program to poke holes in the Beaufort Sea. Those are 93 per cent public dollars. We are prepared to make a $6 billion subsidy to sell four Candu reactors to Mexico. We are going to subsidize B.C. North-East coal transportation at the same time as we are cutting the Crow subsidy on grain from the prairies. God knows how much we will spend on the prebuild of the Mackenzie Valley pipeline through Alberta.

If we are going to put that kind of money into megaprojects, it is obvious there will not be money left for the housing assistance plan of the minister. If you plunk all those billions of dollars into megaprojects, you must cut back on housing projects, post-secondary education, medicare and hospitalization. This will be necessary because there is not that much money. That is why our interest rates go up and our dollar declines. The high rollers opposite are suffering from megamania. That is why we do not have enough money.

What is the government's solution? Cut back on social housing, protect the banks from excess profits, and support mortgage deferrals as it grasps the straw available to the minister of housing. Talking about mortgages in 1980, Peter Carter of the Royal Bank said:

> As a responsible banker, working in a consumer-oriented society, I just cannot agree with a plan that sees the borrower ending up owing more money than he borrowed in the first place.

Well, they are in it in spades. The banks cannot see it, but they are in it. Lately we have been talking about six-month mortgages. Soon we will be talking about variable rates with no restrictions. At least in the United States there are some restrictions; a 1 per cent rise every six months. The government policy of high interest rates did not bring down inflation. It added to it. It is a wrong-headed, dumb policy, and members opposite are following it blindly. It will not help anyone.

What are we asking for? I will conclude with this, and possibly there will be time for the minister's question. We want a six-month freeze. We cannot carry on in this way. We want to bring down interest rates with a made-in-Canada interest rate policy just a little higher than the inflation rate. This need not be for the whole portfolio. The banks may still want to lend money for shopping centres or something similar at an interest rate of 22 per cent. However, it should not be for housing. It is too important. We want CMHC back into direct lending. It helped my father, it helped me and it would help a lot of other people to gain shelter. If I were not able to help my children, they would not be able to acquire any kind of shelter. They would always be victims of rapacious land owners.

We want a lid on bank mortgages and a capital gains tax on speculative housing. It is not hard to be a speculator. Most of us need only look in the mirror. Whether we like it or not, our housing assets grow up with the times.

I do not think anyone has the entire solution. We hear about do-it-yourself subdivisions, changing our zoning and having smaller lots. There are all kinds of ideas. The point is there is a

serious housing problem. It is not a simple matter. But it cannot be something that defies solution in a country with all kinds of land, materials, resources and a labour force which is at least 10 per cent unemployed.

Mr. Cosgrove: Mr. Speaker, the hon. member indicated that if there was time he would entertain a question. My question arises out of news reports of an opinion of his colleague, the hon. member for Broadview-Greenwood (Mr. Rae) who has a seat quite close to him in the House. That hon. member indicated that if elected premier of an NDP government in the province of Ontario, he would move to augment the federal non-profit program with a commitment of $100 million to the non-profit co-op program. Can the hon. member explain why the NDP governments of the provinces of Manitoba and Saskatchewan have not adopted a similar policy?

Mr. Deputy Speaker: The hon. member for Mission-Port Moody has about one minute remaining.

Mr. Rose: I do not know the figures. I did not see the news release. All I know is the excess profits of the banks in 1981 over 1980 amounted to something like $700 million. The new leader of our party in Ontario is not more than 31. I know he is over 21. If the minister would like to ask why this mature individual put forward this program, the best place to direct that kind of question would be to the new leader of our party in Ontario.

Mr. Al MacBain (Niagara Falls): Mr. Speaker, I am pleased to have an opportunity to become involved in this debate on Bill C-89. I would like to point out that I really cannot understand the rationale of members opposite tying up the valuable time of this legislative body with such a ridiculous debate as we have heard over the past few days. I say this knowing full well that by now most Canadians fully understand the many options available under the budget put forward by the Minister of Finance (Mr. MacEachen). As a matter of fact, we spent about three weeks debating and discussing some of these endeavours in this very House, with a proposal by the Minister of Public Works (Mr. Cosgrove) for the amendments to the National Housing Act and other matters.

It is obvious that members opposite still do not have a real perception of what is being done and what will be done. At the same time, while they are not fully cognizant of the many fine features contained in the housing and rental measures of the budget, they are telling us to spend more and more money. This is particularly true of the party of which the hon. member for Mission-Port Moody (Mr. Rose) is a member.

In these times, that is surely the advice of fools and followers. That is the basic difference between this government and the other parties and that is surely why we are the government and they are not.

Our policies are based on sound reasoning and judgment. Our policies are for the times. With this in mind, let me just remind the House and refresh the memories of my colleagues that the measures contained in the budget were specifically designed to help those Canadians who need help the most. What kind of nonsense would it be if we were to write a blank cheque? No, these measures were responsive to the needs of Canadians at this particular time.

• (2130)

Mr. Taylor: That is the kind you got from Mexico and Russia.

Mr. MacBain: We had to use Standing Order 75c to get this bill to conclusion. Yet, you see the response, Mr. Speaker. They do not want to let me speak. There is no one in the House to vote. They will try to get clear of voting.

Mr. Taylor: You introduced the closure, not us.

Mr. Deans: Don't threaten or we will have a vote. I promise.

Mr. MacBain: Specifically, I would like hon. members to recall the Canadian mortgage renewal plan which was proposed to help borrowers who are renewing mortgages at admittedly high interest rates.

Basically, there are two major components to the program. The first component involves the government's guarantee of interest deferral by lenders to home owners experiencing a cash flow problem upon renewal of their mortgages. As defined under the program, these are home owners who have to spend more than 30 per cent of gross household income on principle, interest and taxes, but who otherwise have substantial equity in their homes and therefore cannot be described as hardship cases. The interest deferral component of the plan is therefore intended to ease the cash flow problems of those home owners by allowing them to borrow against the equity in their homes.

However, the CMRP recognizes that interest deferral is not an appropriate solution where there is not sufficient equity in the property against which to borrow. Therefore, the program provides that in those cases where people have little or no equity in their homes, the government will offer guarantees.

I would like to talk for a moment about the guarantees. The government will undertake to compensate lenders in amounts of up to $3,000, plus accrued interest during the deferral period, for any losses incurred for deferral of mortgage interest payments provided that the borrower's mortgage payments, including principal, interest and municipal taxes and 50 per cent of any condominium fees exceed 30 per cent of household income at the time of renewal. Household income, in this case, is family income from all sources.

The guarantee will apply only to one mortgage period, the first, second or another encumbrance, according to the borrower's choice, provided it was assumed or arranged at the time the property was purchased, and will apply to only one renewal period. Payments on these encumbrances may be taken into account in calculating the proportion of monthly payments to income.

The guarantee will apply to properties occupied by the owner, including duplexes and triplexes. In the case of duplexes and triplexes, gross rent from the space not occupied

by the owners must be considered income in calculating eligibility for assistance.

The guarantee will begin on the date on which the mortgage matures and continues for ten years but is discontinued when the property is sold or the mortgage is fully paid or until such time as the equity in the property returns to the same level as at the mortgage renewal date. The grants will be paid to the lender on the borrower's behalf in monthly instalments of up to $250 and are not taxable income. The grants will begin on the date on which the mortgage matures and continues for 12 months or until the property is sold, the mortgage is paid in full, or mortgage payments fall into serious arrears.

What about AHOP recipients? The maximum level of support available under the proposed Canada mortgage renewal plan is $3,000 annually. The government has increased the level of contributions available under the extended AHOP contribution program from $1,500 to $3,000 per annum. Current recipients of AHOP contributions will be eligible for assistance under this extended AHOP plan rather than the proposed Canada mortgage renewal plan. AHOP home owners who receive interest reductions loans under AHOP, rather than contributions, will be eligible for the proposed Canada mortgage renewal plan.

By focusing assistance to those home owners who need it most, CMRP provides a fair and equitable response to the renewal program. CMRP recognizes that home owners have significantly higher incomes than renters—$28,000 as against $17,000—and much greater wealth—$72,000 in net assets for owners as against only $9,000 for renters. A general and therefore high-cost program of mortgage renewal assistance would simply have transferred income—and wealth, in the long run, because of real house price increases—from less wealthy households to more wealthy households.

The government's program takes into account home equity and the proportion of income used to meet housing costs. There is general acceptance of the need for the explicit consideration of these factors. Without this, the mortgage renewal plan would not assist those who need assistance and would not ensure that federal tax dollars are used appropriately.

Beyond the questions of equity and fairness, the cost associated with a universal program would have been prohibitive and impossible to reconcile with fiscal restraint and the budget objective of bringing down inflation and interest rates.

It is obvious, Mr. Speaker, that the Canada mortgage renewal plan was designed with forethought and compassion for Canadians who are experiencing difficulty with current interest rates. It is meant to assist those Canadian families and individuals whose payment for shelter exceeds 30 per cent of gross income.

I believe that this program has another important facet with respect to administration. Although the federal government will administer the plan through Canada Mortgage and Housing Corporation, the lender will initiate applications for assistance. I believe that this is very important because the plan will not alter the essential close relationship between the mortgagee and the mortgagor in any way. Also, the participation of lending institutions in the administration of the plan reduces the administrative and financial load which the government would have had to bear under a strictly governmental program. It allows the government to administer the plan without establishing a vast bureaucracy. The participation of lenders is restricted to screening applications and advancing the moneys. Financial institutions will not derive direct over-all benefit from the plan.

It is vital that the government not act as a middle man in this situation. Instead, the government chooses to offer financial assistance to those Canadians who are really in need.

We believe that this is equitable and fair. We also believe that it is more cut and dried than the current situation in Saskatchewan where the provincial government's assistance plan is mired in legal confusion. On the other hand, Manitoba's position closely follows the rationale of the federal government plan.

But these programs alone will not solve all the problems. For this reason I would like to acknowledge certain other elements contained in the amendments to the National Housing Act. One of the most disturbing aspects of the current situation is its volatile nature due to the increase in uncertainty regarding the future of interest rates, which affects both lenders and potential home owners. It almost goes without saying that such measures dampen both the effective demand for housing and the supply of investment capital.

• (2140)

It is obvious the changes to the National Housing Act would allow the CMHC to be even more responsive to consumer needs and to the concerns of the lending industry, builders and experts in the mortgage field by removing the loan guarantee restraint. They would also permit the government, through the CMHC, to widen the choice of mortgage options available to home purchasers. What this country needs is action by government, not complaints about perceived shortcomings in the proposals which do not take into account the current fiscal climate in this country. That is why it is very important that Bill C-89 be adopted by the House without further delay. The principles of equitable and targeted assistance are set out in the Canada mortgage renewal plan. That is what Canadians need.

Mr. Ron Stewart (Simcoe South): Mr. Speaker, several times the previous speaker mentioned encumbrances. After his remarks I would say that he is the legal encumbrance of his wife.

Bill C-89 is evidence of the centralist attitude of this government. It is taking more and more of the national product and sharing less and less with the provinces and municipalities. With respect to housing, nowhere is the centralist attitude of the government better illustrated than in its decision to scrap the community services contribution program. I understand that funds for this program run out this month and that when they do, the program will be terminated. I think this is very

sad. In my view this kind of root canal economics escapes all logic.

The community services contribution program generates about $1.5 billion in construction each year and assists municipalities to provide essential services and rehabilitate older neighbourhoods. To my way of thinking, what government is all about is not to interfere with the free enterprise business community and not to buy oil companies, but to assist communities.

Speaking in the House, the Minister of Public Works (Mr. Cosgrove), who is responsible for housing, asked:

> What is the appropriate responsibility of this level of government? What is the appropriate level of responsibility of the provincial or municipal governments? Should the federal government be funding the construction of municipal buildings? We have to ask ourselves, does that make sense in this day and age?

The minister continued:

> We have to ask ourselves whether there are other programs to which the government should respond that have a higher priority.

I see the minister is in the House tonight. Where are these programs which have a higher priority? Where are the government programs which will rejuvenate our slumping construction industry? Where are the programs which would enable Canadians to purchase homes at affordable prices and at affordable rates of interest? Where are the programs which have a higher priority which would provide shelter, a basic roof over our heads?

The great Canadian poet, Robert Service, once wrote:

> But the gnawing hunger of lonely men for a home and all that it means; For a fireside far from the cares that are, four walls and a roof above;

In this day and age and under this government it is unlikely we will see that.

Where are the programs which have a higher priority which would ease an already tight rental unit market? Does the minister realize that in some urban centres the percentage of unoccupied or unrented units is well below 1 per cent? That is the case in my riding. Where are the minister's programs which have a higher priority which would provide jobs for Canadians in the construction industry and which would provide spin-off jobs in the supply and services industries and plants right across this great Canada of ours?

One of my closest associates is in the building business in my home riding. He has progressed and is highly respected in the community, but for the first time in the history of that company he has laid men off. Where are these programs which have a higher priority which would keep the forest industry and sawmills from closing down and throwing employees out of work? The hon. member from British Columbia who spoke mentioned this.

The answer to all these questions is that the "higher priorities" simply do not exist. The priorities of this government have been the Constitution and a phony charter of rights, metric forced from the top down, bilingualism and closure. Those are the priorities. The government is devoid of solutions and, indeed, I am not even sure if it fully understands the problems.

The minister responsible for housing insulted Canadians right across this bountiful country when he suggested that the Canadian dream of an ivy covered cottage was perhaps beyond the reach of Canadians. Imagine that in this land! The minister is right; the laissez-faire attitude of this government about the economy is what is crippling us.

[*Translation*]

Mr. Deputy Speaker: Order, please. It being 9.45 p.m., pursuant to order made Thursday, February 25, 1982, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the motion now before the House.

[*English*]

Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea!

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay!

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Cosgrove) which was agreed to on the following division:

(*Division No. 153*)

YEAS

Messrs.

Andre	Comtois	Dupras
Appolloni (Mrs.)	Cooper	Ellis
Axworthy	Corbin	Epp
Bachand	Cosgrove	Ethier
Beatty	Côté (Mrs.)	Evans
Beauchamp-Niquet (Mrs.)	Cousineau	Ferguson
Bégin (Miss)	Crouse	Fisher
Berger	Cullen	Fleming
Blais	Cyr	Flis
Blaker	Darling	Fox
Bloomfield	Daudlin	Fretz
Bossy	Dawson	Friesen
Breau	de Corneille	Frith
Bussières	Demers	Gamble
Campbell (Miss) (South West Nova)	Deniger	Garant
Campbell (LaSalle)	Dingwall	Gass
Campbell (Cardigan)	Dinsdale	Gauthier
Chénier	Dion	Gendron
Chrétien	Dionne (Chicoutimi)	Gimaïel
Clark (Yellowhead)	Dionne (Northumberland-Miramichi)	Gingras
	Domm	Gourd (Argenteuil-Papineau)
	Dubois	Gourde (Lévis)
	Duclos	Gray
	Dupont	Greenaway
		Guilbault

Messrs.

Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Harquail
Hees
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Howie
Hudecki
Huntington
Irwin
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Lambert
Lamontagne
Lang
Laniel
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
Maltais
Marceau
Massé
Masters
McCauley
McCuish
McDermid
McGrath
McKinnon
McLean
McRae
Mitges
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Neil
Nicholson (Miss)
Nickerson
Nielsen
Oberle
Olivier
Ouellet
Parent
Patterson
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (St. Catharines)
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Roche
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Scott (Hamilton-Wentworth)
Simmons
Smith
Stevens
Stewart
Tardif
Taylor
Tessier
Thomson
Tobin
Tousignant
Towers
Turner
Veillette
Watson
Weatherhead
Wenman
Wilson
Wright
Yanakis—172.

NAYS

Messrs.

Benjamin
Blackburn
Blaikie
Deans
de Jong
Lewycky
Manly
Parker
Robinson (Burnaby)
Rose
Sargeant
Skelly
Waddell—13.

● (2210)

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and referred to Standing Committee on National Resources and Public Works.

Madam Speaker: It being past ten o'clock, the House stands adjourned until tomorrow at two o'clock p.m., pursuant to Standing Order 2(1).

At 10.12 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, March 2, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

REGIONAL ECONOMIC EXPANSION

NEED FOR MEASURES UNDER INDUSTRIAL AND LABOUR ADJUSTMENT PROGRAM—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, under the provisions of Standing Order 43 I rise on a matter of urgency for the people of Waterloo region. Despite representations by business and labour to each member of the cabinet committee on Industrial and Labour Adjustment Programs, the government continues to ignore the plight of the growing number of unemployed in Kitchener-Waterloo and surrounding communities.

The meagre support to the automotive parts industry is of little help in addressing the social cost from unemployment across the communities. I move, therefore, seconded by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty):

That this House direct the government's ILAP committee to bring forward quickly some practical and creative responses to present unacceptably high levels of unemployment, so that communities like Kitchener-Waterloo can, once again, confidently attract industrial growth.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

INCREASE IN PRICE OF PETROLEUM—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, today petroleum prices across Canada rise by another two cents per litre as a result of the government's high energy price policy. This translates into about nine cents per gallon, Madam Speaker, only half of 18 cents. I therefore move, seconded by the hon. member for Crowfoot (Mr. Malone):

That this House congratulate the government on only raising oil prices nine cents, not 18 cents this time, and require from the minister confirmation of how many times since September 18, 1980, he has raised prices by only nine cents per gallon instead of 18 cents per gallon, and call on the minister to explain why federal taxes imposed since February, 1980 now approximate 63 cents per gallon on gasoline, home heating oil and other petroleum products.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SMALL BUSINESS

BANK FUNDING FOR SMALL BUSINESS DEVELOPMENT BOND PROGRAM—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Madam Speaker, given the daily report about the increasing difficulties of small business in this country I should like to move a motion under the provisions of Standing Order 43, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

Whereas Canadian banks are reaching the limits of the funds they are willing to commit to the small business bond program, and whereas this proves that the banks cannot or will not prop up small businesses in financial hardship so that they can meet the increasing difficulties they are facing because of high interest rates, this House calls on the government to admit that the small business bond program is not working in the way in which it was intended, and calls on the Minister of State for Small Businesses and Tourism to indicate when the small business financing review will be made public as it has now been in the process of operation for 20 months.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

POSITION OF CONSERVATIVE PARTY ON HOUSING LEGISLATION—MOTION UNDER S.O. 43

Mr. John Evans (Ottawa Centre): Madam Speaker, I rise pursuant to the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the Conservative Party last night demonstrated the ultimate in perverse flip-floppery by voting with the government after forcing a seven-day debate on second reading of the bill designed to relieve many Canadians with mortgage problems, and whereas this Tory filibuster continues to delay the implementation of a program which would generate 70,000 jobs for Canadians, I move, seconded by the hon. member for Gatineau (Mr. Cousineau):

S.O. 43

That this House urge the Right Hon. Leader of the Opposition to abandon his obstructionist tactics and demonstrate his interest in the welfare of Canadians with mortgage problems by co-operating in giving speedy approval to the remaining stages of this bill.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE EMIGRANT'S LAMENT

MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, one of Canada's most renowned cartoonists, Jim Unger, who created the lovable character "Herman", has chosen to leave Canada permanently because, and I quote, "My tax money is going to support things I don't support and there is creeping leftism and a breakdown of law and order in the present government", and according to a recent local poll it was noted that 87.3 per cent of citizens prefer Herman to the Prime Minister (Mr. Trudeau), while the other 12.7 per cent think that Herman is the Prime Minister, and since Herman has more charisma than at least two Liberal leadership hopefuls, namely, the Minister of Industry, Trade and Commerce (Mr. Gray) and the Minister of Agriculture (Mr. Whelan) and, as Jim Unger might imply, we ought not to be giving the Russians a $600 million loan at 10 per cent interest while Canadian farmers are going bankrupt; or spending millions of dollars for monuments in Algeria when Canadians cannot afford homes; or hire Japanese firms—

Madam Speaker: Order, please. That is hardly pressing and urgent.

Some hon. Members: Oh, oh!

* * *

• (1410)

ESTIMATES

LEVEL OF FUNDING FOR EMPLOYMENT AND IMMIGRATION COMMISSION AND FOR PRIME MINISTER'S OFFICE—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise on a matter of some urgency under the provisions of Standing Order 43. Restraint and equity were two of the main themes of last November's disastrous budget. The tabling of the 1982-83 spending estimates demonstrates that the government has no intention of practising either. Despite the fact that there are more than 1.5 million Canadians unemployed, the budget for the Canadian Employment and Immigration Commission will only increase by 6.6 per cent, in contrast to a 24 per cent increase in the funds being provided to run the office of the Prime Minister (Mr. Trudeau). I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the Prime Minister, in the spirit of restraint and equity, take immediate steps to reverse either the percentage of increase with respect to his office and the employment commission, or use his additional funds to hire unemployed Canadians who obviously have a sound, first-hand understanding of the state of our economy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GARRISON DIVERSION

SUGGESTED VISIT BY CANADIAN PARLIAMENTARIANS TO WASHINGTON—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, the International Joint Commission, in a report on the Garrison diversion project in 1977, recommended that "those portions of the Garrison diversion unit which could affect waters flowing into Canada not be built at this time". Since that time construction on the Garrison has gradually proceeded. Subsequently the House unanimously passed a motion on March 5, 1981, supporting the thrust of the decision of the International Joint Commission. Until recently the only thing preventing continued construction on the Garrison was a court injunction obtained by a private group of Americans. Therefore I move, under the provisions of Standing Order 43, and seconded by the hon. member for Lisgar (Mr. Murta):

That the federal government support the suggestion that was made to the Secretary of State for External Affairs in the House on November 19, 1980, to send an all-party delegation of members of the House to Washington to let American legislators know that Canadians are unalterably opposed to construction of those sections of Garrison which will cause damage to Canadian waters.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE ECONOMY

REQUEST THAT THE HOUSE CONDEMN THE GOVERNMENT'S REFUSAL TO CO-OPERATE WITH PROVINCES—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, considering the arrogance and lack of co-operation shown yesterday by three federal ministers regarding Quebec's emergency plan for assistance to smaller and medium-sized businesses, and considering the disastrous effects of the Liberal government's economic policies in Quebec and throughout Canada:

I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae):

That this House condemn the Liberal government for its offhand attitude and its refusal to co-operate with the provinces on economic matters.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE HONOURABLE MEMBER FOR BROADVIEW-GREENWOOD

MOTION UNDER S.O. 43

Mr. Jim Schroder (Guelph): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the former finance critic of the New Democratic Party is following the lead of the Government of Canada by promising more aid for co-operative housing in the province of Ontario, and that it is rumoured the former NDP finance critic, now leader of the Ontario NDP provincial party, may not remain as a member of the House much longer, I move, seconded by the hon. member for Willowdale (Mr. Peterson):

That before the former NDP finance critic resigns his seat in the House, he use his good offices to attempt to persuade the NDP governments of Saskatchewan and Manitoba to adopt his plan to provide financial assistance to co-operative housing in their provinces.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

EFFECT OF LIBERAL AND NEW DEMOCRATIC PARTY POLICIES ON FARMERS—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity to western Canadian farmers. The NDP-Trudeau coalition, in defeating the Progressive Conservative government, has resulted in some very negative effects for western Canada, including the NEP—

Some hon. Members: Crow, Crow, Crow!

Mr. Gustafson: —with increased prices of gasoline of 87 cents per gallon in Saskatchewan.

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. The hon. member is entitled to have the House hear his motion.

Some hon. Members: Hear, hear!

Mr. Gustafson: The result of this coalition action now threatens the removal of the statutory Crow rate in western Canada. I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That this government take steps to reverse its position on the statutory Crow rate and condemn the NDP-Trudeau coalition for the detrimental effect it is having on western Canadian farmers.

Madam Speaker: Is there unanimous consent for the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

Madam Speaker: The hon. member for Vancouver South.

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is for the Minister of Employment and Immigration who is not presently in the House, although I understand he will be here. Therefore, may I defer my question until he arrives?

Madam Speaker: The hon. member for Hamilton-Wentworth.

* * *

CONSUMER AFFAIRS

IMPACT OF ENERGY TAXES

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs. Canadians are again today being hit with price increases at the gas pumps and for home heating fuel. In view of figures from the Department of Finance which tell us that the indirect tax burden for Canadian consumers over the past year was more than $6 billion, which represents $881 per household per year, and since the real income of the average Canadian has declined while the federal government's income has increased, why does the Minister of Consumer and Corporate Affairs not feel a responsibility to protect the consumer

from these devastating taxes and offer some protection particularly for the working poor, the farmers and middle-class Canadians, especially in cases where heads of households are not eligible for GIS?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I feel that Canadian consumers have already acted responsibly by getting rid of the Progressive Conservative government, when in addition to all other oil price increases, it was preparing to impose an 18-cent surtax which was entirely unacceptable.

[*English*]

REQUEST THAT GOVERNMENT INTRODUCE ENERGY TAX CREDIT

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, that 18-cent excise tax on a gallon of gas looks pretty good compared to what this government is doing to consumers right now.

Some hon. Members: Hear, hear!

Mr. Scott (Hamilton-Wentworth): And I might add that tax did not apply to the cost of home heating fuel, which brings me to my next question. The federal government has more than $6 billion in energy tax dollars in its coffers now. It will accumulate many more billions of dollars over the next five years. The government is collecting all this tax and contributing nothing in its stead. Why does the Minister of Consumer and Corporate Affairs offer no energy tax credit? Will the government not reconsider for once this means of putting approximately $220 back into the pocket of every consumer?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, it is quite remarkable how Progressive Conservative members manage to talk out of both sides of their mouths. The Progressive Conservative energy critic feels that the Canadian government is not doing enough for the oil companies and that our energy policy is actually doing substantial harm to the major companies. I am very surprised to hear such divergent views from within the same caucus.

* * *

INDUSTRY

INQUIRY WHETHER GOVERNMENT WILL RECONSIDER ITS DECISION CONCERNING EMERGENCY MEASURES PROPOSED BY QUEBEC

Hon. Roch La Salle (Joliette): Yesterday, Madam Speaker, three federal ministers met their counterparts in Quebec City to discuss an emergency plan aimed at helping small and medium-sized businesses, and since the Minister of Energy, Mines and Resources acted as spokesmen, my question is directed to the hon. minister. In view of the disappointment—the minister will understand why—of millions of Quebecers following the federal government's negative answer to Quebec's proposal for an emergency plan; considering the efforts made by the federal government last year and new programs that will probably have an impact in the medium and long term, can the Minister of Energy, Mines and Resources inform us today whether he is willing to reconsider the decision made by his team or his party yesterday, namely, to refuse to co-operate with the emergency plan proposed by the Quebec government in view of the importance of saving thousands of small businesses from bankruptcy and putting a stop to the galloping rate of unemployment which is particularly evident in Quebec?

Madam Speaker: Order, please. I believe I cannot allow the minister to answer this question. Perhaps another minister who actually has ministerial responsibility for this area could reply. The hon. member directed his question to the Minister of Energy, Mines and Resources as political spokesman for a region, and I do not believe that is allowed in the House.

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I am very pleased that the hon. member for Joliette has brought up the subject at this particular time, because the press reports we received following the meeting we had yesterday in Quebec city with our Quebec counterparts in no way reflected what actually happened. We did not refuse to collaborate with Quebec. Concerning Part III of Quebec's request which dealt with an emergency job-creation program, we indicated to our Quebec counterparts that a firm proposal had been made by our Minister of Employment and Immigration to create jobs in Quebec in the near future. However, the Quebec ministers preferred to play petty politics by leaving the meeting and announcing that we refused to help small businesses in Quebec. However, at the present time, our programs are able to help more than 7,000 Quebec businesses. The programs proposed by ministers Biron and Landry were aimed at helping 1,000 Quebec businesses in the manufacturing sector. We have left the door open. We asked whether we could fit our programs in with the Quebec programs so that Quebec entrepreneurs and Quebec businessmen and women would be able to make use of our programs sooner and in greater numbers and more federal funds could be put to work in Quebec's economy.

FOOTWEAR—REQUEST THAT GOVERNMENT TAKE MEASURES TO ENSURE VIABILITY OF INDUSTRY

Hon. Roch La Salle (Joliette): Madam Speaker, I should think that the minister will acknowledge that he indeed rejected Quebec's proposal and offered them a program which is that of the federal government. In a more specific field, I have a question for the Minister of State for International

Trade. Considering that the hon. member for Saint-Hyacinthe, following in the footsteps of the other ten, made public a letter to denounce openly the policy of the Minister of Industry, Trade and Commerce with respect to the footwear industry and decided to make public a letter written to the Minister of State for International Trade, would the minister tell the House whether he has received the letter from the hon. member for Saint-Hyacinthe who rightfully blames his colleague the Minister of Industry, Trade and Commerce, and does the Minister of State for International Trade intend to make recommendations to his colleague the Minister of Industry, Trade and Commerce with a view to ensuring the viability of the footwear industry in Quebec as well as in Ontario and Canada?

• (1420)

[*English*]

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I received the letter alluded to by the hon. member as I receive representations from many members on this side of the House with respect to the footwear industry. We are looking at the possibilities of rectifying some of the situations referred to in the letter.

* * *

REGIONAL ECONOMIC EXPANSION

BRITISH COLUMBIA COAL DEVELOPMENT—AWARDING OF CONTRACTS TO JAPANESE COMPANIES

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. Yesterday, while in British Columbia, I learned that two more manufacturing contracts associated with coal development in the northeastern part of that province had been bid on by companies from Japan, France, and here in Canada. Is the minister aware that the Canadian bid was the lowest of the three but, in spite of that, the projects and the jobs are going to foreign countries? If he is aware of that, when is the Government of Canada going to take steps to make sure that manufacturing jobs associated with resource development stay in Canada?

Some hon. Members: Hear, hear!

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I will be very happy to get further details of the projects mentioned by my hon. friend and get back to him about them. Our general policy is that, where Canadian companies are competitive, then they should have a full and fair opportunity—

Mr. Siddon: What about a preferred opportunity?

Mr. Gray: —to take part in the industrial benefits from major projects of this sort, and I certainly want to work to see that this policy is respected.

Mr. Broadbent: Madam Speaker, I can tell the minister why; I learned that in British Columbia yesterday as well. The reason we lost these manufacturing jobs in Canada is due entirely to this government's high interest rate policy. The Japanese have underbid us on the financing by offering an 8½ per cent interest rate, so we are losing jobs because of this government's high interest rate policy. That is the reason.

Some hon. Members: Hear, hear!

* * *

• (1425)

NATIONAL HARBOURS BOARD

RIDLEY ISLAND PROJECT—AWARDING OF CONTRACT TO JAPANESE FIRM

Mr. Edward Broadbent (Oshawa): Madam Speaker, I would like to ask the minister a related question, this time concerning another Japanese firm and relating to the Ridley Island project. As we know, last week it was announced that this contract went to a Japanese firm instead of a Canadian firm which also had a lower bid. I want to ask the minister whether he will confirm to the House that, as a result of the loss of this contract, Canadians will lose 150,000 man-hours of employment which ought to reside in Canada.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): I am not in a position to confirm that that will be the result in terms of lost man-hours, because I understand that the contract which was awarded involved 53 per cent Canadian content. That, in itself, must amount to a substantial amount of Canadian employment.

Mr. Broadbent: Madam Speaker, I point out to the minister that the Canadian firm, which was lower in price, offered 96 per cent Canadian content, which was just a little better than the Japanese firm.

Some hon. Members: Hear, hear!

* * *

NATIONAL RESOURCES

TERMS OF SALE TO FOREIGN COUNTRIES

Mr. Edward Broadbent (Oshawa): I would like to ask the minister, given the government policy of selling off resources at almost any price it can get, and given the lack of a related manufacturing development policy, when will the Government of Canada submit an integrated development policy to the House which will ensure that Canadian resources, when they are sold, will be sold at prices which will maximize Canadian benefits and will not be sold under conditions which do not include the maximum number of manufacturing jobs associated with their development which is occurring here in Canada?

Some hon. Members: Hear, hear!

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, my hon. friend is quite mistaken in his premise to this question. Our policy is not as described by him with respect to selling of resources. Our poicy is, however, very much one of ensuring to Canadians, on a full, fair and competitive basis, the spin-offs in terms of industrial benefits coming from resource projects.

Mr. Andre: Since when?

Mr. Gray: We are speaking about jobs and we are speaking about manufacturing opportunities—

An hon. Member: Where are they?

Mr. Gray: —as well as service opportunities. That is why we put in place our office of industrial and regional benefits and our objectives and guidelines for major project sponsors. Even though some of these matters are under provincial jurisdiction, we intend to be working increasingly effectively to ensure that Canadian companies and Canadian workers receive these benefits. This is our policy; this is what we are doing.

Mr. Baker (Nepean-Carleton): You are driven.

* * *

FINANCE

DROP IN VALUE OF DOLLAR

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I address my question to the Minister of Finance, and I hope we get better response than the bluster we got with the last answer. My question relates to the huge loss in foreign exchange reserves in the month of February, amounting to some $800 million. This, as the minister is well aware, is a culmination of the drop in the value of the Canadian dollar from the time of the budget at 85 cents to the current level of approximately 81.25 cents.

Could the minister tell the House the reasons for the weakness in the dollar? Why have the reserves fallen as much as they have, and how much of the drop in the reserves is related to the dropping out last week of three of the participants in the Alsands project?

Mr. Siddon: Do not blame the Americans for that.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in my view the drop in the exchange rate in the past month has been mainly due to the interest rate developments or the relationships in interest rates between Canada and the United States. I believe that this level of reserves and the recent change in the level should make it very clear that the Canadian government has no plan to devaluate the Canadian currency and is standing firmly behind the Canadian dollar.

REQUEST THAT MINISTER CHANGE POLICIES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, it is very clear that the drop in the reserves is related to many more things than the interest rate factors to which the minister has referred. It is related to the Alsands mess, the National Energy Program, and the attitude of this government toward investment, both domestic and foreign.

Some hon. Members: Oh, oh!

Mr. Wilson: It is related to the anti-investment attitude expressed in the budget. All of these together have resulted in a huge outflow of capital which, last year, was six times the level of the 1970s.

Is the minister considering a reversal of some of these policies which are causing such chaos in the foreign exchange markets, which resulted in record high interest rates in this country during the past year, and which are causing so many problems to our economy? Is he prepared to make some changes in those policies?

• (1430)

An hon. Member: Don't blame the Americans.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): The hon. member asked me what my opinion was of the change in the level of Canadian reserves and the drop in the Canadian dollar over the last month, which is well known to all of us. I gave him my reason, my considered judgment, that the principal reason for that is mainly the interest rate relationship between Canada and the United States, particularly the fact that at one point that relationship was negative and Canadian rates were lower than United States rates, and that is bound to have an impact on the exchange rate and influence the intervention of the exchange rate authorities. That is my view.

The hon. member rose and then said that is all wrong, and gave his own reasons. The hon. member is entitled to have his own reasons. I disagree with them. Therefore I do not suggest that the policy changes he recommends are appropriate nor would they bring about the effects that he believes they would achieve.

* * *

AVIATION INDUSTRY

QUERY RESPECTING LOAN GUARANTEE TO CANADAIR LIMITED

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the President of the Treasury Board who has before him an application to authorize the guarantee by the Government of Canada of a $150 million U.S. loan to Canadair Limited at 15.5 per cent. In view of the fact that the company's statement for the year ending December 31 shows the company has a debt of $973.7 million and only had a net income of $3 million, does the President of the Treasury Board

feel it prudent that the Government of Canada should make further guarantees of further loans to Canadair?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, we all know how important Canadair is to the Canadian aerospace industry and what a marvellous product it has been able to develop in the new Challenger jet. I am surprised at the implication of the question from the hon. member.

An hon. Member: Why don't you answer the question?

Mr. Blenkarn: Madam Speaker, my question was to the President of the Treasury Board. I am surprised he did not answer with respect to the prudence of the loan.

Bearing in mind the government problem that he got into with respect to Consolidated Computer Incorporated, and bearing in mind the advice he received from the Minister of Industry, Trade and Commerce with respect to the viability of that corporation, and bearing in mind the study of the Enterprise Development Board that he has before him, I would ask the minister, then, is he going to have a full study of the Enterprise Development Board and Canadair, is he going to table the Canadair statement, and is he going to table new projections with respect to Canadair, to indicate that we are not going to have another Consolidated Computer on our hands as might be indicated by the information he now has with him.

Mr. Johnston: Madam Speaker, as the hon. member knows, when guarantees are brought forward they will be the subject of supplementary estimates in this House. Then he will have ample opportunity to raise all his questions with the responsible ministers in Committee.

* * *

HOUSING

ADVICE FOR FIRST TIME HOME BUYERS

Hon. James A. McGrath (St. John's East): Madam Speaker, I would like to direct a question to the minister responsible for housing. Tomorrow the minister will be addressing a seminar sponsored by one of the largest real estate agencies in the country, the theme of which is creative financing and the legal obligations of home buying. I would like to ask the minister responsible for housing, as we face another serious shortfall this year in housing starts, which could go as high as 70,000 by the minister's own projection, as we face continuous high interest rates, which could see mortgages continue to escalate around the 20 per cent mark, which means of course that the minister, by his policies, is contributing to housing inflation, would the minister tell the House what advice he proposes to offer to first time home buyers, tomorrow?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, at this time last year when housing starts were at a five-year high, seasonally adjusted for the month of March, somewhere around 242,500, it was interesting that there was no question from the learned member who has just asked that question. That was a time of prosperity. He cannot stand the improvement in the housing situation and which is so important. Last year, for the first time in five years, we had that improvement in the number of housing starts, one year over the last. As I indicated, I hope that that strength in the industry will be reflected in this year's production.

One of the things I do intend to say to the other panelists and to people who may attend is that I hope they will encourage members opposite, some of those who supported Bill C-89 last evening, and those of the New Democratic Party who voted against them, that if they would support Bill C-89 there are provisions in it to assist Canadians looking for a first time purchase of a home.

An hon. Member: He is the next candidate for parliamentary secretary.

NUMBER OF UNITS TO BE FINANCED UNDER BILL C-89

Hon. James A. McGrath (St. John's East): Madam Speaker, it seems entirely appropriate that the minister would be speaking to a seminar sponsored by a real estate company, because it is only the real estate companies and the banks that are benefiting from the government's housing policies. I would like to ask the minister this question. This morning, on the "Canada AM" program, the minister indicated that the 15,000 apartment units which would benefit from the bill now before the House, Bill C-89, is only a floor, only a minimum. That is the first time the minister has given the House that information.

An hon. Member: He did not give it in the House.

Mr. McGrath: May I ask the minister what he considers to be the total number of units to be financed under Bill C-89, since the 15,000 mentioned in the bill is only a minimum?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I welcome the obviously serious question by the critic for housing from the official opposition.

An hon. Member: Give a serious answer, then.

Mr. Cosgrove: I invite him in the same spirit to look at page 14, paragraph 4 of the document that was tabled with the budget, called "Budget in More Detail", which sets out in further detail the fact that the $350 million allocated to assist in the production of affordable rental accommodation is intended to do that. It is intended to be a start for 15,000 and, if there is a surplus, to assist in further production during the later period of this year or next year.

Oral Questions

ENERGY

AGREEMENT WITH NOVA SCOTIA ON DEVELOPMENT OF OFFSHORE RESOURCES

Mr. Russell MacLellan (Cape Breton-The Sydneys): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. It concerns the very significant energy agreement between the federal government and the province of Nova Scotia. I would like to ask the minister if he could elaborate on certain points regarding this agreement, in particular the duration of this agreement, where does this exactly leave the question of ownership of the offshore, resources, and whether this same type of agreement is available to the province of Newfoundland.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the Prime Minister of Canada and the Premier of Nova Scotia have signed today a long-term offshore agreement on offshore resources development, offshore Nova Scotia. This agreement is for an indefinite period, but will last at least until the year 2024. It provides for very generous revenue sharing and for a real participation by the government of Nova Scotia in regard to those offshore resources. That agreement obviously is available to the province of Newfoundland also, and we would be willing and ready to sign the same type of agreement with the province of Newfoundland tomorrow, if the government of Newfoundland wished to do so.

* * *

RAILWAYS

LEAKING TANK CARS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Minister of Transport. On Friday last I raised with the minister the fact that there were 28 tank cars in the Hamilton yards that were leaking a variety of different toxic and flammable substances. I want to suggest to the minister that that number has been raised now from 28 to 74, that between the months of October and December an additional 46 tank cars were found to be leaking, and in every case the leaks were discovered as the result of mechanical work being done on tank cars. Is it not possible that those tank cars had been leaking all the way from Sarnia to Hamilton through each of the municipalities on the way, and does he not now recognize, as a result of the weekend disaster, that there are many people in jeopardy by the lackadaisical attitude of the CTC?

• (1440)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have not yet received a report from the CTC on that subject. I hope to get one very soon.

REQUEST FOR TABLING OF INSPECTION REPORTS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I would like to ask the minister if he is prepared to table all the investigations that have taken place, all of the work records that have been undertaken, and all of the testing that was done, both at the source and along the way, on every single tank car which travelled on that train which travels from Sarnia to Hamilton to Nanticoke. Will he explain how it is possible that an adequate inspection procedure can be carried out, given the tremendous number of people who have been laid off by the CNR and CPR, the result of which obviously means that there are not a sufficient number of people employed to do the work?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will indeed give consideration to that suggestion. On the other subject which the hon. member had been recommending, in recent days, that is the addition of a substantial number of people to inspect railway cars, I have had this suggestion analysed. Hon. members might recall that yesterday I indicated how the inspection of cars takes place. I indicated that it is done a number of times, by the shipper, by the railways, and by the receiver of the goods. I have had estimated the consequences of one of these suggestions which the hon. member for Hamilton Mountain has been making to the press. For example, the complete mechanical inspection of all railway cars twice a year would require approximately 1,300 people, or person-years at the CTC. That would only be part of the examination, the examination of the car itself. Presumably my hon. friend would also like us to start examining the tracks, the crossings, the operators, etc. There might be more examiners at the end of the exercise than cars to be examined.

* * *

UNEMPLOYMENT INSURANCE

FORECAST OF HIGHER FUND DEFICIT

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is for the Minister of Employment and Immigration. Yesterday the minister confirmed that the November budget forecast on the unemployment insurance fund deficit was wrong, that the deficit may be much higher than the $218 million predicted. The deficit of $218 million was based on an unemployment forecast for 1982 of 7.8 per cent. Can the minister tell the House what the revised unemployment rate is?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would like to clarify for the hon. member that my only indication at the time was that we would have to see what the revised figures would be according to our quarterly estimates of what the actual draw was on the unemployment insurance fund. It is obviously a revolving fund and has to keep pace with current conditions. It should come

as no surprise to the hon. member, or to anyone else, that we have a substantial demand upon the fund at the present time because of the current very serious economic circumstance. I would point out to the hon. member again, in case he has forgotten, that this government substantially reduced the premiums on unemployment insurance in that November budget. We provided substantial savings to both employers and employees in that budget. That saving provides a major asset at this point in time. There is no projection of figures. It is one we would simply calculate based on quarterly assessments of UI draws.

REASONS FOR DEFICIT

Hon. John A. Fraser (Vancouver South): Madam Speaker, the minister said, "It may mean there will have to be some increases in rates next year." I come back to my question which the minister was careful not to answer. If the deficit that was in the budget in November was based on an unemployment rate of 7.8 per cent, and if the minister is now confirming what his officials are indicating, that the premium rates will have to go up to cover a much greater deficit, can the minister tell us whether there are any projections whatsoever within his purview which indicate that the unemployment rate of 7.8 per cent which was predicted for 1982 is wrong? If the minister now says there may be a deficit, to what does he attribute that deficit—a wrong estimate of unemployment or increasing unemployment? If it is increasing unemployment, will he kindly tell us what that increase is going to be?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think the important words in the statement I made were that there may have to be a raise in premiums, depending upon the draw on the fund. There was no confirmation. There may have to be a raise if unemployment stays at the present level of 8.3 per cent. That is a conditional statement, not a confirmed statement. I would simply say that is the basic practice. Each year we estimate what the draw will be upon the fund and what the premium requirements will be for the following year to make it up. Last year we had a substantial surplus of over $300 million. As a result, we substantially reduced the premiums. We will want to assess that as the year progresses and at the end of the year determine whether we have to raise or lower premiums, depending on the state and condition of the fund. I would caution the hon. member not to get too excited.

REQUEST FOR UNEMPLOYMENT FORECAST

Hon. John A. Fraser (Vancouver South): Madam Speaker, I am sorry if I have to be cautioned not to get too excited. The minister's comments have led to speculation that his own department probably now has different figures of what it expects the unemployment rate will be during 1982. I do not want the minister to fudge on this. I am asking whether the minister has any figures which lead him or his officials to believe that the unemployment rate for 1982 will be different from the 7.8 per cent presented in the budget of his colleague. We know that a lot of the projections in the budget have been wrong. I am giving the minister a chance to indicate whether he is working on a new forecast. The country is certainly entitled to know that. I do not think I can be accused by the public, the workers, or their employers, of getting too excited about the matter.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I appreciate the opportunity the hon. member gives us to clarify the situation because the only speculation that is being raised is on the part of the hon. member and in some news stories trying to develop projected figures. We say the reality now is that there is an 8.3 per cent unemployment rate. That is a serious and tragic circumstance. We are taking a number of steps to offset it. In the hon. member's province alone we have signed close to 40 work-sharing agreements which are putting thousands of workers back to work in his province. The same is true right across Canada. We are not going to engage in the kind of speculation the hon. member does. We are not in the business of raising false alarms as the members of the opposition do.

* * *

ENERGY

ALSANDS PROJECT—QUERY RESPECTING POSSIBLE ALTERNATIVE PRODUCTION

Mr. Jack Shields (Athabasca): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. The minister has stated on a number of occasions that the Alsands project is not needed for Canada to reach energy self-sufficiency by 1990. Indeed, last Friday the minister would not give a guarantee that the Alsands project would proceed. What alternative does the minister have to replace the shortfall of 130,000 barrels of oil from the projected production of Alsands?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have indicated that we should do everything we can to get the Alsands project proceeding and that this production would be extremely useful in achieving our goal of self-sufficiency. The latest forecasts we have of production coming out of the east coast offshore production and the Beaufort Sea production indicate that we can count on at least 200,000 barrels being available from that production by 1990.

PRODUCTION FORECASTS

Mr. Jack Shields (Athabasca): Madam Speaker, I wonder if the minister realizes that these forecasts along with the *Ocean Ranger* are now at the bottom of the sea. From the information the minister has given us, it is indeed a black day for Canada when he admits in this House that Alsands is not required, to the detriment of jobs in Canada and our economy with its weak dollar. I have nothing to ask him because he has indicated in this House very clearly—

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Very simply, Madam Speaker, I told the hon. member that the Alsands project would indeed be a very welcome development and that we should do everything to ensure it takes place. However, there is a limit on what the taxpayers should be called upon to contribute. There is not a bottomless pit in the public treasury. My hon. friend should be old enough and wise enough to realize that.

* * *

• (1450)

EXTERNAL AFFAIRS

ABSENCE OF HIGH COMMISSIONS FROM POSTER COMMEMORATING COMMONWEALTH DAY

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, my question is for the Secretary of State for External Affairs. I want to ask the minister about the poster which has been put out, as Commonwealth Day approaches, for the second year in a row by his office, to commemorate the affair. I am wondering about whether the fact that the High Commissions—

Some hon. Members: Order.

Mr. Clarke: —of Canada are eliminated—

Madam Speaker: Order. The hon. member knows that he may not display a poster in the House.

Mr. Clarke: I am sorry, Madam Speaker; I just want the minister to be sure what I am talking about. I wonder if it was a *fait accompli,* that his office was planning to cut off relationships with Commonwealth countries? Why is it that Canada's High Commissions have been replaced by embassies, according to this chart, a term which is reserved for non-Commonwealth countries?

Mr. Baker: (Nepean-Carleton): You need a new artist over there.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, without having seen what the hon. member held in his hand, I cannot comment on that poster, but I can say that the notion of Commonwealth Day was advanced by our Prime Minister some years ago. It has been adopted across the Commonwealth and we are very pleased to observe it here in Canada because of the intense dedication that we have to the Commonwealth ideal.

Some hon. Members: Hear, hear!

Mr. Clarke: Madam Speaker, I am shocked that the minister is not aware of this poster which has been put out for at least the second time to commemorate the very day he is talking about, and Canada's ties with the Commonwealth. I suggest that he familiarize himself with it and consider a correction for next year's poster.

* * *

AUTOMOTIVE INDUSTRY

CANADIAN CONTENT IN JAPANESE MANUFACTURED CARS AND TRUCKS

Mr. Derek Blackburn (Brant): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. In view of the fact that approximately 18,000 workers are laid off in the Canadian auto parts manufacturing industry, and in view of the fact that Canada had a $4.35 billion net trade deficit in trade last year, would the minister explain to this House just why he refuses to raise the Canadian auto parts content to 85 per cent in Japanese cars and trucks being sold here in Canada?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the objective of increased content is very much part of our strategy policy as a government.

We have taken a number of steps for the purpose of working toward this direction, for example, our arrangement with Volkswagen. Another example is our individual duty remission agreements with a number of car exporting companies. The matter of Canadian content in parts and vehicles is something that we put forward very forcefully in our discussions with Japan in particular, and we will be continuing to do so.

An hon. Member: A broken record.

CANADA-JAPAN NEGOTIATIONS

Mr. Derek Blackburn (Brant): Madam Speaker, I gather that the minister's buzz word in his answer was "forcefully". Therefore my supplementary question is to the Minister of State for International Trade. Will the minister undertake to assure the Canadian auto parts industry and its workers that at the talks in Japan in two weeks time Canada will insist on much greater Canadian content in Japanese autos and trucks, eventually leading to 85 per cent, in view of the fact that this is a labour-intensive industry and not part of the other resource-based megaprojects which are really causing fundamental structural problems in our economy?

An hon. Member: Say yes, Ed.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as the hon. member knows, in response to one of his colleagues last week I stated that we would be initiating a content proposal during our negotiations with the Japanese. I do not think it would serve the interests of the industry or the Canadian workers to discuss those negotiations in the House at the present time.

[*Translation*]

DANGEROUS PRODUCTS

INQUIRY WHETHER MINISTER MADE STUDY INTO DANGERS OF STEEL WOOL

Miss Aideen Nicholson (Trinity): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs. In light of the publication of European studies which reveal that steel wool might be just as hazardous as asbestos, would the minister tell the House whether his department has made a study on that subject?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I thank the hon. member for her question. I can assure her that the officials of my department are now examining that question and that I will report to the hon. member as soon as possible.

* * *

[*English*]

EXTERNAL AFFAIRS

GOVERNMENT POSITION ON CANADA-UNITED STATES WEST COAST BOUNDARY DISPUTE

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is for the Secretary of State for External Affairs. It concerns the boundary negotiations on the AB line on the northern coast of British Columbia. One of the senior officials of his department is quoted as saying, "I see no relationship between the salmon talks and the boundary negotiations with the U.S. The Canadian government is not willing to jeopardize its trade agreements with the U.S. over a boundary dispute". Would the minister confirm that this is the position of the Canadian government on that particular boundary dispute?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I can confirm that that is not our position. The position of our government is consistently that each issue must be taken on its own merit. We do not engage in bargaining one issue against another. It is for this reason, indeed, that we have been taking great exception to some of the proposals made recently in the United States whereby they would propose actions of that kind. Whoever made that statement is not enunciating government policy; quite the contrary.

QUERY RESPECTING MAINTENANCE OF BOUNDARY

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my supplementary is to the same minister. Will he confirm that Canada's position is to maintain an historic boundary line which has existed now for 80 years?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, when the hon. member puts his question in those terms I do not know whether he means to exclude additional claims which we might have. We are certainly not contemplating abandoning any of our traditional claims, but we do not necessarily limit ourselves to traditional claims.

* * *

ENVIRONMENTAL AFFAIRS

DISCUSSIONS WITH UNITED STATES GOVERNMENT ON ACID RAIN

Hon. George Hees (Northumberland): Madam Speaker, my question is for the Minister of the Environment and Minister of State for Science and Technology. Would the minister advise the House what progress was made at his meeting with his American counterpart in Washington last Wednesday which dealt with our mutual problem of acid rain? Specifically, did the American government make a commitment to equal the commitment of the Canadian government to cut down emissions which cause acid rain by 50 per cent by the year 1990?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, meetings did take place last week between the two negotiating teams of Canada and the United States on the acid rain question. These are difficult negotiations. They are proving to be difficult. We did have the opportunity at that meeting to put forward our proposals which, after consultation with the provinces, are that we are prepared to see that sulphur dioxide emissions in Canada are reduced by 50 per cent by the year 1990. These are contingent upon American action in meeting similar reductions. The proposals which we have presented are being assessed and studied by the American administration. There is some progress in the sense that the American government will be appointing scientific assessors before the end of the month to review the scientific evidence.

An hon. Member: Why not just say no.

Mr. Roberts: That is a step forward. Negotiations will continue and I expect that we will meet another three times before the end of this year. That is the extent of the progress to date.

PROMISE MADE BY PRESIDENT OF UNITED STATES

Hon. George Hees (Northumberland): Madam Speaker, my supplementary question is directed to the Prime Minister. In view of the minister's answer and the fact that the United States Department of the Environment has cut back its number of employees by 40 per cent since the first of the year, thereby indicating a far lower level of activity in attempting to control the environment from now on, both of which indicate that the U.S. government is very badly dragging its feet in this matter, would the Prime Minister tell the House how does the stand of the American government at the present time, as displayed by the minister's answer, and the facts which I just brought out, compare with the very warm, fulsome promise by the President of the United States, Mr. Reagan, when he was

here last year, that the United States would give 100 per cent co-operation to Canada in our mutual fight against acid rain?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member points out two facts. First, the U.S. administration has, according to the hon. member, cut back on the number of its public servants in a certain area. I cannot judge that. I know they have been cutting back rather substantially in many areas and perhaps that is just one of the many areas where this has taken place.

However, in terms of the second fact which was brought forward by the hon. member, I listened to the answer given by the Canadian minister responsible for the environment and it seemed to me that he indicated, on the contrary, that there were more meetings planned, that there had been a draft agreement tabled, that progress was slow but that progress nonetheless was expected.

• (1500)

The hon. member alluded to President Reagan's commitment to me of, I believe, last March, when he was in this House of Commons. He did indeed commit himself to reaching an agreement with Canada on a diminution of energy pollution, and that commitment was restated when I visited the White House in July. I take those commitments as indications of a desire to negotiate in good faith, and I take from the minister's answer some evidence of that desire.

Mr. Hees: This is the Americans' way of dragging their feet.

* * *

HOUSE OF COMMONS

RESIGNATION OF MR. BOB RAE

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker—

Some hon. Members: Hear, hear!

Mr. Rae: If hon. members keep this up too long, I'm likely to change my mind!

Some hon. Members: No, no!

Mr. Rae: I knew that would have the desired effect.

As many hon. members will be aware, I was fortunate enough to be honoured by my provincial party and to be elected to a position of leadership in my native province of Ontario. Because I feel so strongly that the electors of Broadview-Greenwood should be represented full time in the House of Commons and because I have come to recognize, as those who are in positions of leadership will know only too well, just how awesome are the responsibilities of leading a party, I have decided that I should submit my resignation to you, Madam Speaker, as the member of Parliament for Broadview-Greenwood. In doing so, I would like to pay tribute to my electors, the voters of Broadview-Greenwood, who three times have done me the honour of electing me as their Member of Parliament.

It was three and a half years ago that I was first elected to this place, and I am sure those hon. members who have come here through the struggle of partisanship will know and understand what I am saying when I simply say that in a democratic society such as ours I regard it as, perhaps, the greatest honour that could be bestowed on anyone to have been elected to the Parliament of Canada; and I want to thank the people of Broadview-Greenwood for their advice, for their encouragement and for the warmth of their friendship. Whatever party they may or may not have belonged to or supported, I will respect them always, and I thank them from the bottom of my heart for having done me the honour of electing me to this place.

I am sure hon. members will understand when I express my gratitude to my staff and particularly to my constituency assistant, Valerie Lawson, who has served me and my predecessor, John Gilbert—who is now a judge in the province of Ontario—with tremendous dignity, distinction and hard work. I think it is important for everyone here to remember that our staffs are our eyes and ears in our constituencies for listening and serving the people, and I want to pay public tribute to them.

I want to thank my colleagues in the New Democratic Party. We have had our differences from time to time. From what I understand and read in the newspapers, occasionally all caucuses have differences of opinion. Even in the party opposite I understand there are differences of opinion. However, I want to say that it has been a pleasure, an honour and a lot of fun to participate with my brothers and sisters in bringing the message of social democracy to the people of Canada through this Parliament.

I want to thank members of other parties. I do not think the public understands sufficiently the necessity and the fact that all of us—I hope—make a distinction between things which are said in the spirit of political partisanship and the friendships and the sense of colleagueship we all feel in our common work which is, I suggest, to serve the people of our constituencies, the people of our provinces and the people of Canada.

There are a great many people in all parties I could single out who have given me the gift of friendship, which I regard as perhaps the greatest gift we have. They have given me much good advice—sometimes after I made mistakes rather than before I made them! I particularly want to pay personal tribute, as it were, to those ministers who have responded to my questions, or not responded to my questions, as they saw fit.

I will not take too long, and I hope Your Honour will indulge me, but I was looking over the very first question I asked when I came to this House, and I think it shows the quality of repartee in this institution. The second question I asked was directed to the then minister of finance, the present Minister of Justice (Mr. Chrétien). In the last part of my question I said:

—will he reconsider and suspend the government's present policy of restraint and cutback which is only increasing unemployment insurance payments and welfare expenditures?

The minister's reply to that was to say that he had no intention of introducing exchange controls at that time!

I have asked several questions since that time. I still have not received the answer I want, which might explain why I have decided to leave. However, I do want to pay tribute particularly to the hon. member for St. John's West (Mr. Crosbie), the Minister of Justice and the current Minister of Finance (Mr. MacEachen) for their courtesy to me as the finance critic for our party. Perhaps I should preface that by saying "personal courtesy" to me, because my political differences with these ministers are, of course, a matter of record.

When I came here the Liberal Party was on its last legs.

Mr. Epp: Still is.

Mr. Nielsen: No change.

Mr. Rae: It had become the captive of a neo-conservative ideology. It was desperately afraid of an election. The Conservative Party had the distinction of having five finance critics, not just one, and all I can say is that when I arrived here I was very green and wet behind the ears. The point of those three remarks is that perhaps nothing changes at all.

In closing, I want to thank you, Madam Speaker, for your courtesy, to thank the officers at the Table for their help, to thank the Sergeant-at-Arms and to thank all the staff of this House of Commons, the people who make this place work and make it the wonderful place it is.

[*Translation*]

Madam Speaker, I should like to say a few words to express my heartfelt thanks to the constituents in my riding of Broadview-Greenwood, to those who worked with me in the party, to those in the other parties who worked together with us for the future and welfare of our country. I wish to thank you, Madam Speaker, and all the senior officials of the House of Commons for their friendship, their assistance and the work they have done, all of which has been a great help to me in my own work.

[*English*]

Finally—and I am sure hon. members will understand when I say this—my deepest thanks of all go, of course, to my family, whose indulgence, support and love have made it possible for me to be a Member of Parliament and to have spent so much time away from them. My family has participated with me in the tremendously rewarding life which is the life of a politician.

• (1510)

Since I am not retiring from politics, Madam Speaker, quite the contrary, I do not regard this as a tremendously nostalgic event. I want to close, along with a book I read recently, by saying that what is past is prologue. I want to thank you and to thank hon. members for your friendship and help these past years.

Some hon. Members: Hear, hear!

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I have never been elected in Broadview-Greenwood; in fact, I have never run for office in Broadview-Greenwood, but somehow I feel very close to that riding. I want to tell the hon. member that I intend to take a great deal of interest in it in the weeks and months ahead and perhaps to spend a great deal of time there.

Mr. Broadbent: That is good news for us!

Mr. Kaplan: I have been in one more election than my hon. friend and I have sat in one more Parliament than he has. I want to make the observation that this has been a particularly bitter Parliament for all of us—very partisan, with lots of confrontation and difficult moments. At a time like this, which comes infrequently, we have the opportunity to share a common bond—Liberals, Conservatives and New Democratic Party alike—in the service of our country from the various perspectives we bring to this place.

I can say for my party that it has been an experience for us to sit opposite the hon. member and watch his performance over the years that he has been here. To borrow a very traditional line, as he leaves this place to continue his political battles, Madam Speaker, we wish him well—but not too well!

Some hon. Members: Hear, hear!

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I should like very much to respond on behalf of the "five official opposition finance critics" that the hon. member for Broadview-Greenwood (Mr. Rae) referred to. I, too, would like to wish him the best, though I am not sure the best of what. On behalf of the Conservative Party, however, I can say that we would like to wish him long tenure in his office as leader of one of the opposition parties in the province of Ontario.

On a serious note—

Some hon. Members: Hear, hear!

Mr. Wilson: Madam Speaker, I think I have stunned the House! We would like to wish the hon. member for Broadview-Greenwood the best of everything in his new position. We understand the tremendous responsibilities he has taken on. I am sure the experience he has gained in this House and all the good friends he has here will serve him well in his new career.

Some hon. Members: Hear, hear!

Madam Speaker: I want to add a few words to those that have been spoken by hon. members in the House today. Of course, we are all a bit sorry when someone decides to leave the House, and that applies to the hon. member for Broadview-Greenwood who has carved a place for himself here.

In the name of all hon. members, I want to wish him well in whatever capacity. As Speaker I would be the last one to prophesy anyone's political fortunes, so I shall not qualify that!

May the qualities and talents which the hon. member has displayed in the House, as well as the experience he has gained which I am sure is considerable, be of good counsel to him in his new endeavours.

Some hon. Members: Hear, hear!

* * *

VACANCY

BROADVIEW-GREENWOOD—BOB RAE BY RESIGNATION

Madam Speaker: The hon. member for the electoral district of Broadview-Greenwood having given notice of his intention to resign his seat in the House, it is my duty to inform the House that when the notice has been entered by the Clerk on the *Journals* pursuant to Section 6.(1)(a) of the House of Commons Act, Chapter H-9 of the Revised Statutes of Canada, 1970, I shall forthwith issue my warrant to the Chief Electoral Officer to issue a new writ of election for the election of a new member for the said electoral district.

* * *

POINT OF ORDER

MR. NIELSEN—S.O. 43. MOTIONS MOVED BY PARLIAMENTARY SECRETARIES

Hon. Erik Nielsen (Yukon): Madam Speaker, I have a brief point of order. The Chair will have noted the appointment yesterday of several new parliamentary secretaries. As the Chair will recall, under the very first ruling of Mr. Speaker Jerome, one which he made in 1974 and which has been with us since, parliamentary secretaries are not permitted to move motions under Standing Order 43. It was probably an oversight on the part of the—I see you nodding in the negative Madam Speaker—

Some hon. Members: Oh, oh!

Mr. Nielsen: —and the "Disco Duck" saying "not true" also.

Mr. Speaker Jerome ruled that parliamentary secretaries would not be recognized for the purpose of putting motions under Standing Order 43, which was not the case with respect to putting questions. He allowed that and indeed you, Madam Speaker, have allowed that, notwithstanding the fact that I have raised it as a point of order in the past. Each time a point of order has been raised with respect to a parliamentary secretary moving a motion under Standing Order 43, the Chair has prevented it.

The Parliamentary Secretary to the Minister of State for Science and Technology and Minister of the Environment (Mr. Schroder), newly appointed yesterday, I believe, put a motion under Standing Order 43 today. I hope we will revert to the practices that were established under Mr. Speaker Jerome which you, Madam Speaker, have been following in this session. I see you nodding in the negative again, Madam Speaker, but I do not recall an instance where a motion under Standing Order 43 has been accepted by the Chair.

Mr. Lalonde: Why not?

Mr. Nielsen: Because it has been the practice for six years not to do so, that is why.

I suggest that rather than being allowed to put motions under Standing Order 43, they can damn well call up the department of the minister concerned and get the answer. I suggest that the same applies with equal force to questions.

If this is going to be allowed to cut into the privileges of members on all sides of the House, then in my submission it is an infringement on the time that is normally given to private members. The situation is as ludicrous as it would be for the Minister of National Health and Welfare (Miss Bégin) to ask questions of the Minister of Finance (Mr. MacEachen). Perhaps she would have been better served had she done that.

Some hon. Members: Oh, oh!

Mr. Nielsen: I can hear the "Disco Duck" over there again. I submit that the practice should be honoured and parliamentary secretaries should not move motions under Standing Order 43.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, this very point was raised by the hon. member for Simcoe North (Mr. Lewis) about two months ago and Your Honour ruled that it was quite in order and that any member was entitled to move a motion under Standing Order 43. That was made quite clear and it has been the practice regularly, perhaps two or three times a week, during this session. It is not something which has happened suddenly, and Madam Speaker ruled on this and said that it was in order.

• (1520)

Madam Speaker: I refer the hon. member for Yukon (Mr. Nielsen) to Standing Order 15(2), which in part reads:

> Members, other than ministers of the Crown, may propose motions pursuant to Standing Order 43 at this time.

That is the time which is set out in the Standing Orders. I believe my predecessor ruled out the possibility that parliamentary secretaries would ask questions—

Mr. Nielsen: No, it was the other way around; motions under Standing Order 43.

Madam Speaker: Yes, I think he allowed motions under Standing Order 43. If my memory serves me right—but I will not insist on it because I am really basing my remarks on the Standing Orders—I rule and confirm that parliamentary secretaries may put motions under Standing Order 43, but they may not ask questions.

I refer the hon. member to Citation 370 of Beauchesne, which indicates that parliamentary secretaries should not be asking questions since they have access to ministers and can be informed about questions they should like to ask. I must confirm—and it was not an oversight this afternoon—that I distinctly feel the Standing Order, as written, allows parliamentary secretaries to put motions under Standing Order 43.

* * *

PRIVILEGE

MR. BEATTY—ALLEGED BREACH OF SAFE CONTAINERS CONVENTION ACT—RULING BY MADAM SPEAKER

Madam Speaker: Yesterday the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) raised, as a matter of privilege, the failure of the government to lay an order made under the Safe Containers Convention Act before Parliament within the period required by the act. The act provides that an order "shall be laid before Parliament not later than the tenth sitting day of Parliament after it is issued". The hon. member, in his presentation, indicated that the order in question was issued on January 21 and was registered on January 22. As he pointed out, Parliament has sat for more than a full month since the issuance of the order. I therefore doubt he has raised this matter at the earliest opportunity. That is one point.

Of course, it is not the function of the Chair to interpret the law. I must also point out that alleged errors in the tabling of documents have not in the past been ruled to be breaches of parliamentary privilege. The hon. member quoted from a ruling given by my predecessor on February 1, 1979, but I am afraid I cannot agree with his interpretation of the implications of the ruling.

I would draw attention to two other rulings given by my predecessors. In a decision given on June 27, 1972, concerning the failure to table a report of the National Harbours Board within the period required by the National Harbours Act, the Speaker in the course of his ruling said:

—I fail to see how this can be considered a breach of the privileges of the House.

On June 19, 1978, dealing with a complaint concerning the late tabling of the annual report of the post office, my predecessor ruled:

—I feel that the hon. member is raising a grievance rather than a question of privilege. I do not see how, under the guise of privilege, the Chair can be drawn into determining a question of law—

The hon. member further quoted Erskine May in support of his submission and cited in particular the paragraph appearing on page 138 of the nineteenth edition concerning disobedience to the orders of the House. I cannot agree that the failure to comply with the law constitutes disobedience to an order of the House. While it may be argued that legislation is adopted by Parliament and therefore reflects the will of Parliament, I do not think it possible to sustain an argument that an act of Parliament constitutes a specific order of the House, either of this House or of the other place. I would also refer the hon. member to page 578 of the nineteenth edition of Erskine May, wherein he has stated:

Breach of a statutory duty to lay an instrument before Parliament will not of itself invalidate the instrument, though it may amount to a misdemeanour. The resulting situation has been dealt with both by statute and by statutory instrument.

It seems clear that such a failure on the part of the government has never come within the scope of parliamentary privilege.

In this particular case it is my view that, if the government is indeed in violation of the law—and if it is, it is not for me to determine—the hon. member may have a grievance rather than a valid question of privilege. If the government has not properly complied with the requirements of the Safe Containers Convention Act, a remedy could be sought through the courts or otherwise. However, it would appear—although I emphasize that I am not interpreting the law—that orders issued under the act have no force until the procedures laid down in Section 8 of the act have been complied with. If the government, therefore, chose to rectify any error which might have been made with the least possible delay, Parliament would have an early opportunity of debating the order and coming to a decision on it. Therefore, I cannot find that the matter raised by the hon. member should take precedence over other business as a prima facie case of privilege.

ROUTINE PROCEEDINGS

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

Eleventh report of the Standing Joint Committee on Regulations and Other Statutory Instruments, in both official languages—Mr. Beatty.

[*Editor's Note: For above report, see today's Votes and Proceedings.*]

* * *

[*Translation*]

OFFSHORE RESOURCES

TABLING OF AGREEMENT BETWEEN CANADA AND NOVA SCOTIA

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, under the provisions of Standing Order 41(2), I would like to table the historical agreement between Canada and Nova Scotia on management and revenue-sharing of offshore oil and gas resources.

Order Paper Questions

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,272, 2,347, 3,377 and 3,655.

[*Text*]

PORT OF MONTREAL CAPITAL BUDGET

Question No. 2,272—**Mr. Crosby:**

1. Was a capital budget established by the National Harbours Board for the port of Montreal for (a) 1980-81 and, if so, what are all the details (b) the past five fiscal years and, if so, what amount was expended for (i) each item in the budget (ii) additional items not listed in the budget?

2. Does the board use automobiles for its operations in the port and, if so, for each automobile, what was the (a) type (b) purchase or lease price (c) designated use?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The National Harbours Board advises as follows:

1. Yes.

(a), (b), (i), (ii)

1980-81	Estimates	Actual Expenditures
Racine Terminal Phase A	$ 9,140,000	$ 951,812
Grain Elevator No. 4 extension	3,700,000	1,305,124
Grain Elevator No. 3 truck loading	2,362,000	2,065,312
Grain Elevator No. 5 interconnection	600,000	1,151,225
Administration Building	142,000	—
Total	$15,944,000	$5,473,473
1979-80		
Racine Terminal	$ 6,764,000	$3,575,979
Grain Elevator No. 3 truck loading	2,733,000	1,042,279
Administration building	466,000	365,875
Grain Elevator No. 5 interconnection	2,573,000	1,331,590
Total	$12,536,000	$6,315,723
1978-79		
Grain Elevator No. 3 truck loading	$ 1,000,000	$ 88,423
Grain Elevator No. 4 gallery automation	1,100,000	—
Grain Elevator No. 4 workhouse automation	300,000	—
Grain Elevator No. 5 annex interconnection	1,200,000	—
Administration building	967,000	670,136
Maintenance building section 42	345,000	241,748
Racine terminal	6,674,000	6,421,019
Land acquisition section 41	100,000	—
Barge conversion	350,000	—
Total	$12,036,000	$7,421,326
1977-78		
Jacques Cartier terminal	$ 4,328,000	$ 53,902
Jacques Cartier cranes	2,550,000	—
Grain Elevator No. 3 truck loading	1,820,000	23,185
Administration building	1,030,000	46,592
Police station	240,000	—
Grain Elevator No. 4 gallery automation	250,000	—
Grain Elevator No. 5 annex interconnection	200,000	101,271
Floating derrick	650,000	—
Grain Elevator No. 3 scale automation	140,000	—
Section 102—fill	475,000	23,925
Cold storage warehouse	50,000	—
Total	$11,733,000	$ 248,875
1976-77		
Construction of container terminal, Wharf 79-80	$ 40,000	$ 114,787
Oil berth No. 75	60,000	38,653
Jacques Cartier terminal	2,030,000	237,853
Replacement of diesel locomotives	700,000	694,895
Grain elevator improvements	380,000	367,064
Total	$ 3,210,000	$1,453,252
1975-76		
Construction of container terminal, Wharf 79-80	$ 274,000	$ 429,034
Jacques Cartier terminal—		
Berthing facilities	1,900,000	2,592,336
Shore facilities	855,000	254,661
Oil Berth No. 75	145,000	208,352
Replacement of Motors and Drives—grain elevator	320,000	77,042
Automation of scales	200,000	49,870
Replacement of diesel locomotives	700,000	—
Total	$4,394,000	$3,611,295

2. Yes.

(a) Chevrolet Malibu (5)
Plymouth Volare (9)

(b) Purchase price of Malibu was $6,936.00 each and purchase of Volare was $7,463.00 each.

(c) Five Malibu and eight Volare are used for policing the port as well as the Champlain and Jacques Cartier bridges. One Volare is used for courier and other port related duties.

RENTAL RATES OF WATERLOTS IN VANCOUVER HARBOUR

Question No. 2,347—**Mr. Cook:**

1. What was the arithmetic mean of rental increases per square foot of waterlots (a) between the First and Second Narrows Bridge in Vancouver Harbour of leases up for renewal in 1980 (b) east of the Second Narrows Bridges over Vancouver Harbour of leases up for renewal in 1979 and in 1980?

2. What is the policy, formula and method of appraisal of the National Harbours Board for determining value of individual waterlots for rental purposes in the harbour?

3. What is the arithmetic mean of rental rates per square foot of waterlots in the harbour in 1981 (a) between the First and Second Narrows Bridges (b) east of the Second Narrows Bridge?

4. What is the arithmetic mode of rental rates per square foot of waterlots in the harbour in 1981 (a) between the First and Second Narrows Bridges (b) east of the Second Narrows Bridge?

5. What is the arithmetic mean of the mode of rental rates per square foot of waterlots in the harbour in 1981 (a) between the First and Second Narrows Bridges (b) east of the Second Narrows Bridge?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The National Harbours Board advises as follows:

1. Based on a sampling of 10 per cent or more of the large number of existing leases (a) $.0567 (b) 1979—$.0205; 1980—$.0717.

2. The formula for determining rental is the application of a rate of return to fair market value of the property. For the most part, the B.C. assessment authority value is used in determining fair market values of waterlots in the area.

3. Based on a sampling of 10 per cent or more of the large number of existing leases (a) $.061735 (b) $.02335.

4. Based on a sampling of 10 per cent or more of the large number of existing leases (a) $.10 (b) $.02.

5. As the mode is one number, the arithmetic mean would result in the same number.

SIDE LOOKING AIRBORNE RADAR

Question No. 3,377—**Mr. Nickerson:**

1. Do regulations prevent the use of the airborne "wet process" system for obtaining hardcopy of side looking airborne radar imagery in Canadian registered aircraft but not prevent its use in United States registered aircraft flying in Canadian territory?

2. Is the "wet process" superior to the "dry process" and, if so, does this necessitate one of the two Canadian firms that undertake SLAR work using a United States registered aircraft and does it put the second firm at a competitive disadvantage because its aircraft were registered in Canada?

3. Are changes planned in order to ensure that both Canadian and United States registered aircraft are treated the same when operating in Canadian airspace, with respect to regulations governing the use of SLAR hardcopy production systems, and, if so, what are the changes?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): 1. Provided the developing solution on board is not connected to any of the aircraft operating systems and the developing solution is not considered to be a dangerous article as defined under the International Air Transport Association—Restricted Articles Regulations, there is no regulation to prevent the use of the "wet process" for side looking radar in either a Canadian registered aircraft or United States registered aircraft operating in Canada provided they have been granted operating authority.

2. Transport Canada is not aware of differences in the image quality between the two processes. To operate a commercial air service in Canada, whether with Canadian or United States registered aircraft, authority is required from the Canadian Transport Commission and Transport Canada.

3. The regulations pertaining to aircraft operating in Canadian airspace do not differentiate between registrations in that they apply equally to both. No changes are foreseen.

EYE TESTS FOR CANADIAN ARMED FORCES PERSONNEL

Question No. 3,655—**Mr. Cossitt:**

Is all eye testing for Canadian Armed Forces personnel done by graduate optometrists or medical doctor eye specialists and, if not (a) what type of persons are used and what are their qualifications to perform such examinations (b) what are all the reasons justifying any government policy that does not require graduate optometrists or qualified physicians to perform such duties?

Hon. J. Gilles Lamontagne (Minister of National Defence): (a) and (b). Eye testing in the Canadian Forces is done by or under direction and supervision of physicians and ophthalmologists. Physicians and ophthalmologists are qualified to provide eye care by virtue of their medical degrees. They are assisted by ophthalmic technicians who only perform limited procedures. Ophthalmic technicians in the forces are qualified to the same standard as their civilian counterparts by the Joint Commission on Allied Health Personnel in Ophthalmology, an accrediting body recognized by the medical professions of both Canada and the United States. This policy conforms with recognized civilian medical practices in Canada.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

Mr. Smith: Madam Speaker, I ask that the remaining questions be allowed to stand.

Mr. MacKay: Madam Speaker, I rise on a point of order. As you will recall, several days ago I asked the parliamentary secretary why I have not received answers to question No. 3,461 concerning Canadair which I placed on the Order Paper on November 23. At that time he indicated that he would look into it. Since that time I have placed other questions on the Order Paper concerning this subject, and still I have received no responses. Today the hon. member for Mississauga South raised further questions during oral question period about this matter. Once more I ask the parliamentary secretary if he would be kind enough to find out why these questions cannot be answered.

On a slightly related matter, if Madam Speaker will permit me, I wish to raise a point of order concerning the fact that I am having great difficulty with the Minister of Transport and the Minister of Industry, Trade and Commerce in obtaining answers to correspondence about two matters of vital concern to my constituents. In the case of the Minister of Transport, it relates to Northumberland Ferry Services which provide a vital sea link between Nova Scotia—

Madam Speaker: Order, please. This is not covered by the Standing Orders. The hon. member may ask a question concerning his questions on the Order Paper, but the matter of correspondence is not covered by the Standing Orders.

Mr. MacKay: Madam Speaker, on a further point of order, my point is that it takes up unnecessary time during question period. These matters could be dealt with if ministers would answer their correspondence.

Mr. Smith: Madam Speaker, again I will pursue the question raised by the hon. member. I know those inquiries are on the way. It may take a little longer, but we will come up with the answers pretty soon.

Mr. Young: Madam Speaker, I should like to ask the parliamentary secretary how the chase is coming along in terms of obtaining answers to questions Nos. 3,380 to 3,438 concerning the report of the Special Committee on the Disabled and the Handicapped.

Mr. Smith: Madam Speaker, the chase is coming along fairly well. I am in hot pursuit and hopefully we will obtain something before too long.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

ENERGY SECURITY ACT, 1982

MEASURE TO ESTABLISH

On the Order: Government Bills (Commons):

Second reading and reference to a Committee of the Whole of Bill C-94, an act to amend and enact provisions related to the Petroleum Administration Act, the National Energy Board Act, the Foreign Investment Review Act, the Canada Business Corporations Act, the Petro-Canada Act, the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act; to repeal the Energy Supplies Emergency Act; to amend an act to amend the Petroleum Administration Act and the Energy Supplies Emergency Act; to amend the Adjustment of Accounts Act; and to enact the Petroleum Incentives Program Act, the Canadian Ownership and Control Determination Act, the Energy Monitoring Act and the Motor Vehicle Fuel Consumption Standards Act.—*The Minister of Energy, Mines and Resources.*

Madam Speaker: Perhaps hon. members might wish me to refer at this time to the point of order raised yesterday afternoon by the hon. member for Calgary Centre (Mr. Andre). He has taken the position that Bill C-94, being an omnibus bill of considerable complexity, should be divided. I take this opportunity to thank him for the arguments he presented. Also I want to express my thanks to those other hon. members who offered their contributions to this interesting procedural matter.

• (1530)

This question is one which is not only of concern to me, but has also concerned some of my predecessors in this chair. The hon. member for Calgary Centre has described his view of the difficulties encountered in a measure of this kind and has supported his view with procedural arguments. In presenting his procedural argument, no precedents were cited which would establish the validity of his point of order that the bill should be divided.

The hon. member did, however, emphasize the observation of Mr. Speaker Lamoureux in a ruling of January 26, 1971, as follows:

There must be a point where we go beyond what is acceptable from a strictly parliamentary standpoint.

Mr. Speaker Lamoureux went on to rule that the government in that instance had followed the accepted practice of the past. Although he expressed the reservation that the point of going too far may have been reached, he did not offer a solution, except to say that future omnibus bills should be scrutinized at first reading stage when hon. members can express their views.

Mr. Speaker Jerome, on May 11, 1977, expressed—

—some very deep concern about whether our practices in respect of bills do in fact provide a remedy for the very legitimate complaint of the hon. member that a bill of this kind gives the government, under our practices, the right to demand one decision on a number of quite different, although related subjects.

No solution to the matter was proposed by Mr. Speaker Jerome. The bill was allowed to proceed.

For my part, in the present circumstances there seems little point in offering yet another opinion on a question so well addressed by my distinguished predecessors. The matter is there for all to see. It may be that the House should accept rules or guidelines as to the form and content of omnibus bills, but in that case the House, and not the Speaker, must make those rules.

Therefore, having heard argument and having examined Bill C-94, I must now rule on the basis of existing precedents, which do not support the proposition that the bill should be divided or struck down.

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I rise on a point of order. I am not arguing with the ruling that you have now made, but it does bring forward a number of questions. There is one in particular that I would like to put to the Chair. It arises from Citation 764(1) which has affected me adversely in the past. It reads:

A committee is bound by the decision of the House, given on second reading, in favour of the principle of the bill, and should not, therefore, amend the bill in a manner destructive of this principle.

Perhaps the Chair could give me some guidance as to what the principle of this bill is so that I might be guided in terms of what amendments at committee stage I am permitted to propose or not propose.

Mr. Pinard: That is a hypothetical question.

Madam Speaker: I would not think the Chair would want to make any comments on the principle of the bill. The Chair would only comment on procedural matters. I am afraid that at the present time I cannot answer the hon. member's question.

Mr. Andre: Madam Speaker, it is quite clear that second reading is a vote on the principle of the bill. It is quite clear from our precedents that we are going to be required to vote on that principle and that we are going to be guided by the principles in preparing amendments for committee study. Having given the view that in fact there is a principle, having established by your ruling that indeed we can have a second reading vote on the principle, I think my question as to what the principle is is very reasonable under the circumstances.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, may I draw your attention to citation 117(5)

and (7) of Beauchesne's fifth edition, pages 38 and 39, which reads as follows:

(5) Hypothetical queries on procedure cannot be addressed to the Speaker from the floor of the House.

(7) The opinion of the Speaker cannot be sought in the House about any matter arising or likely to arise in a committee.

Consequently, I think that if my hon. colleague wishes an opinion on parliamentary procedure, it is not appropriate for him to direct such a request to the Speaker, from the floor of the House. These questions are procedural, they are hypothetical, and I submit, with due respect, that it is not up to the Chair to answer them.

[*English*]

Mr. Andre: Madam Speaker, hypothetical or not, and I would argue it is not, we are in a dilemma in that you have ruled that since there is no precedent you cannot address the question that this bill has no principle, or that it has a multitude of principles, and all the other problems. If the Speaker cannot do anything because there is no precedent, the Speaker can never do anything. Precedents are only established by Speakers. Having ruled that you cannot act because there is no precedent, Madam Speaker, you have in essence ruled that no Speaker can ever act. Because you have to start somewhere: which is the chicken and which is the egg?

Mr. Nielsen: What about Bill C-93?

Mr. Andre: We are in a circumstance, Madam Speaker, where literally the tyranny of the majority prevails in contravention of Citation 1 of Beauschene. There is absolutely no possibility of preventing the government from doing anything unless perchance some Speaker was not so proscribed in the past as to say "Yes, I will take action, even though it is establishing a precedent." If you cannot act because there is no precedent, nobody can ever act on anything.

I humbly submit, Madam Speaker, that there is no protection of this chamber from the tyranny of the majority in that circumstance.

Madam Speaker: The hon. member should know that the only protection that members have, apart from the one specified very clearly by the rules and which the Speaker is bound to enforce, is the House itself. The members themselves should be making the rules by which the Chair will conduct the debates or preside over the debates of this House of Commons.

The hon. member is inviting the Chair, in the absence of a precedent or a rule, to make one of her own. I submit to the hon. member that is the last thing a Speaker should do. In the absence of precedents or any valid argument or valid rule on which I could base a different judgment from the one I have just made, I have to refer the question to the House itself. That is why in my decision I have asked the House, if it feels this question has to be addressed, to determine guidelines or rules that would be applicable to the particular situation which the hon. member so ably brought forward in the House the other day. But it is wrong to ask the Chair to substitute her own rules in the absence of clear rules or clear precedents.

Mr. Andre: Madam Speaker, I move therefore, that Bill C-94 be put aside and a committee of this House be authorized to examine the appropriateness of omnibus bills of this sort containing multiprinciples being brought before the House. If that is a requirement on which the House needs to judge, then the Chair should allow this House some mechanism upon which to reach that conclusion.

If a precedent can never be established, and the House has no mechanism to carry forward the suggestion which you, Madam Speaker, have raised, we are back to the fundamental dilemma that whatever is proposed by the majority shall come to be; that is, the tyranny of the majority will prevail in direct contravention of Citation 1 of Beauchesne.

[*Translation*]

Mr. Pinard: Madam Speaker, two things are quite clear from the hom. member's statement. First of all, he has been thoroughly criticizing one of your rulings which is based on the standing orders and parliamentary procedure, and that is in itself inadmissible. Second, he is proposing a motion without having given prior notice to the House, which is entirely irregular. In the circumstances—we are pressed for time since we have already wasted seven days on second reading of a bill supported by the party that is now using delaying tactics—I suggest that we proceed without further delay with consideration of the bill in question which the Chair ruled was admissible and which we are ready to debate.

Madam Speaker: To conclude on the statement by the hon. member for Calgary Centre, it is clear that I cannot accept his motion since no prior notice was given, which is against the Standing Orders of the House.

[*English*]

Hon. Erik Nielsen (Yukon): Madam Speaker, the intervention by my friend, the hon. member for Calgary Centre (Mr. Andre) was by no distortion or stretch of the imagination a criticism of the ruling of the Chair. That is not the way I heard it. The hon. member was seeking desperately not only for clarification but for guidance, having regard to the very serious nature of the question raised by him and the very serious consequences of the ruling by the Chair.

The government House leader suggests that it is wrong to ask the Chair for guidance on a hypothetical question. There is nothing hypothetical about the fact that the bill is before us accompanied by a ministerial press release which sets out seven different principles. The hon. member for Calgary Centre has submitted that the bill goes beyond that, but I am prepared to sit with the minister's own press release. The guidance and clarification we seek, Madam Speaker, is: does your ruling now mean that the long-established precedents and practices of this House that it has a right to divide on the principle of a bill—because that is what second reading is all about—has now been expanded to the point where the House

can be confronted by the government with several different and disparate principles in one bill, and be asked to divide under the guise—simply because the bill has a long title—of dividing under one? If that is the case, the clarification we seek is, where is the principle?

• (1540)

If we go along with the conclusion that the Chair is not called upon to determine what the singular principle of the bill is, and we know we are confronted by the minister's own press release with seven different principles, we are, I submit, abandoning the practice of hundreds of years' standing.

We would like to know, Madam Speaker, whether your ruling means that we are now embarking upon an entirely different practice where, in the future, the House may be called upon legally by your ruling to divide, if they so choose, on several different principles under the guise of dividing under an omnibus bill, which by its very title sets out several different principles.

Madam Speaker: Well, obviously the meaning of the ruling I have just made—and the hon. member was debating the question—is precisely that I saw no reason for dividing the bill. I feel that the procedure which will apply to the study and eventual adoption, or otherwise, of that bill is a procedure we have followed in other circumstances. I have precisely said in my ruling that I felt this bill, as it is written, may be studied in the manner proposed. I am not introducing anything new. I have refrained from doing so because I have no precedent or rule on which to do other than what I have suggested in my ruling.

So I am not confusing the House by introducing new procedures. These procedures are well known to hon. members; they are ones which have been followed by the House in the past.

Mr. Nielsen: I have a further question for clarification, but the Chair has made the statement that I was debating the issue. It was certainly not my intention to reflect on the ruling of the Chair. I was legitimately and sincerely seeking guidance because of the Catch-22 situation we are in here.

One of the points raised with great clarity by the hon. member for Calgary Centre had to do with existing Standing Orders which require bills, on receiving approval in principle on second reading, to be referred automatically to standing committee. Now, we have four different and disparate bills by way of schedule which are now going to travel the Committee of the Whole route, thereby denying members of the House an in-depth inquiry by way of calling witnesses before the standing committee to inquire into the various clauses of the bill.

If I understand your ruling correctly, Madam Speaker, it means that those four schedules—in effect, four different statutes—will not go to standing committee but will remain in Committee of the Whole and thus deprive members of their normal rights. If I understand your ruling correctly, that is the result.

Madam Speaker: Well, the hon. member is again arguing the ruling and using the same arguments as the hon. member for Calgary Centre used the other day in his point of order. Those arguments were considered, and the ruling I just made answered those arguments. If the hon. member looks at the intervention of the hon. member for Calgary Centre, which intervention was most complete, he will find that the hon. member argued those points which the hon. member for Yukon is arguing over again.

I do not mind questions as to what may now happen in the House, but certainly the hon. member has to realize that he is not accepting the ruling and does not want to proceed as the ruling now determines the House should proceed. I am afraid I have to ask him to accept it, because that is the purport of the ruling.

The hon. member refers to the schedules, and he knows the hon. member for Calgary Centre spoke about the schedules and referred to the fact that there were four different principles or ideas, and so on, in those schedules. I dealt with that in my ruling.

Mr. Nielsen: Madam Speaker, let me point out at the outset that this is the second time the Chair has made the observation that I am arguing with the ruling of the Chair. I am not arguing the ruling of the Chair, however much you, Madam Speaker, may think so. If I have left that impression, I want the Chair to dismiss it from her mind. I am simply seeking clarification. I know quite well that the hon. member for Calgary Centre made these arguments. I have not only read them, I have studied them, Madam Speaker, and I am quite aware of what they say. The reason I raise these questions for clarification now is precisely because the Chair, with great respect, did not deal in the ruling with the several points made by the hon. member for Calgary Centre. That is why I raised the points for clarification.

Now, had the Chair dealt seriatim with the six points raised by the hon. member—and I was following very carefully the ruling of the Chair to see whether each of those arguments was met—then I would not be standing here. I am standing here because, with great respect, we are left in this quandary by virtue of the fact that these several points raised by the hon. member for Calgary Centre have not been dealt with.

For instance, in regard to the point on the principle, which I will leave aside because I raised it a moment ago, the Chair did not give a response in detail to that argument. The one I am dealing with now with respect to the denial of our normal rights under the Standing Orders had the bill gone to standing committee as it ordinarily would have has not been dealt with, unless it can be said to have been dealt with by the umbrella rejection of the hon. member's submission. With great respect, I would have expected the Chair to deal with each one of the points raised because all of them are very important points indeed.

Another one which has not been dealt with, with great respect, and without intending to reflect on the ruling of the Chair, is this question of the rights of members to divide on a

recorded vote. That right has, in the hon. member's submission, been removed. That point has not been dealt with by the Chair.

The clarification we seek is genuine. The question outstanding, Madam Speaker, is: does your ruling mean that in future, legislation can be introduced by means of a schedule, as it has in this case, thereby changing our existing practices under the Standing Orders and sidetracking new legislation away from the standing committees into this House in Committee of the Whole? Is that the result of the Chair's ruling?

[*Translation*]

Mr. Pinard: The ruling just made by the Chair has not added any new elements, since the same situation occurred not long ago. The House is aware that when the government introduces a bill seeking authority to borrow money, commonly called a borrowing authority bill, if the sole object of the bill were to seek borrowing authority, we would not go before the Committee of the Whole, and the bill would be referred to a standing committee of the House. However, since tax measures are included in this bill, our motion must include a request that the bill be considered in Committee of the Whole, and that includes the provisions concerning borrowing authority.

The example I just gave was in fact a very recent precedent, namely Bill C-93, on which the Chair made a ruling. There have been other precedents as well, however. It is, therefore, not something new. The hon. member claims that the opposition is frustrated because it will not have an opportunity to consider certain aspects of the bill in the standing committee, as opposed to what it will be able to do in Committee of the Whole. I may answer the hon. member that first of all, this is not a precedent, that it is a consequence of the Chair's ruling on Bill C-93, and that previous Speakers have handed down similar rulings on far more complex bills. When the hon. member says that they are penalized, I doubt that is really the case, because when we go into Committee of the Whole, as a rule each clause of the bill is debated and may be discussed or amended. In fact, the bill is given far more thorough scrutiny than it would ever receive in a standing committee of the House. Now we may or may not agree on this comparison between the work done in Committee of the Whole as opposed to a standing committee of the House, but the fact remains that the precedents are established and clear-cut, and when a bill contains measures that entail the levying of taxes on Canadian citizens, we have no choice but to go into Committee of the Whole. Bills containing provisions that are solely concerned with taxation do not contain tax provisions in every single clause, but that does not mean that only the clauses in which taxes are levied are referred to the Committee of the Whole and other clauses of the same bill that do not are referred to a standing committee of the House. Thus, there are many precedents, the Chair's ruling does not have any new consequences, and unlike what the hon. members said, we are not setting new precedents or taking new directions. The Chair has served the House, as is its role, by interpreting the Standing Orders, precedents and parliamentary practice and if this practice is not satisfactory to members on both sides of the House, the way to make changes is to agree to changes in the Standing Orders, and my hon. colleagues know perfectly well that we are prepared to discuss such changes. In the short term, however, we are still governed by the existing Standing Orders and the Chair's ruling merely confirms past practice.

• (1550)

[*English*]

Madam Speaker: I will answer the hon. member who has put a question to me concerning what this means for the future. I will tell the hon. member that I will not decide the future now. When future procedural problems present themselves, I will study them on their merits and try to rule on them to the best of my judgment.

The hon. member has referred to the fact that he felt I had not dealt with some of the arguments point by point. Yes, perhaps I did not answer each and every one of the arguments which were presented to me during perhaps more than one hour and a half in which hon. members spoke on this particular subject. However, I can assure the hon. member, as I did in my ruling, that they were fully considered. My practice is not always to answer every argument that hon. members put forward point by point, because there is a certain approach to rulings and to the way in which the Speaker must deal with the House where the Speaker does not necessarily want to knock down every possible argument that she feels was not particularly pertinent to the situation. However, what I do, I believe, in all of my rulings, is to give hon. members the basis for my decision by stating which arguments were compelling and on which I have based that decision.

At any rate, if hon. members wish me to make very, very long statements, I can always do that; but I rather thought that my role was to try to leave the time of the House to hon. members rather than to take too much for myself. I can oblige hon. members by systematically referring to all of the arguments which have been brought forward, but it does not seem to me that that is an absolute necessity.

Mr. Nielsen: Madam Speaker, I am certainly not suggesting to the Chair, as a generality, that in every single instance verbose rulings be made. I would not be so presumptuous, nor so silly, as to suggest that. I was not present to hear all of the matter, but I have read and studied the submissions of the hon. member for Calgary Centre. Because of the far-reaching and serious implications of the arguments of the hon. member—and there were only six arguments with that kind of serious implication—and because of the serious consequences of Your Honour's ruling, I am simply saying that I would have anticipated, in this particular rare instance where some detail is expected, that it might have been forthcoming so as to assist us in resolving our present dilemma of where we are to go. I am certainly not asking Your Honour to get out your crystal ball to gaze into the future with respect to what you might do

in future instances. However, we are confronted here with an existing situation, with four brand-new bills in four schedules, which we would ordinarily have expected to go to committee.

My question was really with respect to these four. Am I correct that as a result of Your Honour's ruling, notwithstanding the Standing Orders in that regard, because these four bills now appear as schedules to this legislation the ordinary procedures which would hive them off to standing committees do not apply? Are we now confined with these new pieces of legislation to Committee of the Whole? Is my understanding of the effect of your ruling correct?

Madam Speaker: That is correct.

Mr. Andre: Madam Speaker, I would again repeat what the hon. member for Yukon, our House leader, has indicated. I am not questioning the ruling; I am asking for clarification because of the seriousness of the six points raised during the point of order. There were six very important principles based on precedents by previous Speakers, some which were so enshrined as to become part of our parliamentary authorities, referred to in several places, such as this question of second reading being a vote on principle.

I would ask the Chair to clarify, if she can, the dilemma that I face as one hon. member, and the dilemma that I am sure other hon. members in this House face. Let me quote Mr. Speaker Jerome, who remarked on May 11, 1977, as found on page 5523 of *Hansard*:

> I think an hon. member of the House ought to have the right to compel the House to vote on each separate question.

He felt that the requirement that an hon. member be able to compel the House to vote on each separate principle was fundamental. Indeed, it is so fundamental that it shows up on numerous occasions in our parliamentary authorities.

The question that I put to the House concerns the opportunity for myself and other hon. members, given the way this bill is treated, to request a vote of the House, for example on Part A, petroleum incentives and Canadian ownership and control, which, generally speaking, we would approve, and a vote of the House on Part C, petroleum administration, which, generally speaking, we would oppose. How can that happen?

I also wonder about the future. Are we now establishing a precedent that it will indeed be possible to create a law, as it were, upon which the House of Commons, supposedly the supreme law-making body in this country, has not had an opportunity to divide? That is a precedent of enormous consequences, so much so as to render this institution absolutely meaningless, so much so as to give effect to the often made accusation that we have a four-year or five-year dictatorship. That is the impact.

I, for one member, must re-examine my reasons for being here if, in fact, I am unable to vote on something as fundamentally important as that. I am not asking for the ability to influence; I am just asking to vote, that is all. The ability to vote is the last right of a Member of Parliament. We are not even asking to have the ability to legislate, but just to vote on principle. I would like to ask, Madam Speaker, how in this circumstance, as a result of this situation, how this bill is proceeding and so on, I as an hon. member will be able to fulfil my responsibilities and obligation to stand up and be counted on the various distinct principles that are brought forward in this piece of legislation.

[*Translation*]

Mr. Pinard: Very briefly, Madam Speaker, the consequences mentioned by the hon. member for Calgary Centre (Mr. Andre) are not new. Rulings handed down by your predecessors had the same results, and I am thinking of one particular instance when a bill was introduced to amend several aspects of the Criminal Code. I am sure that many members would have preferred to vote on individual provisions of the omnibus bill that was debated, although supporting debate on the entire bill. However, because of the Standing Orders and parliamentary procedure, that was not possible.

Today, the hon. member is critical of the fact that a number of different aspects are contained in the omnibus bill, which, and I shall repeat this once again, is admissible according to our procedure and precedents. He is saying that he would like to be able to vote in favour of certain aspects of the bill and against others, and that now he is in a position where he will probably be obliged to vote against the bill, although he is in favour of some parts of it. This is true on both sides of the House, Madam Speaker, and our Standing Orders affect the government side the same way where an opposition motion is concerned. The House will recall that before the Christmas holidays, the opposition, on an opposition day, introduced a motion on capital punishment. Many members on this side of the House would have liked to be able to vote for or against capital punishment, without at the same time having to vote on a motion of no-confidence in the government and thus having to decide whether an election would have to be called.

We, on this side of the House, also would have liked to say:

[*English*]

"We want to be able to divide, we want to be able to divide on an election, or on the death penalty".

[*Translation*]

Therefore, Madam Speaker, the Standing Orders of the House apply on both sides, in all kinds of situations, and that is why—

[*English*]

Mr. Nielsen: On a point of order, Madam Speaker, the hon. member for Calgary Centre and myself have been very careful to put questions to the Chair by way of clarification for us, as a result of the ruling that you gave today to the submission made by the hon. member for Calgary Centre. The government House leader has been allowed to do that which he, in my submission, should not be allowed to do. He is not asking for clarification, he is not asking for guidance from the Chair as a result of your ruling. He is presenting further substantive arguments today that he did not make yesterday. In my

submission, it is quite inappropriate for him to be allowed to put forward further substantive arguments here today. If he is as confused as we are about the consequences of your ruling and wishes to seek clarification, as we are seeking clarification, that is one thing. But to be permitted to add to argument by this subterfuge, to allow him to fill in arguments that perhaps he overlooked filling in yesterday, in my submission is very inappropriate. If he wishes to seek clarification, that is fine, Madam Speaker, but I think that the course that he has been allowed to follow here in submitting substantive argument is most inappropriate.

[*Translation*]

Mr. Pinard: Then I apologize for having interrupted the hon. member for Yukon (Mr. Nielsen). I would like now to complete my comments because I did not interrupt him when he was arguing his point. I think he has some nerve to take me to task for refuting the point raised by the member for Calgary Centre. Indeed, they are clearly out of order when they challenge your ruling and put questions to you contrary to Beauchesne's Citation 117 (5) and (7) which I quoted a while ago. I think that they both should be ashamed of challenging a ruling, the consequences of which they deplore but which are nothing new, since they are similar to the consequences of rulings made by your predecessors and to which you referred in your ruling. When the hon. member for Calgary Centre states that he would like to be able to vote in a specific way on several elements of the bill and when I tell him that, if it is frustrating for the opposition, there have been other situations under the Standing Orders where the government has experienced the same frustrations, I think it is quite relevant, and if the hon. member for Yukon does not understand the substance of my argument, I cannot be blamed for his obtuseness under the circumstances. In conclusion, I point out that members opposite are complaining about the consequences of this ruling. But these consequences are nothing new. They are the same as those which flowed from your predecessors' rulings and they do not fly in the face of parliamentary practice. Quite the contrary, they do not fly in the face of our Standing Orders, and under the circumstances, I submit that members opposite are wrong in taking the time of the House in an indirect attempt to question your ruling which is quite clear and, I repeat, consistent with all previous rulings.

[*English*]

Madam Speaker: I think it is perhaps time we conclude this matter and I will try to answer the question of the hon. member so that he will feel that he can proceed with this bill in the usual manner. I feel that if members follow the usual process, there will be no confusion. The hon. member for Calgary Centre and other members know that in the process of the debate as it is outlined in our rules and regulations there are devices whereby they may present amendments on second and third reading and there will be an opportunity for a standing vote in Committee of the Whole.

All of these are things infinitely possible in the course of this debate. The proof of the matter would be, as I suggest that the House should commence the debate and we will see what amendments are acceptable in the course of that debate. Perhaps that would be the best proof that the process allows for all of the things which hon. members legitimately seek to do in studying this bill.

The process is not new. It simply follows the rules and procedures which have been followed in this House before. I think the hon. members, if they begin the debate, will see that it is entirely possible to do this to their satisfaction.

Mr. Don Blenkarn (Mississauga South): Madam Speaker, this is not on the same point of order at all. Your ruling has been that this is an omnibus bill and perfectly proper for debate. Your ruling essentially is that it covers the same issue, presumably energy security. But I raise another issue with you that I think bears some immediate consideration.

Because of the format of the legislation before us, we have an Energy Security Act, 1982, which is to be the title of the bill when it becomes an act. As Your Honour knows, when a bill passes Parliament and receives the royal assent, it becomes an act of Parliament.

Our problem here is compounded by the fact that Schedules III to VI of this bill now before us pretend to be acts, but they are really schedules to an act. We therefore have a very difficult situation before Parliament.

When this bill is passed, as may well happen, it becomes an act. Then what have we got? Have we got five acts passed or have we got one act passed with four schedules to it claiming to be acts? I was wondering if Your Honour had directed herself to question the law officers of the Crown, the Attorney General or the Minister of Justice's Mr. Chrétien department with respect to how this bill we now have before us will become an act of this Parliament. Will it in fact become five acts of this Parliament? It strikes me that we have a serious problem.

May I suggest to Your Honour—

Madam Speaker: Order. The hon. member is again discussing the point of order which was discussed the other day. I did hear all the arguments. Now that I have made my ruling, I am afraid I cannot hear new arguments. That point has been covered in the ruling and I cannot entertain arguments on it.

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a point of privilege. The basic concept of democracy is that a member represents the thinking of the majority of the people who sent him here. When a bill has two principles, one that my people support and one that my people do not support, and I am required to vote "yes" or "no", I am misrepresenting the thinking of the majority.

• (1610)

Madam Speaker: Order. The hon. member is again discussing the point of order which was dealt within the ruling. I am afraid I cannot accept his argument.

Mr. Taylor: I am discussing a point of representation. My ability to represent my people rests with me being able to vote.

Madam Speaker: The hon. member rose on a question of privilege. Unless that question of privilege flows from the deliberations today—and he is now referring to deliberations on which I have ruled—it is therefore ruled out; he cannot intervene on these points. If the hon. member has another question of privilege about the manner in which he should be allowed to represent his electors, he can raise it at another time by giving me the notice required by the Standing Orders. I cannot entertain a question of privilege at this time at this point.

Mr. Taylor: Madam Speaker, the whole point I am raising is basic to democracy. If a member is unable to represent the thinking of the people in his constitutency, something is wrong.

Madam Speaker: Order.

Mr. Taylor: Are we running a communist state or what?

Madam Speaker: All the debates in this House are about democracy.

Mr. Taylor: This is not democracy, this is communism.

Madam Speaker: Democracy in this House can only be preserved by following the rules which the House has devised for the conduct of debates. I am telling the hon. member that if he wants to discuss this important matter of democracy and his particular role in preserving that democracy and in representing his electors, he may do that, but he must do it according to the periods and timing reserved for that under our Standing Orders. That is what I am saying to the hon. member. Order in the House is basic to the functioning of this Parliament and the ultimate preservation of democracy. My preserve is to maintain order. I do not want to allow the hon. member to discuss this matter now because it is not in order at the present time. I can entertain his argument at another time.

Mr. Taylor: Madam Speaker, your ruling prevents me from representing my people. It affects democracy.

Madam Speaker: Order, please. I think I have been very reasonable—

Mr. Taylor: You are not reasonable.

Madam Speaker: —in expressing the views of the Chair in this particular circumstance. I am afraid the hon. member cannot continue. I would ask him to co-operate.

Mr. Albert Cooper (Peace River): Madam Speaker, I have some concern over this and I seek clarification on this ruling. Something that Speaker Lamoureux treated as very serious, as has been mentioned by my colleagues, is the opportunity of members who deal with bills before us in the House of Commons to have the chance to vote individually on the various clauses. My concern arises from the fact that in this omnibus bill before us, as has been mentioned, we have four schedules which are in fact acts.

Madam Speaker: I understand, but that point has been covered by the ruling. It has been argued by hon. members before the hon. member for Peace River (Mr. Cooper). It was covered by the ruling and the subsequent exchange we had.

Mr. Nielsen: Madam Speaker, what the hon. member for Peace River (Mr. Cooper) was trying to get across is another unanswered question, unanswered in my submission in your ruling and unanswered so far in any of the discussions taking place this afternoon. Normally if a bill is treated in Committee of the Whole under the normal procedure, we go through it clause by clause and, as the Chair has pointed out, we can have a standing division clause by clause.

One of the central points made yesterday by the hon. member for Calgary Centre was that since our precedents require a schedule, in this case a whole act, to be treated as a clause in the bill, then we are deprived of that right of dividing with a standing division clause by clause.

As I understood the hon. member for Peace River, what he was trying to ask the Chair as a result of your ruling today was, in effect, does the ruling of the Chair by virtue of the precedents which the Chair has cited deprive members of a standing division in Committee of the Whole on each separate clause in each of the schedules? To put it in the positive sense, can members be assured by virtue of the Chair's ruling today that they will have the right to a division on each of the clauses in each of the schedules to the bill? That is the question.

Madam Speaker: At the present time the question is hypothetical.

Some hon. Members: Oh, oh!

Madam Speaker: I suggest to the hon. member that that question will be dealt with by the Chairman when the time arises.

Mr. Nielsen: Madam Speaker, surely members are entitled to know at this stage, because we are breaking new ground. We are dealing with four distinct pieces of legislation in a schedule. With the kind of legislation we had hitherto, we had the right to divide clause by clause at the Committee of the Whole stage. Surely the Chair, for the protection of the rights of members and by virtue of the decision which was rendered today, can reassure us and answer positively the question whether we will have the right to vote clause by clause on legislation of this nature, notwithstanding the unusual manner in which it is being treated.

All we ask of the Chair is a reassurance that that right will not be taken away from us, that we will have the right to a standing division on each of the clauses in each of the schedules, they being separate pieces of legislation. That has been past practice. I hope we can be reassured it will be continued in this instance, notwithstanding the rare problem we are dealing with here.

Madam Speaker: I am sure the hon. member would not want me to interfere with the work of the committee. The committee itself will decide what it must do in the particular circumstance to which the hon. member is referring. I have before me now second reading of the bill. I have ruled on that. I think the House is perfectly equipped to proceed with it.

Mr. Andre: Madam Speaker, I find myself in a difficult dilemma as a Member of Parliament trying to act responsibly and fulfil the obligations that fall upon me, having been elected by the good people of Calgary Centre. By virtue of the ruling, I find myself having concerns that I have raised, six separate points, which are very serious in their implications. In your ruling you did not explain how you dealt with those separate points. You gave the reason why you did not explain. You said you did not want to take up the time of the House. However, I now find myself in the position where these points are of concern. They should be of concern to any member who has some respect for the traditions of our parliamentary system and respect for what in fact this institution is supposed to do.

In view of our inability to get that explanation and my inability therefore to know how to approach this particular question in any meaningful and realistic way, I have no choice but to move, seconded by the hon. member for Calgary South (Mr. Thomson):

That this House do now adjourn.

• (1620)

Madam Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the nays have it.

And more than five members having risen:

Madam Speaker: Call in the members.

[*Editors Note: The ringing of the division bells continued past the hour of adjournment.*]

HOUSE OF COMMONS

Tuesday, March 2, 1982
(Continuation of Proceedings)
through
Wednesday, March 17, 1982

● (1430)

[*English*]

[*And the division bells having rung from 4.20 p.m. on Tuesday, March 2, until 2.28 p.m. on Wednesday, March 17, 1982.*]

The House divided on the motion (Mr. Andre) which was negatived on the following division:

(Division No. 154)

YEAS

Messrs.

Althouse
Andre
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cook
Corbett
Crombie
Crosbie (St. John's West)
Crouse
Dantzer
Darling
Deans
de Jong
Dick
Elzinga
Epp
Fennell
Forrestall
Fretz
Friesen
Fulton
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hawkes
Heap
Hees
Hnatyshyn
Hovdebo
Howie
Huntington
Ittinuar
Jarvis
Jewett (Miss)
Kempling
Kilgour
King
Korchinski
Kushner
Lambert
La Salle
Lawrence
Lewycky
MacDonald (Miss)
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McGrath
McKenzie
McKinnon
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Orlikow
Paproski
Parker
Patterson
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Rose
Sargeant
Scott (Hamilton-Wentworth)
Shields
Siddon
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Wright
Young—107.

NAYS

Messrs.

Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
De Bané
de Corneille
Demers
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lamontagne
Landers
Lang
Laniel
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
MacBain
MacEachen
MacGuigan
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis
Yurko—131.

[*Translation*]

Madam Speaker: I declare the motion lost. It is not easy to determine what time it is in the House of Commons. After long consideration, I can state that it is now past ten o'clock on Tuesday, March 2. As it is too late to begin the sitting on the 17th at the time prescribed, the sitting is now adjourned.

At 2.38 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, March 18, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

AUTOMOTIVE INDUSTRY

EFFECT OF GOVERNMENT INTEREST RATE POLICY—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, in February of last year 158,000 workers were employed in the St. Catharines-Niagara region. This February only 130,000 are so employed. That 18 per cent drop is largely due to the decline in the automotive industry. I therefore move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the Minister of Finance bring a halt to his insane high interest rate policy that is destroying the new car market and keeping auto workers on the Unemployment Insurance Commission line.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

FUNDING FOR OUTREACH PROGRAM—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, given that the Outreach program has been more successful than the government's own employment centres in finding jobs for women returning to the work force, and for handicapped women and others, I move, seconded by the hon. member for Kingston and the Island (Miss MacDonald):

That the Minister of Employment and Immigration explain why he proposes a 5 per cent cut in funding to the Outreach program this year, as if he wishes to penalize an organization which has proved its capacity to find jobs for women.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FINANCE

CALCULATION OF TAX ON IMPUTED RENTAL INCOME—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I move, seconded by the hon. member for Perth (Mr. Jarvis):

That the Minister of Finance be severely reprimanded, castigated and removed from office for including in his budget documents the suggestion that $4.5 billion to $7 billion could be collected through the taxation of imputed rental income on homes owned by individual Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCIAL ADMINISTRATION ACT

CALL FOR REMOVAL OF RESTRICTION ON DEPOSITING OF GOVERNMENT FUNDS—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. All members of this House are aware that credit unions and caisses populaires do not compete on an equitable basis with the chartered banks of Canada. Therefore I move, seconded by the hon. member for Kootenay East-Revelstoke (Mr. Parker):

That the government introduce legislation to amend Sections 11 and 71 of the Financial Administration Act to allow government departments and agencies the opportunity to deposit funds in financial institutions other than chartered banks.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

GOVERNMENT POSITION ON TAXATION OF IMPUTED RENTAL INCOME—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, in his November budget the Minister of Finance (Mr. MacEachen) imposed a number of unjust and unfair taxation measures, not in an effort to create tax equity but to raise

more money for the government's wasteful spending. Canadians are now justly concerned that the federal government will eventually institute taxation of imputed rent as it has with respect to interest on money borrowed for RRSPs and on imputed income from employee benefits. I move, seconded by the hon. member for Durham-Northumberland (Mr. Lawrence):

That the Minister of Finance make a statement to this House that the government will not, now or in the future, resort to this iniquitous bureaucratic recommendation to tax home owners on the rental value of their homes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL DEFENCE

PROPOSED CLOSURE OF CANADIAN FORCES BASE CHATHAM, N.B.—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, the ravages of the government's ineptness have been particularly extreme in Atlantic Canada. In many areas unemployment has reached 40 per cent or more. In view of the fact that the Miramichi region of Chatham and Newcastle has a work force of 18,000 people and 8,000 of them do not have jobs, I move, seconded by the hon. member for York-Sunbury (Mr. Howie):

That the Liberal government can its plans to can CFB Chatham, which will can another 3,500 jobs, and, while it is at it, can the minister who originally proposed it.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

LABOUR CONDITIONS

UNEMPLOYMENT IN GASPÉ PENINSULA—INQUIRY WHY GOVERNMENT DID NOT PROPOSE SOLUTIONS—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Traditionally, the Gaspé has always had the poorest record for employment opportunities in Quebec. One of the effects of the present recession has been to raise the unemployment rate in this area to 26 per cent. We must do everything in our power to put an end to this injustice, and I therefore move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the Minister of State responsible for Quebec affairs make a statement on motions explaining why he has not been able to get cabinet to take whatever action may be necessary to remedy this intolerable situation.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

STATUS OF WOMEN

GOVERNMENT POSITION—MOTION UNDER S.O. 43

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the government has consistently given lip service to the concept of equal rights for women, in light of the fact that the Liberal government saw fit to send only 5 per cent of its caucus—as opposed to 40 per cent of the NDP caucus—to meet with the National Action Committee on the Status of Women on Monday, and noting that the government was found guilty of denying equal pay to women for work of equal value two years ago and then deliberately stalled for two years before deciding to pay the people the money due them, I move, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

That this House award the Liberal government the Alice in Wonderland award for double talk for its consistent ability to say one thing and mean something else.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

BANKRUPTCIES

CALL FOR BUSINESS ASSISTANCE MEASURES—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, in February of this year a record 917 Canadian businesses went bankrupt. This is 36 per cent higher than February, 1981, and 64 per cent higher than February, 1980. These bankruptcies, combined with receiverships and insolvencies, coupled with buisnesses just plain giving up, are costing hundreds of thousands of jobs right across the country. Therefore I move, seconded by the hon. member for Fundy-Royal (Mr. Corbett):

That the Minister of Finance withdraw the budget that the Solicitor General describes as a disaster and replace it with measures which will help businesses to prosper and employ people rather than drive them into the ground.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Paproski: Allan MacEachen said no!

* * *

MINES AND MINING

LOSS OF EXPLORATION CAPITAL—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in a recent letter to the Minister of State for Mines, the B.C. and Yukon Chamber of Mines has documented the exodus of millions of dollars of mineral exploration capital from Canada to the United States, due largely to the anti-investment thrust of the NEP and the disastrous November 12 budget, and whereas this collapse of investor confidence will lead to the direct loss of thousands of jobs in northern and western Canada, I move, seconded by the hon. member for Okanagan-Similkameen (Mr. King):

The government immediately reverse its attack on investment in the energy and mineral resources sector, so that thousands of jobs might be restored to Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

REBATE ON FUEL USED IN PRODUCTION OF FOOD—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, fuel prices to Canadian farmers have more than doubled since this government returned to office in February, 1980. Depending on the type of fuel used, the federal government collects between 40 cents and 60 cents per gallon excise tax on farm fuels. Therefore I move, under the provisions of Standing Order 43, and seconded by the hon. member for Lisgar (Mr. Murta):

That in order to help keep the price of food down, thereby assisting the consumer to cope with inflation, the Minister of Finance consider increasing the 7 cent rebate on fuels used in the production of food.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

EMPLOYMENT

CALL FOR INTRODUCTION OF MASSIVE JOB-CREATION PROGRAM—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the unemployment insurance fund was set up to protect the incomes of Canadian workers during periods of unemployment, and instead of being able to collect the benefits they have paid for, unemployed workers in all provinces are being forced to go on interim welfare because of administrative chaos in the UIC bureaucracy, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the Minister of Employment and Immigration introduce a massive job-creation program, starting within his own department, and that he fund this project out of general government revenues or the $1.37 billion spending reserve, rather than through further raids on an unemployment insurance fund already stretched to the breaking point because of government economic policies.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MEMBERS OF PARLIAMENT

NON-ATTENDANCE OF CONSERVATIVE PARTY MEMBERS—MOTION UNDER S.O. 43

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I rise seeking the attention of all hon. members of this House on a matter of urgent and pressing necessity under the terms of Standing Order 43.

Whereas every member, before taking his seat in the House of Commons is requested by Section 128 of the British North America Act to take and subscribe an oath of allegiance—

Miss MacDonald: His or her seat.

Mr. Flis: —and whereas the Conservative members broke their oath of allegiance by mischievously not attending a sitting of this House since March 2, 1982, I move, seconded by the hon. member for Mississauga North (Mr. Fisher):

That all Conservative members who refused to carry out their sworn duties as elected members of this Parliament be docked one day's pay for each sitting day that they did not perform their duties as elected and sworn to do.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Late Tom Cossitt

RAILWAYS

SUGGESTED RETENTION OF CROWSNEST PASS RATE—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, I wish to raise an urgent and pressing matter relating to western Canadian grain farmers. The NDP-Liberal coalition in defeating the PC government has brought upon farmers the highest fuel increases in the history of farming. Bankruptcies for farmers are at an all-time high. In view of this economic emergency which the NDP-Liberal coalition has created for the western farmers I move, seconded by the hon. member for Portage-Marquette (Mr. Mayer):

That the government reverse its position on the statutory Crow rate and endorse the retention of the statutory Crow rate for the western Canadian grain farmer.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1415)

THE LATE TOM COSSITT

TRIBUTES TO FORMER MEMBER FOR LEEDS-GRENVILLE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, with the agreement of the House I rise on a point of order to pay tribute to the memory of the hon. member for Leeds-Grenville whose sudden death on Monday night was a cause of shock and deep regret to all hon. members of the House of Commons. Certainly I know that I speak on behalf of my colleagues, and I am sure on behalf of members on all sides of the House, in expressing my deepest sympathy to his wife Jennifer, to his family and friends.

Tom Cossitt will be remembered by members of this party as a man of principle and as a skilled and creative parliamentarian. He was a man of tenacity and of courage who held firm views and pursued them vigorously and skilfully. He acquired a reputation for controversy, but that was a consequence of his actions, not the motive for his actions. Tom Cossitt had deep convictions about what was good for his country, and he acted on those convictions with an intensity which quite probably shortened his life.

He first came to the House as an elected member in 1972, and he was re-elected in the federal general elections of 1974, 1979 and 1980. As is known, he was formerly associated with the Liberal Party, but when he came to the House of Commons he came as a Progressive Conservative, and that was a matter on which we count ourselves fortunate.

I knew him as a friend and as a parliamentary colleague who believed firmly that governments should be accountable to the people. That was a rule which he applied equally to all governments, including the one I led. He was a man who was in awe of no one and who performed his public duties fearlessly. Above all, he was a dedicated and energetic representative of his constituents, placing their needs first.

Tom Cossitt will be missed by all members of the House of Commons and by the people he represented. His colleagues on this side of the House knew him as a man of principle and conviction. His party applauds him. And that is how we will remember him. We join with all members in expressing our sympathy to his wife Jennifer, to his family and to his friends.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I should like to join with the Right Hon. Leader of the Opposition (Mr. Clark) in expressing our shock and sadness at the news of the sudden death of the hon. member for Leeds-Grenville, Mr. Tom Cossitt. When death strikes one of our colleagues, we are all reminded of the particular burden of stress and responsibility borne by those in public life and, particularly, shared by their families. The demands made upon the health of Members of Parliament are little known or understood outside this chamber, but are no less real for that.

Tom Cossitt earned a reputation as a man who worked hard for the people of Leeds-Grenville, despite serious physical setbacks in recent years. He knew the risks involved in maintaining his accustomed pace of activity, and accepted those risks as the price of public service. He died in the performance of his duties as a Member of Parliament and among constituents whom he was elected to serve.

He was often a partisan politician, as we all are from time to time, but death is not a partisan affair nor is the sorrow we feel for his widow, Mrs. Jennifer Cossitt, in this time of her bereavement. We join together at this time of sadness to express our deepest sympathy and understanding to Mrs. Cossitt, and to the relatives and close friends who are experiencing a grievous sense of loss.

We recognized Mr. Cossitt for his tireless devotion to the interests of the people of Leeds-Grenville. He always had time for the individual constituent who appealed to him for assistance. He realized that while many problems of constituents are routine for a Member of Parliament, they are uniquely important to the individual concerned. Mr. Cossitt was known in his riding as a man who served very well the people whom he was elected to represent. For people who believe profoundly in the value of representative democracy, there can be no higher praise than that.

• (1420)

I hope, Madam Speaker, that you will convey our sentiments to Mrs. Cossitt, and with those sentiments our condolences and sympathy.

Mr. Edward Broadbent (Oshawa): Madam Speaker, on behalf of my colleagues I would like to join with the Deputy Prime Minister (Mr. MacEachen) and the Leader of the Opposition (Mr. Clark) in extending our deepest sympathy to members of Tom Cossitt's family.

Mr. Cossitt was an outspoken Member of Parliament, as we all know, and a man with a genuinely independent spirit. At all times, whether one agreed with him or not, he fought hard for what he believed in. That is perhaps the prime obligation of all members of this House. We send our deepest feelings of sympathy to all members of Mr. Cossitt's family.

Madam Speaker: I have already sent a message to the widow of the hon. member for Leeds-Grenville (Mr. Cossitt) and to his family expressing the grief of the House over the sad news of the death of one of our colleagues. I would like the House to rise now and observe a minute of silence in his memory.

[*Whereupon the House stood in silence for one minute.*]

ORAL QUESTION PERIOD

[*English*]

FINANCE

THE BUDGET—DESCRIPTION GIVEN BY SOLICITOR GENERAL

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the acting Prime Minister. He will know that the Solicitor General has publicly described the budget brought down by the Minister of Finance as being a "political disaster" and "seriously flawed". Will the acting Prime Minister tell us whether the Solicitor General will be resigning or whether the Minister of Finance will be resigning?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I must thank the right hon. Leader of the Opposition for bringing me back into the limelight after the obscurity of the last several weeks.

Mr. Nielsen: You are still obscure.

Mr. Nowlan: It was well deserved obscurity.

Some hon. Members: Oh, oh!

Mr. MacEachen: The fact of the matter is that there is absolutely no reason in present circumstances for the Solicitor General to resign.

Mr. Nielsen: You can.

Mr. MacEachen: As for myself, I am sure the Canadian people would find it very unacceptable if I tendered my resignation.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Nowlan: Yesterday was St. Patrick's Day.

Mr. Clark: That is a matter on which the people of Canada would be delighted to be heard, Madam Speaker.

Some hon. Members: Hear, hear!

* * *

THE ECONOMY

POSITION OF NEW ENTRANTS INTO LABOUR FORCE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, might I now deal with the budget of the Minister of Finance? The minister accepts the description of his colleague that it is a seriously flawed budget—he must, or he would have insisted on his colleague's resignation.

The minister will know that there are now 169,000 fewer jobs in Canada than there were a year ago, that is, people who held jobs and who have lost them. The minister will also know that normally in a year some 300,000 people enter the labour force for the first time, women, students and others. Therefore, will the Minister of Finance tell us what he intends to do to ensure that these new entrants into the labour force, people who want to find jobs and build security for themselves, will find jobs in an economy that is already rushing backwards?

• (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Leader of the Opposition is quite right in pointing to the difficulties presently being experienced in the economy. There is a very high rate of unemployment, and weakness in the economy's output. I believe the surest way to create jobs and resume growth is to provide the basis for a sustained recovery in the economy, which is the purpose of the posture we have adopted in the way of an anti-inflationary stance in order to create the conditions for growth and greater job development in the economy.

In the meantime, in order to help as much as we can within the over-all fiscal framework, we have established very substantial job-creation programs. Just last week the Minister of Employment and Immigration announced additional funding for training, particularly among the youth of the country, and advanced additional sums for summer employment of students. These are the specific steps we think most appropriate in the present circumstances to meet the problem of unemployment.

INQUIRY RESPECTING POSSIBLE CHANGES IN BUDGET

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Minister of Employment and Immigration has advanced the program to where it was last year. He is training people for jobs which will not exist because this government has brought in a budget which is driving investment and jobs out of the country, and depriving Canadians of the opportunity to build a future in this country.

Some hon. Members: Hear, hear!

Mr. Clark: Now, this budget, which is described by his colleagues as seriously flawed, has already been changed in several instances by the minister. Will he tell us whether it is his intention to announce any other changes in the budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have said repeatedly in the House of Commons that I would be listening to representations from interested groups—

Mr. Broadbent: Ask the Solicitor General.

Mr. MacEachen: —and obviously when the bills are before the House we will be giving them a searching examination, and if improvements or changes are justified I have assured hon. members that I will be listening very carefully and will be prepared to make those changes. I have no changes in mind at the present time, but if, before that process takes place, particular changes are necessary, then of course I will make them.

The Right Hon. Leader of the Opposition knows that on December 18, in response to public representations, I did make considerable changes which were justified, and I make no apology for those steps because it has always been the duty of the Minister of Finance to make changes following a budget—

Mr. Nielsen: He usually resigns, too.

Mr. MacEachen: —and I do not propose to change that practice.

* * *

LABOUR CONDITIONS

REQUEST FOR PROGRAM TO STIMULATE JOB CREATION

Hon. David Crombie (Rosedale): Madam Speaker, my question is also to the Minister of Finance. The minister is well aware of the startling fact that over a quarter of a million manufacturing jobs have been lost in the last six months alone. The minister must also know, Madam Speaker, that this has had a devastating impact on working people and their families right across this country. Representations have been made to the minister from the Canadian Labour Congress, the Canadian Chamber of Commerce, the Canadian Manufacturers' Association, and hundreds of other local and regional associations, all of them protesting the policies of this government, particularly in relation to their impact on the economy. They all want to know the answer to this question: when will the government begin a program of stimulating job creation in the manufacturing sector of this country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am rather interested to see the newly discovered interest of the opposition in the unemployed. They have been off the job for the past three weeks—

• (1430)

Some hon. Members: Oh, oh!

Mr. MacEachen: —and they totally forgot about the unemployed. I am not very much impressed with their new-found interest expressed today.

Some hon. Members: Right on!

* * *

FINANCE

EFFECT OF BUDGET ON EMPLOYEE HEALTH BENEFITS

Hon. David Crombie (Rosedale): Perhaps, Madam Speaker, the minister may find some new-found interest in another matter.

An hon. Member: Crombie for leader!

Mr. Crombie: The minister may recall that unemployed and employed people in this country will be hurt by the government's plan to tax health and dental benefits for working people. The minister informed the House some time ago that he was studying representations from the Canadian Life Association, the Canadian Labour Congress and others. I have asked the minister on two previous occasions when he was going to make an announcement about changing those things.

An hon. Member: Question!

Mr. Crombie: This is a serious matter, Madam Speaker. It is urgent and important because it affects the health and dental benefits of more than one million Canadian families. They want to know, and we all want to know, when the government will finally make those announcements, make those changes and protect those benefits. Laugh that one off!

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member tells me that these matters are urgent and important.

Mr. Crombie: Three times we asked you.

Mr. MacEachen: Were they urgent and important to the hon. member, as he stayed out of the House for two weeks—three weeks?

Some hon. Members: Hear, hear!

Miss MacDonald: Why do you not do something today?

Mr. Baker (Nepean-Carleton): No answer to the question.

THE ECONOMY

PLIGHT OF THE UNEMPLOYED

Mr. Edward Broadbent (Oshawa): Madam Speaker, I also have a question for the Minister of Finance. Since Parliament last sat to do its job, we have learned that the economy of this country is in its deepest decline since the 1930s. Just last week we learned that the largest number of unemployed ever recorded by Statistics Canada exists. We learned that the economy is operating at only 75 per cent capacity.

I would like to ask the minister, during the more than two weeks of absence of Parliament, how many unemployed workers did he talk to? How many people with mortgages up for renewal did he speak with?

Miss MacDonald: In his penthouse!

Mr. Broadbent: How many small businessmen who have gone bankrupt did he talk to? Is the Government of Canada now prepared to take some action to protect these Canadians?

Some hon. Members: Hear, hear!

Miss MacDonald: He just laughs!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member asks me how many unemployed workers I have spoken to since the House was last in session on March 2. I want to tell the hon. member that I have spoken to a good number of unemployed workers because I have been in my own constituency where there is a very high level of unemployment, and where I have discussed the policies which are currently being followed by the government in order to bring the economy out of a recession and in order to create the basis for sustained growth in the future.

Mr. Huntington: Come on out to mine and tell them.

Mr. MacEachen: No one knows better than I do the impact of unemployment because I have talked to those workers. However, I think it would be a mistake for me to go to my own constituents, some of whom are unemployed, to tell them that there are magic solutions, because they do not believe that. They are not taken in by the soothsaying of the leader of the New Democratic Party. I want to tell him that.

Some hon. Members: Hear, hear!

GOVERNMENT ACTION

Mr. Edward Broadbent (Oshawa): Madam Speaker, I want to say to the minister that the unemployed workers in his riding understand the impact of unemployment a little better than he does, contrary to what he would like to suggest.

Some hon. Members: Oh, oh!

Mr. Broadbent: However, we also learned during the past week that, for the first time since the Government of Canada has been making figures available, we have had a net decline in the number of jobs available, year over year, specifically in February when 162,000 fewer jobs were available to Canadians. Considering the fact that the minister, both in this House and in his speech in New York, made it very clear that the Government of Canada was exclusively relying on an upturn in the American economy before he anticipated positive effects here, and since only a week ago the Reagan administration itself acknowledged an upturn will not come in the U.S. economy until the end of 1982, how long must the people of Canada wait for the Government of Canada, their government, to take independent action?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it would be a mistake for the Leader of the New Democratic Party to believe that in New York I had stated that our economic problems were exclusively dependent on solutions in the United States. The fact is that we are running very high levels of inflation. Our prices are very high. Our costs are increasing. If we intend to be competitive, if we intend to create conditions in our own country for recovery, and if we intend to participate in the international recovery, then we have to do certain things at home. Those things which are necessary at home have been laid out in the budget. The hon. member knows that unless we can create the conditions for growth in Canada, we will not get anywhere, and we will not get conditions of growth while we have these high prices and high costs.

* * *

FINANCE

SOLICITOR GENERAL'S DESCRIPTION OF BUDGET

Mr. Edward Broadbent (Oshawa): My final question, Madam Speaker, is directed to the Solicitor General. Since the Solicitor General has publicly stated that the fine work of the Minister of Finance, that is to say, the budget, is a political disaster, and also since the Prime Minister stated only a few weeks ago that no one in the cabinet was to make further criticism of the budget unless such criticism was accompanied by a letter of resignation, I would like to ask the Solicitor General if he has had the integrity to follow up his honest criticism of the budget with a letter submitting his resignation?

Some hon. Members: Hear, hear!

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I would like to invite the hon. members opposite to read the letter, or even to read the report of it which is contained in the newspapers. I think that if they do, behind the colourful expressions which have been the subject of—

Mr. Broadbent: Colourful?

Mr. Kaplan: —their questions today, they will find that I supported the budget, that I support the need for restraint at this time, and that I am behind the Minister of Finance.

An hon. Member: They are your words.

Some hon. Members: Hear, hear!

An hon. Member: It is still a disaster.

* * *

HOUSING

INQUIRY RESPECTING AMENDMENT OF BILL C-89

Hon. James A. McGrath (St. John's East): Madam Speaker, I would like to direct a question to the minister responsible for housing. The Solicitor General, in a letter to the Toronto Real Estate Board, criticized the minister's housing proposals and said the budget was seriously flawed and, from a political point of view, a disaster—that coming on top of the criticisms of two other cabinet colleagues. The latest figures released by CMHC yesterday show that the total number of units built last year under MURBs amounted to 53,900. We can only expect 15,000 units under Bill C-89, notwithstanding the minister's assurances to the contrary. In view of the critical housing shortages, especially in the rental sector, does the minister now intend to bring in amendments to Bill C-89?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I am sure that with the holiday period of the House in January during which all hon. members had available time in which to study Bill C-89, and with the further holiday period that the hon. members have enjoyed during the last—

Some hon. Members: Oh, oh!

Mr. Cosgrove: —couple of weeks, the hon. member asking the question would have realized, as I pointed out in answer to his last question in this House before he went on holiday, that this government—

An hon. Member: Be serious!

Mr. Cosgrove: —is showing its priority concern for housing and has allocated $350 million to that end. That will provide not only the 15,000 units of which we have spoken, but an additional opportunity for more. Section 40 of the National Housing Act, for example, was responsible for and made possible the announcement this week by the minister of housing from the province from which the hon. member comes, showing that 130 units of public housing will be built in his province under Section 40. Therefore I am sure that if the hon. member takes into account the continuing programs of CMHC and this government and the initiative of the $350 million, he will find that to be a response which has not been equalled and certainly has not been followed by the provincial governments.

Some hon. Members: Hear, hear!

COMMITTEE MEETING

Hon. James A. McGrath (St. John's East): Madam Speaker, the minister may try to mislead the mayors of this country, as he did in a telex on March 12, but he cannot mislead this House. In Bill C-89 there is still only allowance for 15,000 units, and that will not come anywhere near meeting the critical shortage in this country.

I want to ask the minister a simple question arising from what he said about parliamentary holidays. Why did he and his House leader instruct the chairman of the Standing Committee on National Resources and Public Works not to hold a meeting which we agreed to hold on March 4 to deal with Bill C-89, which we thought was so urgent?

• (1440)

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, in response to the hon. member's opening remarks, the people of Canada, I am sure, are not going to be misled by the histrionics of the theatre of the hon. gentleman. They will not be misled by that ploy any longer. They cannot understand, Madam Speaker, when we indicated that there is a potential for 40,000 units of affordable accommodation—whether it is through the regular supply plan, non-profits or Co-ops, that potential is there for housing under that plan and with the jobs which would be created by it—how the hon. member can stand up with such histrionics and avoid the fact that that legislation has been available before this House on notice since November 12 and he still has not been able to read it. He has not bothered to read it. The hon. member still fails to see that this government has committed $350 million, which will provide all of the opportunities for jobs which we set out.

* * *

AGRICULTURE

SITUATION FACING YOUNG FARMERS

Hon. John Wise (Elgin): Madam Speaker, my question is directed to the Minister of Finance. I am certain that the Minister of Finance should be well aware of the financial dilemma which many Canadian farmers are facing today, particularly those producers who are in the red meat sector, those farmers who have very little equity in their operation, and particularly the young farmers. In fact, Madam Speaker, the situation is so severe that we have many of our young Canadians in colleges and universities who are assessing the financial status of the Canadian agricultural industry. And even though those young Canadians have family farms to go home to, they are reluctant to make a decision to go home because they fear they will not be able to maintain the family farm which generations have worked so hard to establish. That is not an over-exaggeration; that situation is real; it exists and it is extremely serious. Given that situation, what hope, if any—and, if no hope, what advice—can the minister provide for these young Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as a first step I think the House could pass the farm credit legislation.

FUNDING FOR FARM CREDIT CORPORATION

Hon. John Wise (Elgin): Madam Speaker, I am quite convinced that the Minister of Finance does not understand the situation of the agricultural committee. He has just indicated that he is not aware of the status of that bill.

Does the minister know that farm bankruptcies are up 54 per cent from February over February, and they are up some 75 per cent from January over January? Does the minister not realize that the additional $50 million that his budget provided for the Farm Credit Corporation has been spent, that those funds are exhausted? Does the minister realize that the banks are not participating in the Small Business Bond program? The minister some time ago, in answer to a question I put to him in the House, indicated that he wanted the banks to bleed a little bit. The Minister of Agriculture indicated, amongst other things, at a meeting in London, Ontario, that he would have $1 billion to loan to farmers by June 1. That was to the Canadian Farm Survival Committee. The Minister of Agriculture also indicated that the Minister of Finance's budget did not let the banks bleed, but in fact provided a transfusion for the banks.

When will the Minister of Finance grant approval to the Farm Credit Corporation to allow the corporation to increase its borrowing authority, and grant approval for the Farm Credit Corporation to secure money from the private sector, and, furthermore, to introduce the agri-bond concept?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, when decisions are taken on a number of policy questions raised by the hon. member then, of course, they will be announced to the House. I am pleased to know that the provisions that were made in the budget to assist farmers through additional funding and through special rates for farmers in difficulty, have been so relevant and so successful that all the funds have been used up. I remember the opposition telling me that this was really a useless gesture, but it has proved to be very useful indeed. The hon. member has asked for additional funding. If any decision is taken on that point, an announcement will be made.

I want to tell the hon. member he is totally wrong in saying that the banks are not providing any Small Business Bonds. He inferred that the banks were not co-operating. Following a similar question asked in the House some weeks ago, I made an inquiry that was specifically directed to every single bank in the country and found that each bank was still in a position, or most of the banks, because of their tax position, were still in a position to provide these Small Business Bonds which are now available to farmers, as requested by members of the opposition. They have not yet understood or they do not remember how many good things, in response to their representations, have been contained in the budget which they have attempted, uncessfully, to defeat in the House three times.

Some hon. Members: Hear, hear!

* * *

EXTERNAL AFFAIRS

CANADA-UNITED STATES AGREEMENT ON TESTING OF CRUISE MISSILES

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is directed to the Secretary of State for External Affairs. Since the minister has now acknowledged, albeit reluctantly, that the cabinet late last year approved in principle an agreement with the United States, an agreement that includes the testing of Cruise missiles in Canada, a matter he saw fit to keep secret from the parliamentary committee discussing security and disarmament in his statement to the committee a few weeks ago, can the minister tell the House exactly what the agreement contains, and whether it includes other than, further than, Cruise missile testing and whether, as my colleague from Selkirk-Interlake indicated the other day, the United States government is forgiving the cost of R and D for the F-18s purchased by Canada, in exchange for our agreeing to the Cruise and other missile testing?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the agreement to which the hon. member refers is presently under negotiation and that accounts for the fact that I am not able to give details of the agreement now nor was I in a position to present them to the standing committee. I might say that it is not anticipated that they would include the testing of other similar delivery systems. It would probably allow the testing of such things as artillery and helicopters, but in which case it is anticipated that there would be a separate agreement under the framework agreement which would legitimize the testing of a particular weapons system.

I might say, Madam Speaker, in response to the latter part of the hon. member's question, where she asks if we are doing this in return for certain benefits which the United States will confer upon us, we are not doing this for the United States. We are doing this for ourselves and for the alliance to which we belong. I can well understand the hon. member, who leads her party in rejecting the NATO alliance, that she would not be interested in the protection which that alliance gives us in its reliance on nuclear weapons. That is not the position of this government and the testing of these weapons systems is in the interest of our own defence.

REQUEST THAT AGREEMENT BE TABLED

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, why does the minister make those statements when he knows perfectly well at least two members of the NATO alliance in Europe have refused to have the Cruise

missiles and the Pershing IIs situated on their soil? At least they have the guts to say that they believe in nuclear suffocation, which is supposed to be the strategy of this government. So much for the Prime Minister's strategy of suffocation. That brings me to my supplementary, as to whether if, in fact, there will have to be future agreements for future testing of future weapons systems. Why can we not see in this Parliament the present agreement that has been drawn up—the minister has not denied it—to cover Cruise missile testing?

• (1450)

Therefore I ask the minister to give us no more of this other garbage which he has been giving us. Will he present and table in the House the agreement in principle that has been drawn up, and the specific agreement concerning Cruise missile testing? Will he return to the committee discussing our preparation for the UN special session on disarmament and explain to the Canadian public, through that committee, why the government of this country is abrogating the spirit, if not the letter, of its strategy of nuclear suffocation?

Mr. Crosbie: Yes or no.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as I previously explained to the hon. member, the agreement is in the process of negotiation. When the agreement is completed I will certainly consider making it available to the House. I see no reason why it should be kept a secret.

Miss Jewett: You have been keeping it secret for two years.

Mr. MacGuigan: I can assure the hon. member that I will be before the parliamentary committee again in the ordinary course and I will certainly be pleased to answer questions on the subject.

I am sorry that she has such a misunderstanding of the policy of suffocation. This is a policy of mutual restraint. It is not a policy of unilateral disarmament which I am sure would please the hon. member. While the hon. member may advocate the policies of unilateral disarmament, that is not the policy of the government. The government policy is one of mutual restraint. In fact we believe that the maintenance of our deterrent is in itself the best bargaining counter that we can have in the negotiations for arms limitations.

Some hon. Members: Hear, hear!

* * *

FEDERAL BUSINESS DEVELOPMENT BANK

CRITERIA FOR LOANS

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is for the Minister of Finance. As the minister is, I am sure, painfully aware, the number of bankruptcies and receiverships, and the number of Canadians who are just closing their doors on their businesses reached unprecedented heights in February, thus contributing to massive unemployment. At the same time the Federal Business Development Bank for the last year has imposed criteria which are much more severe than even the criteria imposed by the chartered banks. As a vivid illustration of this, during the last nine months of 1981 in Cambridge, with a population of 75,000, there has been one loan for $30,000. Does the bank have any useful function any longer, or is this just another illustration of this government turning the screws on the small business community when times get tough?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I feel that the hon. member could have asked his question in an entirely different forum, but I should be very happy to look into the situation in Cambridge personally with the authorities of the Federal Business Development Bank. However, his conclusion that the Federal Business Development Bank is an institution whose trade practices are more restrictive than those of the chartered banks is a gross misrepresentation of the facts. When we know—and the House does know since these figures are public—that last year, the Federal Business Development Bank lost $41 million and that prospects are more or less the same for the current year, it is clear that the bank is losing money on its loans, Madam Speaker, and is doing so at a rate of 2.6 per cent, compared with 1.2 per cent for chartered banks. The Federal Business Development Bank is therefore not only useful to businesses as a lender of last resort, but it is also helping the economy, since more than $500 million worth of loans are being made by this institution to Canada's small businesses.

[*English*]

REQUEST THAT CRITERIA BE RELAXED

Mr. Chris Speyer (Cambridge): Madam Speaker, just as the Liberal government has cut the guts out of the small business development aspect of the bond, it has cut the guts out of the development aspect of the bank.

Some hon. Members: Hear, hear!

Mr. Speyer: For my supplementary question to the Minister of Finance, I plead with the minister in these times when we have punishing interest rates, a deepening recession, and 1.2 million people unemployed, to loosen the restrictive criteria of the Federal Business Development Bank so that more small businessmen and women in this country can obtain loans.

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I do not think that the criteria governing the practices of the Federal Business Development Bank were instigated by the government. Legislation was passed by this House in 1976, and indeed the terms of reference within which the Federal Business Development Bank must operate do not give it much leeway, because under

the 1976 legislation, the bank is required to operate on a cost recovery basis, and at the same time, it is asked to take more risks. In recent years, that is, since the 1976 legislation was passed, the Federal Business Development Bank has acted on Parliament's request that it take more risks, and that is why, unfortunately or fortunately, the bank is now suffering considerable losses, which I hope will at least benefit Canada's small businesses.

* * *

[*English*]

MINES AND MINING

UNEMPLOYMENT IN TRAIL AND KIMBERLEY, B.C.

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question was intended for the Minister of State for Mines but in her absence I will direct my question to the Minister of Energy, Mines and Resources. We now have an inventory of over 16,000 jobs lost in the Canadian mining sector on either a temporary or permanent basis.

The announced summer shutdown of the Cominco mines and the smelter at Trail will put more than 7,000 workers on the unemployment roles in Trail and Kimberley, British Columbia, for the first time in history. This calamitous state of affairs cannot just be blamed on international conditions. Industry experts agree that the collapse of our minerals industry is largely aggravated by a loss of confidence in the Canadian economy due to the anti-business thrust of the National Energy Program and the November 12 budget. What do the minister and his sidekick, the Minister of Finance, propose to do about this tragic situation?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as the hon. member knows, the production from those mines and the Canadian mining sector is distributed worldwide. The hon. member does not seem to be aware that in the last year the world has been facing a worldwide recession and that prices of raw mineral resources have doubled in all sectors around the world. Canada is not immune to that situation. We are facing the same situation as most other countries which have large mineral activities at the present time.

The only real hope is for a turn-around in the world economy, particularly in the western economies. Once this happens there will be a rise in demand. At the present time the demand for raw resources is considerably down around the world.

Mr. Siddon: Madam Speaker, that is just an outright copout. The serious crisis of confidence in this country in our economy reflects the need for a national vote of confidence in this incompetent Liberal government.

An hon. Member: Who wrote that?

Mr. Lalonde: Madam Speaker, I suspect that my hon. friend did not have much to do in the last three weeks to come up with a second question like that.

Some hon. Members: Hear, hear!

* * *

EMPLOYMENT

ALLOCATION OF JOB-CREATION FUNDS TO VANCOUVER RIDINGS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question was to be addressed to the Minister of Employment and Immigration who has not seen fit to stay in the House for question period on the first day that the House has resumed.

Some hon. Members: Oh, oh!

An hon. Member: That is your fault. You started it.

Miss Carney: I will ask my question of the acting minister. The minister should be aware that British Columbia has been hit by a record number of lay-offs. Unemployment is plaguing all sectors of the economy. Last December the minister designated my riding of Vancouver centre as a "lay-off" constituency and allocated extra funds to it under the Canada Community Development Program. A few weeks later this funding was abruptly withdrawn, with no explanation, and the same thing has happened to other Vancouver area ridings.

Given this record unemployment in British Columbia, why did the minister and his department withdraw these job-creation funds from the Vancouver ridings, and is the money which was allocated to Vancouver being used to help fund the additional $20 million for the Summer Canada program?

QUALIFYING FACTORS APPLICABLE TO PROVISION OF FUNDS

Miss Pat Carney (Vancouver Centre): Madam Speaker, since there is no one on the government side of the House who is prepared to speak on an issue of record unemployment in Vancouver and in the province of British Columbia, I will direct my supplementary question to any minister who cares to answer it. Since record unemployment is apparently not a qualifying factor for job-creating funds, what is?

Mr. Nielsen: There is no answer.

Mr. Crosbie: Wake up!

• (1500)

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, I apologize to the hon. member. I will definitely take notice of her question and reply to her tomorrow.

Oral Questions

CRIMINAL CODE

REFERRAL OF SUBJECT OF PROSTITUTION TO PARLIAMENTARY COMMITTEE

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Solicitor General while he is still the acting Minister of Justice. Last Monday the National Action Committee on the Status of Women urged the government to move quickly to pass, with the needed amendments, Bill C-53, the long overdue legislation overhauling Canada's archaic and ineffective rape laws. At the same time many residents of Canadian cities, including particularly those in the west end of Vancouver, want effective action to deal with the problem of street prostitution in residential neighbourhoods.

Is the government prepared to accommodate both of these important objectives by making an early reference to the Standing Committee on Justice and Legal Affairs so that it can set up a special subcommittee dealing with all aspects of prostitution? Such a committee could then sit at the same time as the full Standing Committee on Justice and Legal Affairs is dealing with the sexual offences legislation.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I attended that meeting of the National Action Committee on the Status of Women and spoke to the representatives on that subject. I reminded them on behalf of my colleague, the Minister of Justice, that the establishment of a special subcommittee on that subject would not be necessary in view of his suggestion that the Standing Committee on Justice and Legal Affairs consider that issue at the same time as it was dealing with the provisions contained in Bill C-53. The government would very much welcome full consideration by members of the committee of the problem of street prostitution, and the minister responsible suggested that the proper place for it could well be that meeting and those meetings of the Standing Committee on Justice and Legal Affairs.

Mr. Robinson (Burnaby): Madam Speaker, the minister is trying to work both sides of the street on this question.

Some hon. Members: Oh, oh!

HARASSMENT OF INNOCENT WOMEN

Mr. Svend J. Robinson (Burnaby): Madam Speaker, as the minister knows, many organizations and individuals, including Mayor Mike Harcourt of Vancouver, national women's organizations, and chiefs of police, have demanded that the government put an end to the double standard which now exists in our prostitution laws whereby a "John" who harasses an innocent woman for purposes of prostitution cannot be prosecuted. Will the minister at least assure the House that his government will move quickly to put an end to this blatant discrimination against women and change the law to allow the harassing customer—the "John"—to be charged under the same circumstances as a prostitute is now being charged?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the government cannot move any more quickly on this matter than the Standing Committee on Justice and Legal Affairs does. Because of the work stoppage in the House there were no meetings of the Standing Committee on Justice and Legal Affairs.

Mr. Kempling: We were there.

Miss MacDonald: Where were you?

Mr. Kaplan: Hon. members should not be seeking to evade the responsibility which the minister has suggested ought to be that of the Standing Committee on Justice and Legal Affairs to look at these questions and to try to come to some sensible conclusions about them.

* * *

EMPLOYMENT

SUMMER STUDENT EMPLOYMENT PROGRAM

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, my question is directed to the Secretary of State, in the absence of the Minister of Employment and Immigration. Since August of last year 216,000 jobs have been lost in the Canadian economy. Of those jobs 138,000 jobs were lost by young people in the 15 to 24 age group. Given that young people are bearing the lion's share of this recession, how does the minister justify the fact that only 53,000 students will be employed this summer under the summer student employment program whereas two summers ago, when the situation was much less serious, some 70,000 students benefited?

Hon. Gerald Regan (Secretary of State): Madam Speaker, in the absence of the Minister of Employment and Immigration I welcome the question, and I want to bring to the attention of the hon. member the particular training programs which have been announced by the minister lately. If the hon. member will show a little patience he will also hear subsequent announcements in relation to summer employment and other summer undertakings which will be helpful to students.

Mr. Thacker: Madam Speaker, we know last year $120 million was provided. This year an additional $20 million has been provided. There has been a bit of public response. The government has kicked in another $20 million to bring the figure up to last year's level. There has been a total lack of consideration for the young people of this country.

REPAYMENT OF STUDENT LOANS

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, my supplementary question is to the Secretary of State. A good many of these 138,000 former students who have lost jobs are in the process of paying back Canada students loans, and interest on those loans is now being charged at the current rate. What is the minister doing to see that those students do not have judgments entered against

them, which could ruin their credit ratings for the rest of their lives?

Hon. Gerald Regan (Secretary of State): Madam Speaker, the hon. member will be aware that if a former student becomes unemployed because of conditions beyond his control, it is always possible for him to pass on that information and indicate his circumstances, and he will find that every effort will be made to accommodate his particular problem in relation to a payment schedule.

* * *

EMERGENCY MEASURES

PLANNING FOR CIVILIAN INTERNMENT CAMPS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is directed to the Solicitor General, while he is still Solicitor General. Under the emergency planning order passed in secret by the cabinet in May of 1981, the Solicitor General was given the responsibility of planning for civilian internment camps in this country. I have asked him this question in the House before. How many camps is he planning for, and what is the planned location of these camps?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, to characterize the emergency planning order as having been passed in secret is, I think, totally unjustified. It was passed in the same way any other order is passed.

Miss MacDonald: In secret.

Mr. Kaplan: It was published in the same way any other order is published. It is an attempt by the government to assign to ministers responsibility to prepare contingency plans for our country in the event of war or in the event of peacetime emergencies.

I cannot answer those specific questions, but I can assure the hon. member that as yet no work has been done in the area of making plans, and I would like very much to invite the hon. member to comment and make suggestions on whether this country wants its government to plan for emergencies of this sort and indicate whether hon. members opposite are prepared to make contributions of ideas and policies.

Mr. Lawrence: Madam Speaker, this was an order in council passed ten months ago, and it required the Solicitor General to do something. He is now telling us he has not done it. One wonders why the order in council was passed.

INQUIRY RESPECTING PROPOSED NUMBER OF INMATES

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is about over-all planning. What is the maximum total number of inmates for these civilian internment camps for which the minister is planning?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the hon. member refers to the emergency planning order's having been passed recently. I would like to remind him that this emergency order passed recently is nothing more than a renewal of an emergency planning order which was first passed in 1965 under the Conservative administration.

Mr. Crouse: No.

Mr. Hees: We were not in power then.

Mr. Kaplan: I have asked for the plans which were begun by the Conservative government when that emergency order was first put into effect. There are none. I have asked for the plans which were prepared by my hon. friend when he was the solicitor general of Canada. There are none. I can understand why there are none because very difficult questions of balancing public order and civil liberties arise, and the Charter of Rights and Freedoms, which hopefully will become law in this country shortly, will have a tremendous bearing on any emergency planning done by the government.

I can only assure the hon. member that no such plans have been made, and I invite him to make a positive contribution to dealing with and preparing to deal with wartime emergencies which might arise in the future in this country.

* * *

[*Translation*]

HOUSE OF COMMONS

REFLECTIONS ON RECENT EVENTS

Madam Speaker: I hope the House will bear with me if I share with hon. members some reflections on recent events. There is no need to recall that for more than two weeks, the bells rang to call in the members, and since the House had not adjourned, the Speaker's chair had to be occupied around the clock. I want to thank all those who went beyond the call of duty, and especially my assistants who worked long hours in order to provide a minimum of services to the House.

Well-informed parliamentarians will have understood that the rules of the House had to be observed, but I am not so sure that the public understood our insistence on tradition. What ensued from our failure to bring our rules up to date earned us shrugs and even sneers from our fellow citizens. We may even have strengthened an unfortunately widespread tendency to be skeptical of the actions of Parliament, and I was very concerned about this during the past two weeks. More than once, I considered the possibility of intervening in order to end the deadlock. If common sense and logic dictated that an arbiter should be called in, that arbiter would have to be the Speaker. After all, it is the Speaker's responsibility to ensure that Parliament can function.

I admit that I was often tempted to respond to appeals, first by some hon. members, then by the press and even by the public, that I should write history and create the precedent that would resolve the situation. However, it seemed to me that

any action on my part would be incompatible with my concept of the responsibility of the Speaker to the House. In support of this view I would like to quote Josef Redlich, an expert on parliamentary procedure, who said:

● (1510)

[*English*]

The modern president of the House of Commons, . . . is a judge who has to apply the rules of procedure to the best of his ability and with perfect impartiality, maintaining with a firm yet sensitive hand the proper relations between the two parties to the proceedings before him, the majority and the minority; he must do so by maintaining the rules and the usage of centuries, and by taking care that both majority and minority are unimpeded in their use of the forces and the weapons which the order of business provides for strong and weak.

[*Translation*]

I was therefore faced with duties and responsibilities that seemed to be at odds in most respects. References have been made here and there, and mostly in the press, to precedents that had no bearing on the present situation. First the situation in 1961, when one of my predecessors, Mr. Michener, did not let the bells ring for even as long as an hour before he sent a message to the whips ordering them to enter the House for a division. There was no parliamentary crisis, it would seem. There is no reference in *Hansard* that sheds any light on the circumstances of the incident, and no one, not even Mr. Michener, can remember why the whips were late. Upon receiving the Speaker's message, they entered the House, and no questions were raised by any one. Who can tell whether this precedent, if it is one, is valid? What would my predecessor have done if the whips had refused to come and vote?

Another important precedent has been cited this time, from the British House of Commons. It relates to the occasion when Mr. Speaker Brand terminated a debate on his own initiative after it had continued for 41½ hours. It took place at a time when the Irish Nationalists had some 60 members. There were then no time limits on debate and the use of closure was unknown. The Irish Nationalists had employed obstructive tactics over a long period designed to bring the process of government to a standstill. The Speaker put the question, but only after consultation with the Prime Minister and the Leader of the Opposition and with their joint support. I could not see that similar circumstances existed in Canada in 1982 and, therefore, felt the intervention of the Speaker could not be justified.

What would have been the consequences of an arbitrary decision that did not derive from any of the rules approved by this House nor from a precedent with any relevance to the present situation? It would have meant breaking with an age-old practice that has proved its worth. How can the Speaker make sure that all members available to take part in the division are in the house? Is it the responsibility of the Chair or the whips? What would prevent the Speaker from setting the time of the division in other circumstances? The Chair would have set a precedent that might create even greater confusion in the case of a minority government.

[*English*]

In any event, such action on my part would have been open to allegations of partiality. Clearly, the Speaker must at all times be impartial. If, for example, the Chair had sacrified itself in order to get the House back to work, would this have saved the House? And in the circumstances, would the House have agreed with the new precedent that I would have created? It was a question I had to ask myself.

The authority of the Chair is no greater than the House wants it to be. When the rules are clear and offer precise guidance to the Speaker, the authority of the Chair is absolute and unquestioned, for this is the will of the House. On the other hand, when there are no rules to fall back on, the Speaker must proceed very cautiously indeed. The most the Chair can do is to lay the matter before the House which can then itself create a new precedent. Again I quote Josef Redlich:

It is no part of (the Speaker's) office to consider how he may use his power to devise new reins or bridle for the House. The guiding principle is that the Speaker is not the master of the House, but its representative . . . He must always be sure . . . in making any change of practice, that he is in accord—

Here I refer to the precedent in Great Britain.

—with the average opinion of the House. . . . And . . . when precedents are not conclusive, the Speaker is to lay the matter before the House for decision.

If the last ten days have taught us anything, it is that we must review our parliamentary procedure.

Some hon. Members: Hear, hear!

Madam Speaker: The Speaker is the guardian of the rules of the House. He does not invent them. It is up to the House to decide what changes are necessary. I merely point out that there is a problem. In the meantime, the Chair will continue to be vulnerable until the House provides it with guidelines which would lead to settled practices regarding those very difficult and highly controversial questions, where the rules and practices appear to be less than satisfactory.

If the indefinite delaying of a division is to be taken as a new precedent, it could be used again to oppose indefinitely any business that happens to be before the House. In addition, it is a tactic that could also be used by the majority if it suited their purpose. I question whether it is the will of the House that such a precedent should become enshrined in our practices. The rules by implication assume that the procedure of voting will be completed when members are called in. Today, we all know that the procedure must be spelled out more clearly, since the House cannot function satisfactorily while debate may be interrupted indefinitely by any of the parties. I say this in no sense of criticism but as a statement of fact. I may point out that obstructive tactics are allowed by the rules. However, their use must be regulated so as to safeguard the government's right to have the House consider its order of business and the equally important right of the opposition to criticize, oppose and even obstruct a government measure.

Again, I quote Redlich:

Protection of a majority against obstruction and protection of a minority against oppression are both alike functions of the Chair. It is hardly too much to

say that they exhaust the duties of the high office held by the impartial guardian of parliamentary law—

It is my hope that such a situation will never again occur in this House. However, should it occur again, the Chair, unless it is provided with firm guidelines, would need to consider its course of action with very great care under the new circumstances. I trust that in the overriding interests of this honourable institution, the House will take steps to make known its will as to how the Chair should act before any such situation occurs again.

Some hon. Members: Hear, hear!

* * *

PETITION

PRESENTATION OF 184TH REPORT OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and eighty-fourth report of the Clerk of Petitions stating that he has examined the petition presented, by filing with the Clerk of the House, by the hon. member for Etobicoke Centre (Mr. Wilson) on Wednesday, March 17, 1982 and finds that the petition meets the requirements of the Standing Orders as to form.

* * *

• (1520)

HOUSE OF COMMONS

REFLECTIONS ON RECENT EVENTS

Hon. Erik Nielsen (Yukon): Madam Speaker, your statement just a moment ago takes us on this side totally by surprise. I should like to take the opportunity between now and tomorrow to read carefully the remarks which you have made and perhaps exercise my right of response on behalf of the opposition tomorrow.

Madam Speaker: I would very much like hon. members to take my statement as it is made, and I would ask them not to comment on the statement.

Some hon. Members: Oh, oh!

Madam Speaker: I think hon. members will understand that the Chair could take that liberty, and I asked the indulgence of the House to make that statement. In the course of the debate which will take place today, I am sure hon. members can make their opinions known about the general things that I have treated in my statement, namely that parliamentary reform is, of course, clearly needed in the House; I think hon. members are intending to discuss precisely that topic.

Mr. Nielsen: Madam Speaker, I had no idea that that kind of statement would be made today. Bearing directly as it does on the events of the last two weeks, and ranging as broadly as it did, I want to examine it very carefully indeed. I may not wish to reply tomorrow, but it may well be that I will have to request the indulgence of the Chair and of the House to exercise that right of reply.

On government business, it is not my intention, in view of the discussions which are now under way between House leaders, to ask the normal Thursday question. I will defer it until tomorrow.

* * *

POINT OF ORDER

MR. HERBERT—MOTION FOR PAPERS NO. 85—ALLEGED NON-COMPLIANCE WITH HOUSE ORDER

Mr. Hal Herbert (Vaudreuil): Madam Speaker, I rise on a point of order. I choose to raise this matter on a point of order rather than on a question of privilege. I have given you notice because it includes privilege and, as such, you require notice and that I raise the matter at the earliest opportunity.

It deals with Motion No. 85 which was answered in the House on February 24. Because the motion was accepted by the House, it was in my opinion an order of the House. I am suggesting—and I did so in my letter to Madam Speaker—that the documents which the House ordered be produced were not in fact produced in their entirety. Rather than going at length into my argument as a question of privilege, I should like to bring it to the attention of Madam Speaker as a point of order. I should like your investigation, and possibly at some later suitable time we can discuss whether in fact the order of the House has in fact been complied with.

Madam Speaker: I think I can comply with that request. I will investigate the matter and perhaps I can take it up with the hon. member later or at another time in the House.

* * *

PRIVILEGE

MR. McKINNON—NOTICE OF QUESTION TO BE RAISED

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I rise to give notice of a question of privilege. I had hoped the Minister of National Defence (Mr. Lamontagne) would be here at this time. I have just discovered that the minutes of the Standing Committee on External Affairs and National Defence have been altered in five places at the request of his staff.

Madam Speaker: Order. The hon. member may send me notice that he wants to raise a question of privilege. He need not do it in the House. I will accept a written statement by the hon. member, but he need not give notice in the House.

Mr. McKinnon: I will do so at the first opportunity.

Introduction of Bills

ROUTINE PROCEEDINGS

[*Translation*]

DISASTERS

TABLING OF TERMS OF REFERENCE OF COMMISSION OF INQUIRY INTO SINKING OF "OCEAN RANGER"

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, pursuant to Standing Order 41(2), I wish to table in both official languages, copies of the Terms of Reference of the Joint Commission of Inquiry into the circumstances surrounding the sinking of the "Ocean Ranger" on February 15, 1982.

* * *

[*English*]

SUPPLEMENTARY ESTIMATES (E), 1981-82

A message from His Excellency the Governor General transmitting to the House of Commons Supplementary Estimates (E) of sums required for the service of Canada for the fiscal year ending March 31, 1982, and in accordance with the provisons of the British North America Act, 1867, was presented by Hon. Donald J. Johnston (President of the Treasury Board) and read by Madam Speaker to the House.

* * *

[*Translation*]

ATHLETIC CONTESTS AND EVENTS POOLS ACT

MEASURE TO PROVIDE GOVERNMENT OPERATED POOL SYSTEMS

Hon. Yvon Pinard (for the Secretary of State) moved for leave to introduce Bill C-95, an act to provide for government operated pool systems on combinations of athletic contests and events, and to amend the Criminal Code and the Income Tax Act.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*English*]

FINANCIAL ADMINISTRATION ACT

MEASURE TO AMEND

Hon. Donald J. Johnston (President of the Treasury Board) moved for leave to introduce Bill C-96, to amend the Financial Administration Act.

Motion agreed to, bill read the first time and ordered to be printed.

SUPPLEMENTARY ESTIMATES (E), 1981-82

REFERENCE TO STANDING COMMITTEES

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, pursuant to the provisions of Standing Order 59, I move, seconded by the hon. Minister of Transport (Mr. Pepin):

That the Supplementary Estimates (E), 1981-82, tabled earlier this day, be referred to the several Standing Committees of the House as follows:

Because the list is rather long and there is a detailed allocation of the estimates to the committees, if it is agreeable to the House, I ask that the list be printed in *Hansard* as if it had been read. I have distributed copies of the list to hon. members on the other side of the House.

[*Editor's Note: List referred to above is as follows:*]

To the Standing Committee on Agriculture:

Agriculture Votes 1e, 5e, 15e and 20e

To the Standing Committee on Communications and Culture:

Communications Votes 1e, 5e, 10e, 11e, 15e, 20e, 35e, 65e, 66e, 75e, 90e and 95e

Secretary of State Votes 1e, 5e, 15e, 20e and 30e

To the Standing Committee on External Affairs and National Defence:

External Affairs Votes 10e, L17e, 30e, 35e and L40e

National Defence Votes 1e and 5e

To the Standing Committee on Finance, Trade and Economic Affairs:

Economic Development Vote 1e

Finance Votes 1e, 12e and 25e

Industry, Trade and Commerce Votes 1e, 6e, 7e, 10e, 25e, L42e, 45e, 60e and 70e

National Revenue Votes 1e and 5e

To the Standing Committee on Fisheries and Forestry:

Environment Votes 1e, 5e, 15e, 20e and 25e

Fisheries and Oceans Vote 10e

To the Standing Committee on Health, Welfare and Social Affairs:

Consumer and Corporate Affairs Votes 1e and 5e

National Health and Welfare Votes 1e, 5e, 15e and 25e

To the Standing Committee on Indian Affairs and Northern Development:

Indian Affairs and Northern Development Votes 1e, 15e, 20e, 30e and 40e

To the Standing Committee on Justice and Legal Affairs:

Justice Votes 1e and 30e. Solicitor General Votes 1e, 5e and 15e

To the Standing Committee on Labour, Manpower and Immigration:

Employment and Immigration Votes 1e, 15e, 25e and 45e

Labour Votes 1e, 5e, 10e and 15e

To the Standing Committee on Miscellaneous Estimates:

Governor General Vote 1e

Post Office Vote 2e

Privy Council Votes 1e, 2e and 15e

Science and Technology Vote 25e

Supply and Services Votes 1e, 2e, 6e and 10e

Treasury Board Vote 30e

To the Standing Committee on National Resources and Public Works:

Energy, Mines and Resources Votes 15e, 55e and L107e

Public Works Votes 5e, 10e, 35e, 40e and 45e

To the Standing Committee on Regional Development:

Regional Economic Expansion Votes 1e, 10e and 25e

To the Standing Committee on Transport:

Transport Votes 1e, 2e, 10e, 37e, 40e, L45e, 50e, 55e, 60e, 70e, 80e and L111e

To the Standing Committee on Veterans Affairs:

Veterans Affairs Votes 1[c], 5[c], 10[c] and 30[c]

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,974, 2,446, 2,479, 2,699, 3,067, 3,105, 3,115, 3,131, 3,221, 3,380 to 3,438 inclusive, 3,451, 3,452, 3,484, 3,496, 3,510, 3,511, 3,528, 3,599, 3,620, 3,672, 3,673, 3,686, 3,700, 3,701, 3,717, 3,718, 3,719, 3,720, 3,725, 3,726, 3,746, 3,887, 3,888, 3,890, 3,964, 4,031, 4,033, 4,097, 4,098 and 4,099.

Order Paper Questions

[*Text*]

PUBLIC SERVICE PENSION ADJUSTMENT ACT

Question No. 1,974—**Mr. Knowles:**

1. In each year since the Public Service Pension Adjustment Act of 1959 was passed, how many persons have received payments thereunder?

2. In each of the above years, what was the total amount paid under the act?

3. In each of the above years, what was the average amount paid under the act to (a) retired public servants (b) widows (c) others?

4. In each of the past five years, either calendar or financial, for which statistics are available, how many pensions under the Public Service Superannuation Act to (a) retired public servants (b) widows of public servants or widows of retired public servants, have been discontinued because of the death of the superannuate?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board):

	1.	2.	3.		
			(a)	(b)	(c)
Fiscal year	Number of persons receiving payment	Total amount paid	Average paid to retired public servants	Average paid to widows	Average paid to others
1959-60	14,311	$3,112,231	$226.72	$124.88	$12.32
1960-61	13,885	2,956,515	225.43	124.42	11.79
1961-62	12,533	2,817,263	222.01	123.92	10.35
1962-63	11,709	2,657,706	220.60	123.59	10.06
1963-64	10,852	2,504,503	220.26	123.75	7.99
1964-65	10,077	2,344,711	217.94	123.08	6.19
1965-66	9,078	2,236,212	216.03	122.69	7.13
1966-67	8,162	2,038,329	212.52	122.64	5.93
1967-68	7,483	1,905,478	210.27	121.27	6.11
1968-69	6,860	1,777,869	208.19	119.21	4.56
1969-70	6,651	1,641,304	196.52	125.05	5.79
1970-71	6,474	1,515,000	184.83	127.87	—
1971-72	5,793	1,368,879	177.51	130.19	—
1972-73	4,647	1,000,941	174.19	128.47	—
1973-74	3,901	838,715	163.05	114.27	—
1974-75	3,253	697,981	161.19	102.98	—
1975-76	2,706	501,691	158.27	101.01	—
1976-77	2,381	417,415	157.21	99.81	—
1977-78	2,094	331,219	149.69	88.67	—
1978-79	1,997	319,915	148.73	97.05	—
1980 (Calendar year)	3,158	350,219	142.92	100.92	—

The automated data collection system employed by Supply and Services Canada has produced a number of changes in the format of the 1980 data given above, compared to previous years: a calendar year basis and a more accurate reflection of the population covered by the Public Service Pension Adjustment Act.

4. Pensions under the Public Service Superannuation Act which have been discontinued because of death.

Fiscal year	Retired public servants	Widows/ers
1975-76	3,080	927
1976-77	3,162	1,017
1977-78	3,139	1,146
1978-79	3,245	1,025
1979-80	3,061	1,037

This information has been taken from the annual report compiled by Supply and Services Canada for the relevant years.

CANADIAN FILM DEVELOPMENT CORPORATION

Question No. 2,446—**Mr. Flis:**

1. Does the Canadian Film Development Corporation export films?

2. For each year 1977 to 1980, what was the number and total net profit of films (a) sold domestically (b) exported to the United States (c) exported to other countries?

3. Were attempts made by the corporation to become self-sustaining and, if so, what were they?

Order Paper Questions

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Canadian Film Development Corporation as follows:

1. The CFDC does not export films directly. Rather, it helps the industry to develop its own capacity to market its product. To that end, the corporation participates in foreign festivals and film markets, promoting awareness of Canadian productions and assisting Canadian producers in contacting foreign sales agents and distributors. In accordance with section 10(1)(c) of its act, the corporation provides financial assistance to Canadian distribution companies for the distribution and marketing of Canadian certified feature films. Under a program established in 1981, CFDC's assistance to distribution in Canada consists of short-term loans and investments to be used in the theatrical launch of a Canadian film in the Canadian market by a Canadian distributor.

2. As the CFDC itself does not export films, the corporation has only recently begun to gather information from independent Canadian producers on the success of Canadian films in theatrical distribution in Canada and in the United States. This information is based on gross box office receipts and does not include television sales. Prior to 1978-79, the corporation's records contain information concerning only Canadian theatrical distribution of productions in which it had invested.

(a) and (b) Based on information available to the CFDC,

	Number of new Canadian feature films released for theatrical distribution in Canada		Gross theatrical revenues in $000s	
	Total	Number produced with CFDC participation	Canada	U.S.A.
1980-81	27	18	12,000	46,000*
1979-80	16	9	10,000	45,000
1978-79	16	11	6,500	N/A
1977-78	N/A	15	6,100	"
1976-77	"	21	4,800	"

*Note: 15 new Canadian feature films were licensed for theatrical distribution in the United States in 1980-81. Data on the number of new productions licensed in previous years is not available.

(c) Information is not available from the CFDC.

3. The corporation was established by Parliament in 1967 with a mandate to foster and promote the development of a feature film industry in Canada. The act does not specify that the corporation is to be self-sustaining. In keeping with its mandate, the corporation employs its parliamentary appropriation, together with all revenues earned from its investments in and financing of Canadian films, to stimulate growth within the private sector of Canada's industry, by aiding in the production and distribution of feature films which are increasingly a reflection of Canadian identity.

The corporation earned $385,000 in revenues from its investments in 1980-81, down from $627,770 in 1979-80: this reflects the CFDC's continuing practice of investing in productions of cultural significance, nationally or on a more regional basis, which are less likely to achieve commercial success and provide a return to the corporation, as well as providing loans for production.

FUNDING FOR P.E.I. FIRMS

Question No. 2,479—**Mr. Herbert:**

1. In each of the past five years, how many firms in Prince Edward Island were funded by the government to provide additional jobs and how many of the companies were (a) foreign owned (b) Canadian owned with head offices in (i) Prince Edward Island (ii) the rest of Canada?

2. How many of the companies are no longer in business and what amount was provided to the companies?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Canada Employment and Immigration Commission and the Department of Regional Economic Expansion as follows:

In so far as the Canada Employment and Immigration Commission is concerned:

1. The number of firms funded, under the Employment Tax Credit Program (ETCP); the Job Experience Training (JET) Program; the Job Exploration by Students (JES) Program; the Local Employment Assistance Program (LEAP); the Canada Works (CW) Program; the Young Canada Works (YCW) Program; the Summer Youth Employment Program (SYEP); the New Technology Employment Program (NTEP); and the Canada Community Development Projects (CCDP); are as follows:

1976-77—2 1977-78—7 1978-79—383 1979-80—249 1980-81—103

(a) The information was not gathered for the Employment Tax Credit Program (ETCP), the Job Exploration by Students (JES) Program, the Job Experience Training (JET) Program. In so far as other programs are concerned: none.

(b) The information was not gathered for the Employment Tax Credit Program (ETCP), the Job Exploration by Students (JES) Program, and Job Experience Training (JET) Program.

All firms funded under each of the other programs were Canadian owned with head offices in Prince Edward Island.

2. The information was not gathered for firms funded under the Employment Tax Credit Program (ETCP); the Job Experience Training (JET) Program; the Job Exploration by Students (JES) Program. Eight companies funded under the Local Employment Assistance Program (LEAP) are no longer in business. These companies received a total of $1,046,551. All other companies are still in business.

In so far as the Department of Regional Economic Expansion is concerned:

Prince Edward Island Regional Development Incentives Program

April 1, 1976 to March 31, 1981

Year	No. of firms assisted	No. Canadian owned firms	No. foreign owned firms	No. of Canadian owned firms having head office in P.E.I.	No. no longer in business	Amount paid to companies now out of business
1976-77	20	19	1	17	3	$267,591
1977-78	22	20	2	19	2	$227,028
1978-79	25	25	0	22	1	$ 51,616
1979-80	20	20	0	19	1	$ 26,879
1980-81	18	18	0	16	0	0
Total	105	102	3	93	7	$573,114

Prince Edward Island Comprehensive Development Plan

April 1, 1976 to March 31, 1981

Year	No. of firms assisted	No. Canadian owned firms	No. foreign owned firms	No. of Canadian owned firms having head office in P.E.I.	No. no longer in business	Net loss resulting from those going out of business
1976-77	30	30	nil	29	5	$27,608
1977-78	28	28	nil	28	5	$52,135
1978-79	44	44	nil	44	—	—
1979-80	70	70	nil	69	1	nil (client paid back loan)
1980-81	81	81	nil	81	—	—
Total	253	253	nil	251	11	$79,743

EDUCATIONAL LEAVE FOR MR. J. A. J. RICHER

Question No. 2,699—**Mr. Mazankowski:**

1. Is Mr. J. A. J. Richer the Chief of Human Resources at the head office of the National Harbours Board and, if not, what is his correct position and title?

2. How long has Mr. Richer been employed with the board?

3. Will Mr. Richer be attending Sherbrooke University commencing September, 1981 for the next two years and, if so (a) will he receive full salary and expenses while attending university (b) will his expenses be paid by the board and, if so (i) in what amount and what is the breakdown (ii) under what authority (c) is there a home allowance expense and, if so, in what amount and what is the breakdown (d) what is the name and positon of each person who approved the entire transaction and under what authority?

4. What is the salary range of Mr. Richer?

5. Is there a specific policy permitting board employees to receive full salary and expenses while attending school or university and, if so, what is the policy?

6. For the past three years to date, what is the name and position of each board employee who received full salary and expenses while attending school or university?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The National Harbours Board advises as follows:

1. On the date of the question, Mr. J. A. J. Richer was chief, administrative and special services.

2. Since April, 1975.

3. Yes. He will be enrolled in a co-operative program under which he will spend some time at university and some time at N.H.B.

(a) He will receive his normal salary.

(b) Expenses will be paid by the National Harbours Board.

(i) according to Treasury Board travel directives for "extended periods in travel status".

(ii) the board approved the entire transaction under the N.H.B. Act and guidelines provided by Treasury Board's personnel management manual chapter 110, sub-chapter 5 (PMM 110-5) on human resources education, training and development.

(c) There is a home allowance expense in accordance with Treasury Board directive 8.4.1, "extended periods in travel status". The amount of the allowance will vary in accordance with Treasury Board regulations which are updated from time to time.

(d) Mr. Pierre A. H. Franche, chairman

Mr. Jacques Auger, vice-chairman

Dr. S. H. Weyman, member

Mrs. Marian Robson, member

Mr. F. B. Ellam, corporate secretary

See also answer to part 3(b)(ii) above.

4. $39,188.—$48,984.

5. There is no NHB policy permetting the board employees to receive full salary and expenses while attending school or university. The N.H.B. Act permits the board to enter into such a program on a case basis.

Order Paper Questions

6. In the three years prior to June, 1981, no board employee received normal salary and expenses while attending a school or university.

TELEPHONE SWITCHBOARD EQUIPMENT

Question No. 3,067—**Mr. Cossitt:**

1. Is the Department of Communications aware that telephone operators keep interrupting incoming long-distance telephone calls by Members of Parliament to their offices at periodic intervals, that members are often disconnected and that the excuse offered by the operators is that the equipment is so outdated that they are instructed to listen on the line to determine whether it is still in use because automatic disconnecting does not occur?

2. Does the government intend to take measures to update the system and, if so (a) what measures (b) on what date will this be done?

3. Have there been discussions with Bell Canada on the subject and (a) if so, what are all the details (b) if not, for what reason?

4. Does the government consider such interruptions an invasion of privacy?

Hon. Francis Fox (Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows:

1. Yes, the Department of Communications is aware that the type of equipment presently in use at the government switchboard does not provide automatic disconnect. Accordingly operating procedures have been established to test the line under certain conditions to confirm if the call has been terminated. The cord-type switchboard operations and the present central office equipment are the principle factors causing sporadic disconnects.

2. Yes, the Government Telecommunications Agency has taken measures to update the system with the introduction of a system based on new technology by mid-1983. The existing switchboard will be totally replaced with modern equipment which will eliminate the above-mentioned problem.

3. Yes, a joint GTA/Bell Canada task group was established in October, 1980, to plan and implement a system to replace the existing networks with new, state-of-the-art technology which will provide for improved service, new system features and increased reliability. The objective is to convert to a new digital multiplex system by mid-1983.

4. When Parliament in 1974 enacted Part IV 1 of the Criminal Code on invasion of privacy, it recognized the need to exempt from the purview of the law interruptions caused by operator tests performed out of operational necessity. Such interruptions are not therefore considered an invasion of privacy.

ACQUISITION OF SHARES BY AIR CANADA

Question No. 3,105—**Mr. Clarke:**

1. During the period 1970-80 did Air Canada acquire shares or other ownership interest in any other corporation, limited liability company or unincorporated company and, if so, what was the (a) name of the corporation, limited liability company or unincorporated company and any subsidiaries thereof (b) percentage of equity acquired (c) cost of acquisition (d) book value of the acquisition?

2. Does Air Canada have a plan to change the present portion of ownership in any of these enterprises and, if so, what is the plan?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of Air Canada advises as follows:

1. (a) Name of Co., (subsidiary)	Year of investment	(b) Percentage equity acquired	(c) Cost of acquisition	(d) Book value at acquisition
Airtransit Canada	1973	100	$ 1,000	Cost
Airline Maintenance Buildings Limited	1978	100	$138,083	Cost
Matac Cargo Limited	1978	50	$180,658	Cost
Touram Inc. (Touram Group Services Inc.)	1978	100	$387,832	Cost
Nordair Limited (Treasure Tours Canada Limited) (Treasure Tours International Limited) (Nordair Ontario Inc.) (Sundair Limited) (Survair Limited)	1979	86.46	$24.1m	$19.1m
Guinness Peat Aviation 1980 Limited (Air Tara Limited)	1980	29.33	$ 8.9m	$ 1.3m

In adddition Air Canada holds a nominal interest in various North American, Caribbean and European companies or organizations that were created to furnish various airline aeronautical, telecommunication, operational and technical services as required by the aviation community servicing North American, Caribbean and European points.

A listing of these companies is provided below:

Name	Equity
Aeronautical Radio Inc.	1 share
Air Cargo Facilities Inc.	2.5 %
Airlines Clearing House Inc.	1 share
Airline Tariff Publishing Company	6.69 %
International Aeradio Limited	4.1 %
International Aeradio (Caribbean) Limited	1.0 %
Société Internationale de Télécommunications Aéronautiques	.42 %

2. No.

ACQUISITION OF SHARES BY CNR

Question No. 3,115—**Mr. Clarke:**

1. During the period 1970-80 did the national railways as defined in the Canadian National-Canadian Pacific Act, chapter 39 of the Revised Statutes of Canada, 1952 acquire shares or other ownership interest in any other corporation, limited liability company or unincorporated company and, if so, what was the (a) name of the corporation, limited liability company or unincorporated company and any subsidiaries thereof (b) percentage of equity acquired (c) cost of acquisition (d) book value of the acquisition?

2. Does the national railways have a plan to change the present portion of ownership in any of these enterprises and, if so, what is the plan?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railway Company advises as follows:

1. (a), (b), (c) and (d). See list below.

Canadian National Railway System

Ownership Interests Acquired during the
period 1970-1980 and held at December 31, 1980

(a) Name of Corporation/Partnership	(b) Percentage of equity acquired	(c) Cost of acquisition	(d) Book value of acquisition
Autoport Limited	100	$ 5,001	$ (243,295)
Canac Consultants Limited	100	4,023	4,023
The Canada and Gulf Terminal Railway Company	100	2,865,000	2,865,000
Canadian National Hotels (Moncton) Ltd.	100	1,000	1,000
Canaprev Inc.	50	250,000	250,000
Canat Limited	100	5,000	5,000
Canaven Limited	100	6	6
Chalut Transport (1974) Inc.	100	100	100
CNCP Telecommunications (a partnership)	50	—	—
CN Marine Inc.	100	127,616,100	127,616,100
CNM Inc.	100	317,500	317,500
CN Tower Limited	100	2,006	2,006
CN Tower Restaurants Ltd.	100	5	5
Coastal Transport Limited	100	500	500
Compagnie de Gestion de Matane Inc.	49	663,662	663,662
Computer Sciences Canada, Ltd.	10.9	958,000	(1,238,779)
Cronin Transport Limited	100	216,600	216,600
Detroit, Toledo and Ironton Railroad Company	100		
DTI Enterprises Inc.	100	29,128,170	45,899,716
Trailer Train Company	2.44		
Domestic II Leasing Corporation	100	1	1
Domestic III Leasing Corporation	100	1	1
Domestic Four Leasing Corporation	100	50	50
East Yard Development Ltd.	50	3	3
Eurocanadian Shipholdings Limited—			
Preferred shares		49,614,019	49,614,019
Common shares	18	11,900,000	
Intercast S.A.	18	100,000	6,300,000
Grand Trunk Corporation	100	239,654,364	239,654,364
Grand Trunk Land Development Corporation	100	1	1
Grand Trunk Radio Communications, Inc.	100	1,002	1,002
Halifax Industries (Holdings) Limited	33.33	40,000	40,000
Husband International Transport (Ontario) Limited	100	103,380	250,048
Metro Centre Developments Limited	50	2,110,023	2,110,023
Northern Alberta Railway Company	50	19,800,000	8,691,855
NorthwesTel Inc.	100	37,000,000	37,000,000
Provincial Tankers Limited	100	100	100
Royal Transportation Limited	100	272,326	83,752
Seabase Limited	15	37,500	37,500
Société du port Ferroviaire de Baie Comeau—Hauterive	49	1,000,000	1,000,000
Swan River-The Pas Transfer Ltd.	100	802,383	282,782
Telesat Canada	3.75	2,250,000	2,250,000
Terra Nova Telecommunications Inc.	100	36,000,000	36,000,000
Transport Husband (Quebec) Inc.	100	6,000	6,000

2. Subsequently, in 1981, CNM Inc.'s interest in Halifax Industries (Holdings) Limited was increased to 50 per cent.

Order Paper Questions

FOREIGN INVESTMENT BY PETRO-CANADA

Question No. 3,131—**Mr. Clarke:**

With reference to the operations of Petro-Canada, what is the total sum disbursed to foreign interests and, in each case, what was the purpose of the disbursement?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Petro-Canada reports as follows:

Funds expended on international exploration totalled $4.8 million in 1981. These funds were used for exploration drilling participation in the Norwegian North Sea where Petro-Canada has successfully participated in the discovery of a major oil field. A portion of the funds were also expended for group participation in offshore seismic surveys in the Yellow Sea and South China Sea basins, offshore China. These international expenditures are directed to promising oil producing or potentially producing international basins where discoveries could provide additional long-term sources of oil supply for Canada.

RENOVATION OF PEACE TOWER

Question No. 3,221—**Mr. Stevens:**

1. What are the projected costs for the renovation of the Peace Tower on Parliament Hill?

2. Who are the contractors and/or subcontractors?

3. Was the contract tendered for bid and, if so, was the lowest bid accepted?

4. Are the renovations proceeding "on budget" or are cost overruns expected?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. The total projected costs for the renovation of the Peace Tower are $4,618,000.

2. The contractors are:

(a) Ron Engineering and Construction (Eastern) Ltd.
(Peace Tower renovations)

(b) Otis Elevator Company
(New Elevator)

(c) The I. T. Verdin Company
(Alterations & Renovations of the Carillon)

3. Yes, the contract for renovations was tendered and the lowest bid was accepted in the amount of $3,478,000. This amount relates to the construction contract awarded to Ron Engineering and Construction (Eastern) Ltd., which is included in the total projected budget of $4,618,000. Balance of the project budget includes consultant fees and allowances for specialized work and unforeseen site conditions.

4. Yes, the renovations are proceeding within budget.

IMPLEMENTATION OF RECOMMENDATIONS IN SPECIAL COMMITTEE REPORT ON THE DISABLED AND THE HANDICAPPED

Question No. 3,380—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 2 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,381—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 3 of the report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,382—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 13 of the report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,383—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 14 of the report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,384—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 17 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,385—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 19 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,386—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 20 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to recommendations Nos. 20, 23, 25, 33 (sub-paragraph 4), 63, 66, 74, 90, 101 and 106 of the Report of the Special Committee on the Disabled and the Handicapped will be the subject of a supplementary report to the "Initial Response of the Government of Canada to the Obstacles Report, December, 1981" in 1982.

Question No. 3,387—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 22 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,388—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 23 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to recommendations Nos. 20, 23, 25, 33 (sub-paragraph 4), 63, 66, 74, 90, 101 and 106 of the Report of the Special Committee on the Disabled and the Handicapped will be the subject of a supplementary report to the "Initial Response of the Government of Canada to the Obstacles Report, December, 1981" in 1982.

Question No. 3,389—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 24 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,390—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 25 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to recommendations Nos. 20, 23, 25, 33 (sub-paragraph 4), 63, 66, 74, 90, 101 and 106 of the Report of the Special Committee on the Disabled and the Handicapped will be the subject of a supplementary report to the "Initial Response of the Government of Canada to the Obstacles Report, December, 1981" in 1982. doc Q3391:20—d belisle

Question No. 3,391—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 32 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,392—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 33, sub-paragraph 4, of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to recommendations Nos. 20, 23, 25, 33 (sub-paragraph 4), 63, 66, 74, 90, 101 and 106 of the Report of the Special Committee on the Disabled and the Handicapped will be the subject of a supplementary report to the "Initial Response of the Government of Canada to the Obstacles Report, December, 1981" in 1982.

Question No. 3,393—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 34 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Order Paper Questions

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,394—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 35, sub-paragraph 2, of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,395—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 35, sub-paragraph 4, of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,396—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 35, sub-paragraph 5, of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,397—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 35, sub-paragraph 7, of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,398—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 36 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,399—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 54 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,400—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 55 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,401—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 56 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,402—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 57 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the

Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,403—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 58 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,404—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation number 60 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,405—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 62 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,406—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 63 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to recommendations Nos. 20, 23, 25, 33 (sub-paragraph 4), 63, 66, 74, 90, 101 and 106 of the Report of the Special Committee on the Disabled and the Handicapped will be the subject of a supplementary report to the "Initial Response of the Government of Canada to the Obstacles Report, December, 1981" in 1982.

Question No. 3,407—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 65 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,408—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 66 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to recommendations Nos. 20, 23, 25, 33 (sub-paragraph 4), 63, 66, 74, 90, 101 and 106 of the Report of the Special Committee on the Disabled and the Handicapped will be the subject of a supplementary report to the "Initial Response of the Government of Canada to the Obstacles Report, December, 1981" in 1982.

Question No. 3,409—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 67 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,410—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 68 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,411—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 69 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Order Paper Questions

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,412—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 73 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,413—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 74 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to recommendations Nos. 20, 23, 25, 33 (sub-paragraph 4), 63, 66, 74, 90, 101 and 106 of the Report of the Special Committee on the Disabled and the Handicapped will be the subject of a supplementary report to the "Initial Response of the Government of Canada to the Obstacles Report, December, 1981" in 1982.

Question No. 3,414—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 77 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,415—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 80 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,416—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 82 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,417—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 83 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,418—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 84 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,419—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 85 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,420—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 87 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,421—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 88 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,422—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 90 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to recommendations Nos. 20, 23, 25, 33 (sub-paragraph 4), 63, 66, 74, 90, 101 and 106 of the Report of the Special Committee on the Disabled and the Handicapped will be the subject of a supplementary report to the "Initial Response of the Government of Canada to the Obstacles Report, December, 1981" in 1982.

Question No. 3,423—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 93 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,424—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 94 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,425—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 99 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,426—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 100 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,427—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 101 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to recommendations Nos. 20, 23, 25, 33 (sub-paragraph 4), 63, 66, 74, 90, 101 and 106 of the Report of the Special Committee on the Disabled and the Handicapped will be the subject of a supplementary report to the "Initial Response of the Government of Canada to the Obstacles Report, December, 1981" in 1982.

Question No. 3,428—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 102 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,429—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 105 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Order Paper Questions

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,430—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 106 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to recommendations Nos. 20, 23, 25, 33 (sub-paragraph 4), 63, 66, 74, 90, 101 and 106 of the Report of the Special Committee on the Disabled and the Handicapped will be the subject of a supplementary report to the "Initial Response of the Government of Canada to the Obstacles Report, December, 1981" in 1982.

Question No. 3,431—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 117 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,432—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 118 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,433—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 119 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,434—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 121 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,435—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 123 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,436—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 124 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,437—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 125 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

Question No. 3,438—**Mr. Young:**

1. As of October 1, 1981, did the government take action to implement recommendation No. 126 of the Report of the Special Committee on the Disabled and the Handicapped and, if so, what was such action?

2. Subsequent to October 1, 1981, did the government take further action on this recommendation and, if so, what was it?

Hon. Gerald Regan (Secretary of State): The government's response to these recommendations of the Report of the

Special Committee on the Disabled and the Handicapped is contained in a document entitled "Initial Response of the Government of Canada to the Obstacles Report, December, 1981", tabled December 17, 1981.

"LETTER FROM CONCERNED CANADIANS"

Question No. 3,451—**Mr. Cossitt:**

1. Is the government aware of the communication headed "Letter from Concerned Canadians" signed by the retired RCMP officers W. F. Johnstone, J. W. Duggan, W. L. Maguire, F. Bodnaruk, P. Starek, J. E. G. Bouchard and D. B. Ingam and also signed by A.L. Bewley, a retired British Columbia provincial court judge?

2. Is the government prepared to answer the numerous allegations contained in the letter and (a) if so, on what date (b) if not, for what reason?

3. Did the letter contain the statement (a) "During the October crisis, perhaps before or after, how many lives of how many politicians targeted by the FLQ were saved? The security force of the RCMP knows. Ottawa knows." (b) "Canadians will not allow a cherished tradition to be eradicated and replaced by a civilian effort of unknown character, experience or political affiliation." and, if so, what was the government policy or reaction to the statement?

Hon. Bob Kaplan (Solicitor General): 1. Yes.

2. No, the government is not prepared to answer the allegations contained in the letter. However, the Solicitor General did reply on December 17, 1981 and rejected the major themes identified therein. The specific questions asked relate directly or indirectly to issues now before the courts in the province of Quebec, and for that reason, the government feels it would be inappropriate to comment further.

3. Yes, the letter contained those statements. (a) The government is not in a position to say in this context what may or may not have occurred if history had taken a different course. (b) It would seem that this statement is a reference to the RCMP security service being replaced by a civilian security service. The government has indeed taken that decision. This change has been recommended now by two substantial royal commissions, more than a decade apart, which studied the question. I can assure you, however, that there was no intention on the part of the government, in taking that advice, to eradicate a cherished tradition, nor has a cherished tradition been eradicated. The presence of the RCMP throughout Canada remains and will remain after the establishment of a separate security service. I can also assure you that the government intends that the new security service will be subject to the provisions of legislation that will be brought before this House in due course.

CANADIAN WINES

Question No. 3,452—**Mr. Cossitt:**

1. With reference to the answer to question No. 3,191 which stated in part that there are "constraints of quality . . . " with regard to the serving of Canadian wines by the Department of External Affairs, what were the names of all persons connected with the department who made any judgment that the quality of Canadian wines was not sufficiently high enough for them to be used on certain occasions?

2. Is the government aware that in recent "blind" taste tests Canadian wines were selected by experts in most cases ahead of similar foreign products?

3. Will the government embark on a program to insist that only Canadian wine and other beverages be served to all foreign service establishments as well as at Department of External Affairs functions held in Canada?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. In his capacity as Honourary President of the North Atlantic Council, the Secretary of State for External Affairs, hosted in December, 1981, a dinner for foreign ministers of NATO countries. Canadian wine was served at this dinner. The Department of External Affairs regularly serves Canadian wines at luncheons, dinners and receptions for foreign guests. A wine committee, formed of senior officials from the department and other agencies, reviews this question periodically.

2. The government is aware and seeks to use Canadian products as often as possible.

3. A joint press release was recently issued by the ministers of Agriculture and External Affairs in this regard. Co-operation between the Department of External Affairs, Mr. Whelan's office and the Canadian Wine Institute will result in worthy Canadian wines being selected for use at official functions in Canadian diplomatic missions.

GOVERNMENT ANNUITIES

Question No. 3,484—**Mr. Blenkarn:**

1. Is money presently held by the government on behalf of persons who purchased government annuities and, if so, in what amount?

2. (a) Is the government paying 19.5 per cent on Canada Savings Bonds (b) does the government give annuitants the same rate of return as persons receive on the bonds and, if not, what amount of profit is the government making?

3. How many persons presently receive government annuities?

4. How many persons are presently employed in the annuities branch?

5. How many persons not now receiving annuities will eventually be entitled to receive them?

6. Will the government allow people to just cash their annuities and receive back the money deposited with the government, so that they can purchase other investments with their money instead of being tied down with the present annuity system?

7. (a) What is the total payroll of the department which handles the annuities program (b) what is the total office rent and what are the other overhead expenses associated with the persons employed in the program?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Employment and Immigration and Finance as follows:

1. On March 31, 1981 the Canadian government annuities account in the Consolidated Revenue Fund showed that liabilities to holders of annuity contracts and certificates were evaluated at $1,193,210,216.

2. (a) Yes.

(b) See reply to Question 730, Part 3, answered June 18, 1980.

3. As of March 31, 1981, approximately 118,500 persons received vested annuities.

4. The present number of staff within the annuities branch is 101. In addition, there are nine persons in other organizations within the Canada Employment and Immigration Commission who support activities of the branch.

5. As of March 31, 1981, approximately 110,500 persons were holders of deferred annuity contracts and certificates.

6. See reply to question No. 3,297, part 2, answered January 25, 1982.

7. (a) For the fiscal year 1981/82 the total payroll of the annuities branch has been forecast at $2,579,000.

(b) For the fiscal year 1981/82 the annual rental value of the space the branch occupies has been estimated at $289,000. Excluding the value of the office space, all other non-salary costs of the annuities branch have been forecast at $308,000.

Note: Re parts 3 and 5: Statistics are available only at the end of a fiscal year.

RADIO BASE STATION

Question No. 3,496—**Mr. Cossitt:**

1. During November 1981, was a radio "base station" set up by the RCMP anywhere near Parliament Hill on the same frequency as that used by the uniformed protective staff of the House of Commons and, if so (a) from whom was the base station obtained (b) was the base station originally for purposes of necessary communication between the RCMP and the House of Commons protective staff during the demonstration on November 21, 1981?

2. Was this base station returned to the House of Commons or elsewhere and (a) if so, on what date (b) if not, does the RCMP listen in on conversations between the officers of the Protective Staff on Parliament Hill?

Hon. Bob Kaplan (Solicitor General): 1. Yes.

(a) Director of Security, House of Commons.

(b) Yes.

2. No.

(a) Not applicable.

(b) No.

STUDIES IN TROPICAL MEDICINE

Question No. 3,510—**Mr. Halliday:**

1. Do any employees of the Department of National Health and Welfare possess diplomas or certificates in tropical medicine and, if so, how many?

2. Is there a requirement or an opportunity for such employees to take periodic refresher courses and, if not, for what reason?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): 1. Yes. Seven employees of the Department of National Health and Welfare possess diplomas or certificates in tropical medicine.

2. There is no requirement for such employees to take periodic refresher courses. However there are opportunities to do so. Depending on their location, employees can go to such institutions as the Walter Reid Hospital in Washington, D.C., or the London School of Tropical Medicine and Hygiene. In Canada, short-term seminars are organized from time to time by teaching university hospitals. Employees who are posted to tropical posts are encouraged to attend medical seminars, lectures and rounds at the local teaching hospitals to enable them to become more proficient in tropical diseases.

INVESTIGATION BY RCMP

Question No. 3,511—**Mr. Halliday:**

During the first two weeks of November 1981, did an RCMP officer visit the owner of a restaurant in Woodstock, Ontario to inquire for what reason his car was parked near the Chinese Embassy in Ottawa and, if so (a) was the officer, when asked, unable to identify the make, model or colour of the car and did he know only part of the licence plate number (b) what was the purpose of the visit?

Hon. Bob Kaplan (Solicitor General): An RCMP officer did visit the owner of a restaurant in Woodstock, Ontario as a result of having received incorrect information concerning the identity of a registered owner of a motor vehicle.

HOUSING PROVISIONS IN 1981 BUDGET

Question No. 3,528—**Mr. Cossitt:**

Did persons in the Department of Finance, attached to the department or working for the department furnish the Canada Mortgage and Housing Corporation with any details concerning housing provisions in the 1981 budget and, if so (a) what were their names (b) on what date, at what time and to whom was such information furnished, prior to November 12, 1981?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Finance and the Canada Mortgage and Housing Corporation as follows: no.

BRUCELLOSIS DIAGNOSED IN NOVA SCOTIA

Question No. 3,599—**Mr. Greenaway:**

1. For each year 1970 to date in Nova Scotia, how many cases of brucellosis were diagnosed in (a) dairy (b) beef cattle and, in each case, on how many premises?

2. How many premises were depopulated?

3. By year, what amount was paid in compensation to farmers per premise?

Hon. E. F. Whelan (Minister of Agriculture):

1.	(a) Dairy	(b) Beef Cattle	Premises
1970-71	—	—	—
1971-72	1	—	1
1972-73	1	1	2
1973-74	—	2	2
1974-75	1	4	5
1975-76	—	1	1
1976-77	1	—	1
1977-78	6	4	8
1978-79	165	4	9
1979-80	3	2	5
1980-81	1	1	2
1981-82	—	—	—
Total	179	19	36

2. One.

3. See list below.

	Amount per Premise
1970-71	none
1971-72	174.00

	Amount per Premise
1972-73	101.00
	97.00
1973-74	110.00
	120.00
1974-75	188.00
	160.00
	200.00
	180.00
	200.00
1975-76	451.00
1976-77	600.00
1977-78	190.00
	865.00
	97.70
	151.96
	296.01
	94.94
	282.00
	167.00
1978-79	171.09
	8.28
	44.00
	70.89
	179.00
	143,051.60
	154.60
	48.02
	24.84
1979-80	203.00
	467.50
	366.40
	575.40
	420.80
1980-81	301.95
	618.20
1981-82	none

FAMILY ALLOWANCES

Question No. 3,620—**Mr. Herbert:**

1. For each of the past five years, what was the difference between the amount paid in family allowances in the province of Quebec and the amount available for distribution on an eligible child per capita basis?

2. In Quebec for the last year for which statistics are available, how many parents received payments for (a) one child (b) two children (c) three children (d) four children (e) five or more children?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. On an eligible child per capita basis, the difference between the amount paid in family allowances (FA) in the province of Quebec and the amount available for distribution would be the difference between the rates shown below and the comparable federal family allowance rates.

	FA Rates in Quebec Age		Federal FA Rates
1978	0-11	12-17	
First child	$15.42	$21.84	
Second child	23.11	29.53	$25.68
Third child	47.45	53.87	(each child)
Fourth and subsequent child	59.13	65.55	
1979	0-11	12-17	
First child	$12.00	$17.00	
Second child	18.00	23.00	$20
Third child	36.95	41.95	(each child)
Fourth and subsequent child	46.05	51.05	
1980	0-11	12-17	
First child	$13.08	$18.53	
Second child	19.62	25.07	$21.80
Third child	40.28	45.73	(each child)
Fourth and subsequent child	50.19	55.64	
1981	0-11	12-17	
First child	$14.37	$20.36	
Second child	21.56	27.55	$23.96
Third child	44.27	50.26	(each child)
Fourth and subsequent child	55.16	61.15	
1982	0-11	12-17	
First child	$16.15	$22.88	
Second child	25.65	32.38	$26.91
Third and subsequent child	62.43	49.16	(each child)

2. Family allowance accounts do not distinguish between one-parent and two-parent families. The figures for sections (a) to (e) below represent the 1981 monthly average number of families receiving family allowance benefits in the province of Quebec, by the number of children on whose behalf Family Allowances were paid:

(a) one child	423,781
(b) two children	367,398
(c) three children	131,875
(d) four children	33,022
(e) five or more children	11,202

MATERNITY AND SICKNESS BENEFITS

Question No. 3,672—**Mr. Herbert:**

On the last day of each month of the last year for which the information is available, how many persons were receiving unemployment insurance benefits and how many were known not to be available for work for reasons such as pregnancy or sickness?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): The information on the number of persons receiving unemployment insurance benefits in 1981 and not available for work for reasons such as pregnancy or sickness is not available on the last day of each month. It is available rather on the second week of each month (same reference as the labour force survey) as follows:

	Total Beneficiaries	Sickness Beneficiaries	Maternity Beneficiaries
January	873,781	23,350	32,564
February	880,894	25,672	35,286
March	862,970	25,666	35,872
April	800,479	24,915	36,069
May	687,621	24,227	36,369
June	582,463	24,155	37,734
July	576,207	23,832	37,424

	Total Beneficiaries	Sickness Beneficiaries	Maternity Beneficiaries
August	596,897	23,718	38,928
September	568,598	22,666	39,475
October	621,759	23,179	39,005
November	696,782[P]	20,225[P]	37,405[P]
December	861,050[P]	21,068[P]	37,028[P]

[P]: Preliminary

UNEMPLOYMENT INSURANCE BENEFITS

Question No. 3,673—**Mr. Herbert:**

1. On the last date for which the information is available, by province, what is the average time that persons without employment were receiving unemployment insurance benefits?

2. In 1981, how many persons received unemployment insurance payments for their maximum entitlement period?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. The following is the average time (weeks) that persons without employment were receiving unemployment insurance benefits as of December 1981:

Newfoundland	25.2
Prince Edward Island	24.0
Nova Scotia	21.6
New Brunswick	24.3
Quebec	21.4
Ontario	15.8
Manitoba	16.6
Saskatchewan	14.5
Alberta	11.0
British Columbia	14.7
Yukon	19.0
Northwest Territories	16.2
Outside Canada	17.2
Canada	18.5

2. The number of persons who received unemployment insurance payments in 1981, for their maximum entitlement period amounted to 443,370.

RECEIPTS OF MONEYS BY LAID-OFF EMPLOYEES

Question No. 3,686—**Mr. Herbert:**

1. On what basis can a laid-off employee continue to receive remuneration from the previous employer and also be eligible to draw unemployment benefits?

2. Can the payment of accumulated holiday and sickness benefits to a laid-off worker be deferred indefinitely or, alternatively, paid over a long period of time, so as to ensure eligibility for unemployment insurance payments?

3. Can a lump sum severance payment be allocated and paid on a weekly basis, so as to ensure eligibility for unemployment insurance benefits?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. A laid-off employee who continues to receive remuneration from the previous employer would not be eligible to receive unemployment insurance benefits.

2. Most provinces require that accumulated holiday benefits be paid to laid-off employees at the time of termination of employment. Accordingly, the question of deferred payments, or payments extended over a long period of time generally does not arise.

There may be situations, however, where accumulated holiday pay is not payable until a time subsequent to the layoff. (For example, when it is payable at a fixed time every year under a collective agreement and there is no vacation period involved). If the claimant happens to be unemployed when it is received, the accumulated holiday pay is allocated from the week that it was actually paid. On the other hand, if the accumulated holiday benefits are paid or payable only after the claimant has exhausted his unemployment insurance benefits, then such a payment will have no effect on that person's past entitlement to benefits.

As for accumulated sickness benefits, these are not considered earnings for unemployment insurance purposes, and therefore will not affect a person's eligibility for benefit upon being laid off.

3. A lump sum severance payment can include many types of payments such as vacation pay, accumulated sick leave credits, severance pay and wages in lieu of notice. Some are regarded as earnings and some are not. Severance pay, for example, which is generally a payment from an employer to an employee in recognition of past years of service, is not earnings and would not affect eligibility for unemployment benefits. On the other hand, wages in lieu of notice are earnings that do affect eligibility for benefits.

GOVERNMENT TELEPHONE LINES

Question No. 3,700—**Mr. Cossitt:**

Does the (a) Unemployment Insurance Commission (b) Department of Employment and Immigration (c) Canada Post Corporation (d) Department of National Defence (e) Department of Transport have access to government telephone lines when calling from Brockville or Prescott, Ontario in the constituency of Leeds-Grenville by calling the telephone number 345-0001 and using a code?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows: Transport Canada is the only department in Brockville or Prescott, Ontario which has a valid call code billed to that location. However, any holder of a valid government of Canada call code billed to another location, who may be in Brockville or Prescott on travel status, has access to the network via telephone number 345-0001.

UNEMPLOYMENT INSURANCE BENEFITS PAID

Question No. 3,701—**Mr. Herbert:**

1. For each of the past twelve months for which figures are available, by province, what amount was paid in unemployment insurance benefits?

2. For each of the past three years, by province, what amount was (a) paid out on a per capita basis (b) paid in by (i) employees (ii) employers (iii) government contributions?

Hon. Lloyd Axworthy (Minister of Employment and Immigration):

Order Paper Questions

1. Amount of Unemployment Insurance Benefits paid by Province for each of the Twelve Months of 1981

($ million)

Month	Nfld.	P.E.I.	N.S.	N.B.	Quebec	Ontario	Manitoba	Sask.	Alberta	B.C.	Yukon	N.W.T.	Outside Canada	Canada
January	32.3	5.6	24.4	27.6	183.0	128.6	14.0	10.3	15.8	44.5	0.7	0.4	0.1	487.2
February	29.3	5.9	24.8	28.1	174.0	127.5	13.8	10.8	17.0	43.5	0.8	0.5	0.1	476.1
March	36.3	7.1	28.4	34.1	193.0	136.8	17.0	12.7	18.7	44.7	0.8	0.5	0.1	530.3
April	30.0	5.7	23.6	28.4	166.0	120.8	13.6	10.7	17.5	40.7	0.8	0.5	0.1	458.3
May	24.6	3.9	18.3	22.9	137.9	97.4	10.9	7.7	14.4	36.3	0.7	0.4	0.1	375.6
June	19.0	3.1	16.4	20.6	136.5	92.7	9.9	6.3	13.6	34.5	0.5	0.4	0.1	353.7
July	14.4	2.5	14.1	16.1	116.5	80.9	7.8	4.8	9.2	30.9	0.4	0.2	0.0	297.8
August	15.9	3.3	16.3	19.1	121.2	80.7	8.5	5.1	9.8	32.5	0.4	0.3	0.0	313.1
September	15.1	2.6	15.1	16.0	138.0	94.7	9.3	5.7	13.8	39.0	0.4	0.3	0.1	350.2
October	17.6	2.8	14.9	17.6	129.3	88.0	8.3	5.4	12.4	35.8	0.5	0.4	0.1	333.0
November	25.7	4.6	18.6	25.4	140.4	91.0	10.5	6.6	12.8	40.3	0.6	0.4	0.1	377.0
December	33.4	6.0	21.9	28.0	180.9	118.9	13.5	8.7	14.9	48.8	0.7	0.4	0.1	476.0
Total	293.7	52.9	236.9	283.9	1816.6	1258.0	136.9	94.7	170.0	471.4	7.3	4.7	1.1	4828.3

Figures may not add up to totals due to rounding.

2. (a) Amount of Benefits paid out on per Capita Basis ($)

	1979	1980	1981
Newfoundland	408	458	501
P.E.I.	353	376	426
Nova Scotia	228	246	276
New Brunswick	324	355	400
Quebec	242	255	287
Ontario	120	144	146
Manitoba	103	113	133
Saskatchewan	76	82	97
Alberta	61	68	79
N.W.T.	122	99	110
British Columbia	175	162	174
Yukon	352	291	331
Outside Canada	—	—	—
Canada	169	184	200

2. (b) (i) Amount of Premium paid by Employees ($ million)

	1979	1980 (Preliminary)	1981 (Forecast)
Newfoundland	19.1	20.6	31.8
P.E.I.	4.2	4.6	7.1
Nova Scotia	35.0	38.6	59.7
New Brunswick	27.7	28.7	44.4
Quebec	297.0	331.9	513.1
Ontario	455.3	502.5	776.9
Manitoba	45.7	52.6	81.4
Saskatchewan	35.5	39.9	61.7
Alberta	110.6	131.9	204.0
N.W.T.	2.6	3.0	4.7
B.C.	135.1	156.9	242.7
Yukon	1.4	1.7	2.7
Outside Canada	2.5	2.7	4.1
Canada	1,171.6	1,315.6	2,034.2

Figures may not add up to totals due to rounding.

2. (b) (ii) Amount of Premium paid by Employer ($ million)

	1979	1980 (Preliminary)	1981 (Forecast)
Newfoundland	26.7	28.8	44.5
P.E.I.	5.9	6.4	9.9
Nova Scotia	49.1	54.1	83.6
New Brunswick	38.7	40.2	62.2
Quebec	415.7	464.6	718.4
Ontario	637.5	703.4	1,087.7
Manitoba	64.0	73.7	113.9
Saskatchewan	49.7	55.9	86.4
Alberta	154.8	184.7	285.5
N.W.T.	3.6	4.2	6.5
British Columbia	189.1	219.7	339.7
Yukon	2.0	2.4	3.7
Outside Canada	3.5	3.7	5.8
Canada	1,640.3	1,841.8	2,847.8

2. (b) (iii) Government Contributions ($ million)

	1979	1980	1981 (Preliminary)
Newfoundland	121.6	124.7	124.3
P.E.I.	21.5	18.6	19.7
Nova Scotia	78.3	67.3	69.1
New Brunswick	103.7	92.8	100.7
Quebec	540.2	410.5	421.3
Ontario	236.5	202.1	166.4
Manitoba	22.3	15.3	14.8
Saskatchewan	10.8	8.0	6.6
Alberta	16.4	9.6	5.1
N.W.T.	—	1.1	0.9
British Columbia	143.6	85.3	64.6
Yukon	—	1.6	1.6
Outside Canada	—	—	—
	1,295.0	1,037.0	995.0

For the year 1979 the government contributions for N.W.T. and Yukon are included in Alberta and B.C. respectively.

Figures may not add up to totals due to rounding.

Order Paper Questions

OFFICIAL LANGUAGES

Question No. 3,717—**Mr. Herbert:**

What percentage of public servants working in the Department of Agriculture in Quebec indicate English as their first official language?

Hon. E. F. Whelan (Minister of Agriculture): The answer is 4.4 per cent.

Question No. 3,718—**Mr. Herbert:**

What percentage of public servants working in the Department of Communications in Quebec indicate English as their first official language?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows: According to January 29, 1982 data, three employees working in the Quebec region declared English as their first official language, that is 1. 9 per cent.

Question No. 3,719—**Mr. Herbert:**

What percentage of public servants working in the Department of Consumer and Corporate Affairs in Quebec indicate English as their first official language?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): On a total of 1,531 employees working in Quebec, 786 (51 per cent) indicate their first language as English, indicated as follows:

Hull:	777 of 1,259
Montreal:	7 of 191
Others:	2 of 81

Question No. 3,720—**Mr. Herbert:**

What percentage of public servants working in the Department of Employment and Immigration in Quebec indicate English as their first official language?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): The most recent information available is as of December 31, 1981, 68.2 per cent. This includes national headquarters employees working in Hull, Quebec.

Question No. 3,725—**Mr. Herbert:**

What percentage of public servants working in the Department of National Health and Welfare in Quebec indicate English as their first official language?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): As of December 29, 1981, 3.12 per cent of the public servants working in the Department of National Health and Welfare in Quebec indicated English as their first official language.

Question No. 3,726—**Mr. Herbert:**

What percentage of public servants working in the Department of Public Works in Quebec indicate English as their first official language?

Hon. Paul J. Cosgrove (Minister of Public Works): The answer is 2.4 per cent.

MASSEY-FERGUSON LIMITED

Question No. 3,746—**Mr. MacKay:**

1. Is Massey-Ferguson Ltd. seeking support from the government for major financial restructuring only six months after signing a $715 million refinancing agreement and is the government considering varying the existing agreement and, if so, what effect will this have on the loan guarantees or other financial arrangements?

2. What action is the government taking to protect the taxpayers' interests and what actions are being taken or what suggestions are being made to improve the company's performance?

3. Is the government aware of the results of the recent study, commissioned by Massey-Ferguson, designed to improve the company's performance?

4. To the knowledge of the government, how many copies of the study were (a) produced (b) distributed (c) destroyed?

5. Is the government in possession of projections for the company's profit or loss position in the company's current financial year?

6. In December, 1980, what were the projections given to the government by the company for its profits for 1981?

7. Will the government be taking any steps to influence the company to change management, in view of its drastic losses?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned:

1. No.

2. The government is monitoring the company's activities on a continuing basis to ensure that the commitments of the agreement between Massey-Ferguson and the government are met.

3. Massey-Ferguson regularly commissions studies on various aspects of its business as part of its efforts to improve its performance. The company has advised us that it has not commissioned on over-all study to improve its performance since the refinancing.

4. Refer to answer to part 3 above.

5. Yes.

6. Information on the company's projections for the future are provided to the government on a confidential basis.

7. The government has no evidence of a need for change in the management of the company.

INTERNATIONAL PROGRAM FOR THE DEVELOPMENT OF COMMUNICATIONS

Question No. 3,887—**Mr. Fretz:**

With reference to the intergovernmental council of the International Program for the Development of Communications (IPDC) meetings held in June, 1981, in Paris and in January, 1982, in Mexico (a) which departments and non-governmental organizations determined the form of Canadian participation (b) what broad outlines, goals and programs were agreed to in principle at the 1981 meeting (c) what proposals did the government present and what financial and manpower commitments did the government make at the 1982 meeting (d) what mechanisms were put in place and what projects were agreed upon in which regions and countries (e) which countries serve on the council?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows:

cations is concerned, the reply to the above question is as follows:

(a) Department of External Affairs
Department of Communications
Canadian International Development Agency
Canada Post Corporation
Canadian Commission for UNESCO
Canadian Broadcasting Corporation

(b) Elections of president and bureau members to guide the work of the council between sessions. It should be noted that these elections took a considerable amount of time, which cut down on the time available for consideration of the substantive issues.

President:	G. Garbo (Norway)
Vice presidents:	Iraq India Mexico
Members:	Bénin France USSR

After general debate on the rules of procedure, it was agreed that "in (the council's) deliberations, priority should be given to seeking a consensus."

Identification of needs: the UNESCO secretariat was tasked with preparing and distributing a questionnaire to complement the information already available on communication needs in developing countries.

Criteria: the council agreed on the following broad criteria for project support; regional and subregional projects should receive priority, at least in the initial stages of the program; any national project submitted should figure in the national development plan of the country concerned; a counterpart contribution by the country/countries concerned with a project is a fundamental principle.

System of financing: a resolution was adopted reiterating the terms of previous resolutions and requesting, *inter alia*, that the director general of UNESCO appeal to all member states and other potential sources to contribute to the Program.

(c) At the January, 1982, meeting Canada announced a contribution to the special account of $ Cdn. 250,000 for 1982-83.

(d) Separate commissions of the January meeting reviewed the status of contributions, elaborated criteria and priorities for project selection, and reviewed projects submitted to the Council.

The council approved the following funding for 1982:

Africa	
Pan-African News Agency (PANA)	$ 100,000
Regional project for development of communication technologies	Sponsorship to be negotiated with government of Austria
ACCE Institute for Communication Development and Research	$ 10,000
Establishment of a network for the exchange of economic news among the press agencies of the CEAO countries	$ 10,000
Determination of needs, preparation of projects and training	$ 125,000
Arab States	
Arab project for communication planning and exchange (ACPE)	$ 56,000
Arab states regional broadcasting training centre	$ 30,000
Asia and Pacific	
Asia-Pacific News Network	$ 80,000
Pacific Radio News Exchange	Sponsorship to be negotiated with the government of Australia
Regional bank of films and television programs in Asia and the Pacific	$ 100,000
Latin America and Caribbean	
Caribbean regional project for broadcasting, training and program exchange	$ 45,000
Creation of Latin American special Information services agency (ALASEI)	$ 70,000
Centre for communications research and application (Mexico)	$ 40,000
Centre for automated publishing and translation (ASIN)	$ 10,000
Training of technicians for the development of communication at the community level	$ 15,000
Inter-Regional	
Feasibility study on facilities for international dissemination and exchange of information by global satellite systems	$ 20,000
Application of communication technology to rural areas	$ 30,000
Total	$741,000

(e) The following countries serve on the council:

*Argentina	*Mozambique
Austria	*Netherlands
Bangladesh	Nicaragua
*Bénin	*Nigeria
*Canada	*Norway
China	Peru
*Cuba	*Saudi Arabia
Democratic Yemen	*Senegal
*Egypt	Sri Lanka
*France	*Tunisia
Gabon	Union of Soviet Socialist Republics
German Democratic Republic	*United Republic of Cameroon
*Federal Republic of Germany	*United Republic of Tanzania
India	United States of America
Indonesia	Venezuela
Iraq	*Yugoslavia
Japan	Zaire
Mexico	

*Term of office will cease at the end of the 22nd General Conference, to be held in 1983; the term of office of those countries not marked with an asterisk will cease at the end of the 23rd General Conference, in 1985.

Order Paper Questions

OHIP PREMIUMS

Question No. 3,888—**Mr. Herbert:**

In cases where both the husband and the wife are public servants and live in Ontario, does the government contribute to the payment of hospital insurance premiums for both employees?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): The Ontario Health Insurance Plan (OHIP) monthly premiums are $23 for "single" coverage and $46 for "family" coverage, and the government's current contribution on behalf of its employees toward those premiums is $10 and $20 respectively. Where both husband and wife are federal public servants, it is usual for only one to pay a premium at the "family" rate. However, if for some reason both wish to pay premiums at the "single" rate that is permissible since the total government contribution on their behalf would be the same.

STUDY OF WINTER SHIPPING IN ST. LAWRENCE SEAWAY

Question No. 3,890—**Mr. Cossitt:**

1. Is any investigation, consideration or experimentation taking place under the St. Lawrence Seaway Authority with regard to eventually instituting winter shipping through the seaway?

2. Has a winter shipping study been or will it be carried out and, if so, what are all the details?

3. What is the purpose of the existing boom used to control ice from entering Lake St. Francis?

4. To the knowledge of the government, are Quebec Hydro and American power authorities opposed to the winter shipping concept?

5. What is the government policy with regard to winter shipping in the St. Lawrence Seaway?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): 1. Yes, in relation to the possible implementation of a 9½-month navigation season.

2. Two studies have been carried out, both primarily cost/benefit-oriented. The report of October, 1978, prepared by L.B.A. Consultants, Limited, concluded that an extension of the navigation season was not cost-beneficial under existing capacity demand conditions; the June, 1981, report prepared by Hickling Partners, Inc., arrived at the same conclusion.

3. The existing boom control is used to alleviate ice management problems during the opening and closing periods of navigation.

4. The hydroelectric power entities are concerned that winter navigation will further restrict the flow capacity of the river's winter regime, reduce power production, and inhibit their ability to comply with the flow regulations of the International Joint Commission.

5. The government policy is to continue to evaluate an extension of the navigation season to 9½ months while at the same time evaluating other options to increase the capacity of the system.

CANADA ELECTIONS ACT

Question No. 3,964—**Mr. Cossitt:**

1. With reference to the amounts of money paid to federal election candidates in the 1979 and 1980 general elections under the authority of the Canada Elections Act, is the Chief Electoral Officer satisfied that in all cases such funds payable to the candidates were turned over as required by law to the official agents of the candidates or to their constituency associations?

2. Were any possible infractions investigated and, if so, what were the names of the candidates and the results of the investigations where any fault was found?

3. Is there any evidence that one candidate diverted approximately $8,000 from such funds for the purpose of paying personal legal expenses that had nothing to do with the 1980 election or his position as a Member of Parliament?

Hon. Yvon Pinard (President of the Privy Council): I am informed by the Chief Electoral Officer as follows:

1. On the basis of the information provided by all candidates at the 1979 and 1980 general elections the Chief Electoral Officer is satisfied that all funds were turned over in the manner prescribed by law.

2. No alleged violations with respect to candidates at elections having failed to turn over funds as required by the Canada Elections Act came to the attention of the Chief Electoral Officer and consequently no investigations were conducted.

3. The Chief Electoral Officer has no knowledge of the existence of such a situation.

TRADE COMMISSIONER SERVICE

Question No. 4,031—**Mr. Herbert:**

What is the present number of staff of the Trade Commissioner Service and where are they located?

Hon. Mark MacGuigan (Secretary of State for External Affairs): The Trade Commissioner Service which was fully integrated into the Department of External Affairs on January 12, 1982, has 238 trade commissioners and 170 locally-engaged commercial officers working in 91 offices and 66 countries advancing Canada's commercial and economic interests abroad.

The Trade Commissioner Service is also responsible for the management and deployment of 53 tourism officers and 18 locally-engaged travel promotion officers in 21 offices in 8 countries, mainly in Europe, the Pacific (Australia, Japan), the United States of America and Mexico. They are involved in the promotion of Canada as a travel destination.

In addition, there are 85 trade commissioners working in Canada, 20 of them in ITC regional offices across Canada. Those in Ottawa are working in the trade sections of the department of Industry, Trade and Commerce (now part of External Affairs) and in other federal government departments or agencies, in positions primarily dedicated to the

promotion of Canada's international trade and economic interests.

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Question No. 4,033—**Mr. Herbert:**

What is the present (a) personnel strength (b) annual budget of the industrial co-operation program of the Canadian International Development Agency and where are the personnel located?

Hon. Mark MacGuigan (Secretary of State for External Affairs): (a) 19. (b) $17 million of which $2.2 million is for the Canadian Executive Service Overseas by a separate vote. The Industrial Co-operation Program is located at 200 Promenade du Portage in Hull, Quebec.

STATEMENTS BY MEMBER FOR LAC-SAINT-JEAN

Question No. 4,097—**Mr. Cossitt:**

Did the government request the hon. member for Lac-Saint-Jean to state recently "If the development of individual Canadians is to be achieved through a turn to the right . . . the Liberal Party can move to the right."?

Hon. Yvon Pinard (President of the Privy Council): No.

Question No. 4,098—**Mr. Cossitt:**

Did the government request the hon. member for Lac-Saint-Jean to state recently "If in order to promote our development the Liberal Party thinks we have to be communistic, we shall be communistic. This is what it is all about to be a Liberal."?

Hon. Yvon Pinard (President of the Privy Council): No.

Question No. 4,099—**Mr. Cossitt:**

Did the government request the hon. member for Lac-Saint-Jean to state recently "If the development of individual Canadians is to be achieved through socialization, the Liberal Party can turn socialistic."?

Hon. Yvon Pinard (President of the Privy Council): No.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 226 could be made an order for return, this return would be tabled immediately.

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Does the House agree that question No. 226 be made an order for return?

Some hon. Members: Agreed.

[*Text*]

CENTRAL MORTGAGE AND HOUSING CORPORATION PROGRAMS

Question No. 226—**Mr. Herbert:**

1. What were the names, objectives, descriptions and budgets of all Canada Mortgage and Housing Corporation programs in force on March 31, 1979?

2. Since April 1, 1979, were any of the programs (a) curtailed (b) discontinued?

Return tabled.

[*English*]

Mr. Smith: Madam Speaker, I ask that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

• (1530)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

Madam Speaker: Since there are two motions on the Order Paper for today, it is my duty under Standing Order 58(4)(b) to make a selection. I do so with the knowledge that there are still two allotted days left after today in this supply period. Therefore, I intend today to propose a motion standing in the name of the Right Hon. Leader of the Opposition (Mr. Clark).

ALLOTTED DAY, S.O. 58—PARLIAMENTARY REFORM

Right Hon. Joe Clark (Leader of the Opposition) moved:

That in the view of this House the future effectiveness of Parliament as a democratic assembly, representing the needs, beliefs and aspirations of the people of Canada, requires that an immediate review of all its rules and practices proceed without further delay, and this House therefore urges the government to refer the document "Position Paper: The Reform of Parliament", tabled on November 23, 1979, to the Standing Standing Committee on Procedure and Organization as a basis for commencing discussion, along with proposals for reforming the budgetary process.

He said: Mr. Speaker, given the tensions that have crystallized since March 2, this is not an easy time for any member of this House to speak calmly to the House of Commons. But I think it is an essential time for us all to speak about the House of Commons. We must do more than speak; we must begin to act on reforms that will make Parliament both more efficient and more democratic. I emphasize both of those goals, the goal of efficiency and the goal of democracy. They are both important and I will come back to the importance of both later.

But first, let us be frank about emotions, both in Parliament and in the country. We talk a lot in Parliament about a sense of collegiality and about good will in this institution, but that pretence has prevented us from facing Parliament's own problems squarely. There is anger in this House. There is frustration here and there is a certainty that we are not doing the job that Canadians expect of us. That state exists among members of all parties on both sides of the House. It is confirmed whenever we go home to the people who sent us here and stand accused of being powerless to do the job that we were sent here to do. One member of this House used the

phrase the other day that private Members of Parliament are regarded as—

[*Translation*]

—poor little parish priests.

[*English*]

Unhappily, that member is right. We all wear the clothes of authority but only a handful of the members of this House, the central ministers, have any real authority. That, Sir, is wrong.

Some hon. Members: Hear, hear!

Mr. Clark: One of the reasons there was such support in this country for the ringing of the bells is that Canadians know that such centralized authority is wrong and want it changed.

[*Translation*]

In *Le Devoir* of March 17, editorial writer Jean-Louis Roy said the following, and I quote:

After the absurdity of federalism without provinces, Canadians have been treated to government without Parliament.

In fact, Mr. Speaker, we have been without a Parliament for quite a long time. No matter which party is in power, our rules and practices allow the government to impose its will on Parliament and to govern by orders in council and by regulations without even consulting Parliament. Worse, the system practically prevents ordinary members from having their own concepts or proposals adopted by Parliament. Private members' motions are seldom passed, and when they are, the reaction is usually one of surprise. Hon. members know cases where some of their constituents are on the verge of bankruptcy. What can they do for these people? Others are in danger of losing their homes. What can they do for them? In every riding in Canada, Canadians are losing their jobs. How can we help them? Many members have good ideas that Parliament would do well to consider. And why not? What it boils down to is that most members can do no more in the House than rise, speak and bow. Is that democracy?

[*English*]

When the government House leader was first appointed, he indicated his interest in parliamentary reform. I look forward to hearing his proposals today, and I hope he will agree to allow the Standing Committee on Procedure and Organization to start immediately on a wide-open consideration of the ways we can renew parliamentary democracy in Canada.

We put forward some proposals as a government in a position paper published by the then president of the Privy Council, the hon. member for Nepean-Carleton (Mr. Baker). Those proposals include a fundamental strengthening of the power of parliamentary committees, including the power to initiate inquiries into questions that the government might not want investigated.

We proposed a major change in the power of private members to have their proposals considered seriously and at length in the House of Commons. We proposed a system to re-establish Parliament's control of spending by extending debate on the estimates of any two departments which the opposition might choose without prior advice from the government.

We proposed a means to require parliamentary consent to regulations before those regulations can take effect.

In the interests of efficiency, we proposed to limit the length of speeches in the House to 20 minutes each, and to establish more regular sitting periods for Parliament. I make the point, sir, that these significant changes, to increase the power of Parliament and to reduce the power of the executive, were made when we were in government, yet they reflected, I believe, an understanding of the way governments can abuse their power.

These proposals go a long way toward reform, but they were designed then to begin the discussion, not to limit it. Our attitude today is the same. We suggest these proposals be considered as the basis for commencing discussion in the standing committee.

I am obliged to note that the reason this paper was not referred to committee in 1979 was that the present Minister of Finance (Mr. MacEachen), then the Liberal House leader, indicated the Liberal Party would want to debate for some time the question of a reference to committee. I can indicate to the government House leader now, that providing the reference to committee is wide enough to allow full and positive consideration of fundamental reforms in Parliament, there would be no such delay from this party.

Some hon. Members: Hear, hear!

Mr. Clark: Canadians will also know that we have proposed a major change in the way budgets are prepared, a change to ensure that in the future there will be full public discussion in advance of significant tax changes so that the government on the one hand, and individuals, companies and organizations on the other hand, can assess the impact of those changes and plan their implementation. That recommendation did not arise simply from this party. That recommendation arose as a result of a series of public hearings held in 16 communities across Canada by a special committee of the Progressive Conservative caucus on the budget and the economy which heard representations from 168 organizations and hundreds of individual Canadians. We would want that proposal, to open up the budget-making process, to be considered as well in the committee as a means to protect Canadians against a process which resulted in a budget which the government's own ministers now describe as a disaster.

It is worth pausing on the question of the budget because it demonstrates that when Parliament is weak, bad law is the result. The budget was a major mistake. It underestimated the depth of the recession in Canada. It introduced tax measures which look good in theory but were a disaster in practice. It has driven job-creating investment out of Canada and contributed directly to Canadians losing their homes, businesses, farms and their confidence. It happened because Parliament let a group of civil servants make decisions which the House of Commons should be making.

• (1540)

Some hon. Members: Hear, hear!

Mr. Clark: The only time the government asked people who knew whether what they were doing on the budget was right was after the government had acted and committed itself to a course which is proving disastrous, not only to them politically but also to hundreds of thousands of individual Canadians who face the prospect of losing their jobs, homes and businesses, or simply losing the kind of hope which has been the fuel of growth in this country. If this government had asked those questions first, many of these measures would not have been brought in and we would have avoided some of the bankruptcies, foreclosures and some of the thousands of lay-offs in Canada.

The point is that when Parliament works badly, Canadians get hurt. That is not just a question for Members of Parliament; it touches directly the lives of people who are affected by what Parliament does or, indeed, fails to do.

What has happened with the budget has happened on other questions. For examples, why was Parliament shut out of any consideration of the VIA Rail closings which affected so many communities across this country? How can orders in council be passed giving the government the power to establish internment camps without the House of Commons being consulted? Why should the government have the power to change the express will of Parliament and make the metric system mandatory when the House of Commons said it would be voluntary?

Some hon. Members: Hear, hear!

Mr. Clark: These are not just questions for Parliament; these questions affect the lives of individual Canadians, sometimes profoundly, and yet their Parliament has no role. That is wrong, and if we in this House have any self-respect, if the hon. member heckling opposite has any self-respect, if indeed he has any respect for the people who sent us here, then we will change that system and take advantage of those changes.

[*Translation*]

Mr. Speaker, I mentioned the need for democracy, and that is one of our requirements, but Parliament must also be effective. Our country has changed tremendously since confederation, and its problems are more numerous and often more complex. We cannot solve today's problems with nineteenth century tools. There must be a way to agree on limiting debate. Common sense and mutual respect must prevail if differences are to be resolved. We have proposed a number of ways in which Parliament could be made more effective, and we are willing to give serious consideration to any proposals from the other parties, especially proposals that stress respect for democracy and a desire for effectiveness. We are convinced that agreement is possible if we demonstrate our good faith and if we share the conviction that Parliament has a central role to play in governing Canada.

[*English*]

Sir, I have outlined the specific proposals put forward by my party and by us as a government. I would like, if I might, to speak a little more personally, on the basis of an experience which is not widely shared in this House, as someone who has had the opportunity to serve as a private Member of Parliament, as Prime Minister and head of a government, and as the Leader of the Opposition.

I should say at the outset that there will always be, at the base of discussions about the role Parliament should play, a difference of view as to whether Parliament is here simply as the body to which the government is responsible, or whether parliamentarians themselves should be involved directly in the formulation of public policy. Arguments can be made on either side. As someone who had responsibility for leading the government of this country, my own view, very strongly held, is that Members of Parliament should be here not simply to be reported to, not simply to hold the government accountable, but to participate directly in the formulation of the public policy of this country. In my view, that is our role.

I believe, Sir, that the weakness of Parliament is a major threat to the country, indeed a major danger, because this House is the only national institution to which every corner of the country has a claim, to which every corner of the country sends a representative, and in which every corner of the country has a voice. As a consequence, we are the only national institution which can speak with legitimacy in expressing the will of Canadians and in responding to their needs. That is in the nature of this institution, and it is ours uniquely and ours alone.

We are, for many individual Canadians, the only connection they have with their government. Public servants are not that kind of connection; government advertising programs are no substitute for Members of Parliament. We are the only connection that most people have with their government, the only ones they can call to account for reflecting their needs and aspirations. Therefore, this House has to be at the centre of the people's government or else it is a government which responds to something other than the will of the people.

Some hon. Members: Hear, hear!

Mr. Clark: In my view, the weakness of this House is based on three major developments. One of those has been that, as the business of government has become more complex, instead of turning to the talent, understanding and experience of members of this House, consecutive governments have turned to the public service and ceded more and more of the decisions of responsibility which should rest here to professional and unelected experts.

Second is the proliferation in number and subject matter of federal-provincial conferences and consequently the number of decisions which reflect directly upon the business of this House, yet those decisions are taken elsewhere before they come to this House and agreements are made before they come to this House. There has been a significant and dangerous

movement of the power of decision-making away from the public and their Parliament to the private quarters of federal-provincial conferences.

The third, and perhaps most crucial development, has been the natural tendency of those who hold power to try to keep it, indeed to try to enlarge upon it. The most recent victim of that tendency, I regret to say, has been the freedom of information legislation which, when we were piloting it through the preparation stages of government, encountered time and time again objections from various vested interests in the government who did not want the public to know. My colleague, the hon. member for Nepean-Carleton (Mr. Baker), as government House leader, prevailed to ensure that the balance was struck much closer to the needs of the public, and perhaps exposing and putting at risk some of the preserves of government. That unfortunately has changed, because the private sources of power in Ottawa have again been exercising their influence to ensure that the power of the executive expands and the power of both Parliament and the people of Canada diminishes.

• (1550)

I also regret to say, but it is germane and important to say it now, that that same tendency, that same determination of those who have the power to keep it or to enlarge it, has been at the base of most of the proposals for parliamentary reform which have come from governments. There is a natural preoccupation on the part of governments to enlarge the power of the executive, to focus on the need for efficiency. There is no doubt at all that this institution needs to be much more efficient than it has been. We all agree with that. However, efficiency can be won along with democracy, not in the teeth of democracy.

I want to propose ways, psychologies and attitudes which, in my view, can accomplish that goal. However, those three developments—the determination to hand public servants, not elected members, the power to resolve questions which grow more complex; the growing role of federal-provincial conferences; and the perhaps natural but, nonetheless, resistible temptation of those with power to enlarge power—have fundamentally changed Parliament and raised real weaknesses, real dangers and real menaces for our country. I believe that since those changes have been fundamental, the reform and the renewal of Parliament must be equally fundamental.

Let me now express a view in which my colleagues may not yet want to join me. I do it as a party leader. I do it as a former Prime Minister. It is my view that we can afford to limit radically the mandate and the control that parties exercise over individual hon. members of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Broadbent: You are fired, Joe! Enough of that!

Mr. Clark: You have had enough of that, Ed?

Mr. Broadbent: What heresy! You are out of the club now!

[*Translation*]

Mr. Clark: Someone just suggested that I talk to an independent member. I am in the House to speak to all members, because I feel the problem is one facing all parties and all the members of this House. I feel that it is a very basic problem for the House of Commons, and I hope that the Liberals will show the same determination I have seen here, namely, to put a priority on democracy and the rights of regular members and their constituents.

[*English*]

Let me just pursue that further for a moment, if I may. I think on the question of what constitutes a matter of confidence, I see no reason at all why it should not be possible for us, for a Parliament, for a government, to sit down with its members before a session begins or shortly after the Speech from the Throne has been published or given, and we should be able to say: "Here are the measures which are of fundamental importance to the government. Here are the questions on which we will stand or fall. Here are the questions on which party lines will be enforced and the whips will be imposed." They would be a minority. We should be able to say: "But here are the other questions which will arise in the course of our mandate, questions which have already arisen concerning the public view and on which the party has no strong consensus."

I see no reason why there could not be a division made and stated at the beginning of a session by a government as to which will be the fundamental questions of confidence on which its existence, its lifestyle, will depend or fall, and which will be those questions which can be addressed directly, independently, if you will, by individual members of the House of Commons. As a party leader and former Prime Minister, I have no fear of that. I have no fear of the judgment of my colleagues, whether my colleagues in this party or my colleagues in the whole House. I happen to have faith in the collective judgment of the elected members of the House of Commons, if those members are allowed to express their judgment. That is what I seek to have achieved.

Some hon. Members: Hear, hear!

Mr. Clark: As to those other matters which are not questions of government confidence, let them be considered on their merits. Let them stand if they deserve to stand. Let them be rejected if they deserve to be rejected. What in the world is wrong with that? That is the way most of the people who elect us think this Parliament works. That is what they think Parliament is. They would be shocked if they knew the degree to which party voting is imposed here on all sides of the House. They would be shocked by that, and so should they be, because it is unnecessary and a betrayal of the trust that all of us hold as individual members of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: I seem to have won some support for that view from at least my colleagues and, I gather, from some hon. members of the NDP, including their leader, as well as a couple of hon. members on the Liberal side. I am pleased to

see that happening. I hope there will be more of that and that we can carry on in that spirit in the parliamentary committee.

However, let me suggest that an approach of this kind can lead to at least two results. One would be a more extensive participation by elected Members of Parliament in the formulation of public policy. Personally, I see no reason why we should not prefer the public judgment of elected people to the private judgment of appointed public servants.

Some hon. Members: Hear, hear!

Mr. Clark: I recommend that the government House leader and his colleagues most seriously consider this second point. I believe this would create a much more positive attitude toward the work of governing on the part of hon. members on all sides of this House. I am not speaking here of the role of government. There is no doubt that some of my colleagues, and perhaps I myself, would act most quickly to introduce sunset laws and other pieces of legislation which would reduce the scope of government. I am speaking here of the work of governing. There is no doubt that one consequence of frustration in this House is that many members on all sides feel that they cannot contribute to it so they should stop it. There is no doubt that that is an attitude which has taken root in this House of Commons. There is no doubt that it is wrong and against the generally positive nature of most of the people who are elected here.

I believe that if individual Members of Parliament were given much more opportunity to play a larger role in the formulation of public policy, then the government's problems with respect to getting bills through would diminish. The question of time would not be as contentious as it is now. I believe that if we give Members of Parliament from all parties positive things to do, they will concentrate on doing positive things and will not be interested in finding nits to pick. Instead, they will be concentrating their efforts on ways in which to advance the public interest of the country.

Some hon. Members: Hear, hear!

Mr. Clark: We are not speaking here entirely theoretically. A preceding government to this one, a Liberal government, allowed Members of Parliament to help formulate an immigration bill and, indeed, allowed public hearings across the land. That was a highly complex bill which, if my memory serves me correctly, passed through this House in four days, despite its complexity, because Members of Parliament and the people of Canada had been involved in its formulation. They had a chance to speak on the content of the bill, not simply to say "yea" or "nay" at the end. That is a model for the future, in my view.

Sir, the events of the last few weeks have been unusual only in degree. It was the first time that a government had sought to act on such an omnibus measure. It was the first time an opposition had used the bells that way. However, the issue has been building for a long, long time. Our system has been changing for a long time, gradually giving more power to governments and parties and gradually limiting the rights of Parliament, the rights of private members and of the people we all represent. If that continues we will waste the talent of the hon. members who serve here, lose the trust of the people who sent us here and gradually erode our democracy. We cannot let that happen.

We are here to pass good laws and to prevent bad ones; but we are also here to protect the symbol and the instrument of democracy in a free country. Suddenly, in a way which no one could foresee, large numbers of the Canadian public have become aware that there is something wrong in Parliament. They know that the people with power will not listen and that the people who listen cannot act. They want this institution renewed and they count on us to renew it. I believe that the great majority of hon. members in all parties in the House genuinely want a Parliament which is both democratic and effective. I hope we will seize this opportunity to begin that most basic reform.

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, I feel that the motion presented by the Leader of the Opposition (Mr. Clark) should be seen against the background of the events of the past few days, and I should like to start by congratulating my colleagues on the government side who, during the past two weeks, have made it abundantly clear that they respect Parliament by remaining available throughout this time to enable Parliament to function and to continue to exist, despite the attempt to degrade this institution. They have shown that it is possible to resolve an unprecedented situation through purely parliamentary means, in a truly dignified manner, without giving in to blackmail.

• (1600)

So, first of all, I want to pay tribute to those who, in traditionally Liberal fashion, continued to support the institution of Parliament throughout the unfortunate events that took place during the last two weeks. Mr. Speaker, I feel that since I only have a few minutes to speak to the motion presented by the Leader of the Opposition, it is my duty to clarify once more the circumstances in which the hon. member is proposing parliamentary reform. Subsequently, I shall try to suggest several possibilities for bringing about a number of very desirable changes in our institution. Finally, I shall give other members of the House a chance to cover other aspects of the subject and formulate their own suggestions, because I fully intend to take note of any positive proposals that may be made today in the course of this debate.

Mr. Speaker, during the last two weeks, Parliament was prevented from functioning by abusive means that have never been used before in all of the 115 years that Parliament has existed in Canada. The bells that rang for 16 days have existed for 115 years, and never, not even in recent years under Mr. Stanfield or even under Mr. Diefenbaker, has an opposition

party ever found it necessary to let the bells ring for so long, in fact paralysing the entire parliamentary system, for the purpose of attracting public attention to the political aspects of one of their claims. This is the context in which today, the Leader of the Official Opposition is presenting a motion to change the Standing Orders of this House. It reminds me a little of the man who pushed his mother under water when she was drowning and shouted: "Help, help! I am trying to save my mother!" That is exactly what the Leader of the Opposition is doing now. For more than two weeks he has been sabotaging this institution in an irresponsible, childish and shameful manner, and now he has the audacity to tell us to save Parliament, modernize the institution and change the Standing Orders. Those, Mr. Speaker, are the circumstances in which the Leader of the Opposition has dared to make his proposals before the House. I listened carefully to his speech here in the House and on the television monitors behind the curtains. I looked for any positive proposals for change that would help prevent the abuse of practices that we have witnessed in Parliament during the last 12 months. There was nothing on limiting the ringing of the bells and there was nothing on the use or misuse of points of order or questions of privilege which occurred during the debate on the Constitution, when the Conservatives used another ruse, another childish and irresponsible subterfuge, to paralyse Parliament. So those are the circumstances, and I feel perfectly justified in speaking as I do. I am not a hypocrite and I prefer to speak frankly. When I see the Leader of the Opposition smiling as he is right now, after having sabotaged the Parliament of Canada for 16 days—he is still smiling, he seems to think it is a joke—and, meanwhile, the unemployment rate in this country is high. We want to create jobs. We are trying to remedy a difficult situation, and the hon. member thinks it is all very funny, after preventing Parliament from introducing practical solutions to the present financial situation; I find it very sad. I think his attitude shows disrespect for Parliament and I think these things should be said.

It is because I am honest that I want to tell him frankly what I really think. However, Mr. Speaker, this will not prevent me from being constructive and positive in seeking ways to modernize Parliament and make it more effective, and I can see that the Progressive Conservatives do not seem interested in this type of modernization and efficiency. They object as soon as the government speaks about efficiency, about introducing bills which will help to solve the problems of this country, such as the bill to amend the National Housing Act, which aims at creating 15,000, and perhaps 40,000 housing units as well as 70,000 jobs immediately. Not so long ago, for seven days, they prevented the passage of this bill at its very first stage. They forced the government to limit debate because they wanted to avoid the vote on second reading. We forced them to take a stand and they had to support the bill. This points to a problem which should be corrected as soon as possible. It reflects a truly destructive and obstructionist style of opposition, and I believe that if we are to speak about parliamentary reform so that changes can be made as soon as possible, which will allow this institution to better meet present requirements, the official opposition will have to be much more honest; it will have to act in better faith, and the Leader of the Official Opposition will have to abstain from abusing certain rules or the absence of rules, as he has done in the last eight months, to hog-tie this institution and prevent for all practical purposes the government from passing legislation which could help solve the problems which exist in our society.

Mr. Speaker, the bell rang for 16 days for procedural and political reasons. The procedural reasons are easy to understand. One need not be a genius to realize that the bell could go on ringing indefinitely if the whip of the Progressive Conservative Party kept away from the House. This is elementary, but in 115 years, no one had used such a destructive, negative and obstructionist tactic. As we all know, the Progressive Conservatives moved a motion to adjourn the House because they were not satisfied with a ruling of the Speaker that the energy bill was in order. They caused the bell to ring, and then they hid and refused to come to vote, hog-tying Parliament for all practical purposes for over 15 days. Under our procedure, therefore, we were unable to conduct parliamentary business because the official opposition refused to come to vote, and because of this, Parliament was unable to operate for the last two weeks.

The political reasons underlying this motion of the Progressive Conservative party and this tactic which prevented Parliament from operating seem obvious to me. Earlier, on the motions moved under Standing Order 43, on the first day after the end of this strike by the Progressive Conservatives, the hon. member for Assiniboia (Mr. Gustafson) moved a motion and began his preamble in these terms: In view of the NDP-Liberal coalition in December, 1979, in defeating the then P.C. government. Those were the first words we heard today after 16 days of idleness in Parliament. Anyone who wants to know the true reasons for the ringing of the bells during the last 15 days can find them in the preamble of the hon. member for Assiniboia. The Progressive Conservative Party has never accepted its defeat in the House in December, 1979, and has never been willing to behave as a responsible official opposition since. This is unfortunate because, after trying to behave as a majority government when holding only a minority, this party is trying to use Parliament and to sabotage its work in order to relieve a continuing frustration which is not only eroding the type of official opposition offered in Parliament, but is also literally destroying the Leader of the Official Opposition who now has a price on his head and whom we shall no longer see after January, 1983. Mr. Speaker, it was important that I first put the motion of the Progressive Conservative leader in this context because these are the facts.

Those who refuse to face this fact are either extremely partisan or would rather not know the truth. The arrangement

made to stop the ringing of the bells is very simple. I paid a tribute a while ago to the parliamentary spirit shown by the Liberals during the past two weeks. And the way we succeeded in stopping the bells and solving that problem was strictly consistent with parliamentary rules. We referred to a Standing Order which enables us to set allotted days and this gives us a six-day period to negotiate how we could consider Bill C-94 on energy security. Well, such agreement is quite simple. We have not departed from any parliamentary principle as far as we are concerned, because the negotiations on the energy bill only began after the vote on the Tory motion, when the bells stopped ringing. This was sacred for us. We could not be forced to negotiate on Bill C-94 while the bells were ringing and we were asked to pay a ransom.

• (1610)

The principle was safeguarded, Mr. Speaker, because the negotiations began after the vote on the Tory motion yesterday. The second principle which was safeguarded was the right of the government to set, as you know, the order of business under Standing Order 18(2). If we had agreed to introduce some other government bill instead of the energy bill, then we would have created a dangerous precedent, because each time the opposition would like to alter a bill or would be displeased with the contents of a bill, it would only have to blackmail the government saying: "Change the orders of the day or otherwise we will be filibustering. We will let the bells ring 15 days as we have just done for the energy bill and we will raise ridiculous points of order or questions of privilege, as we have done during the debate on the Constitution to cripple Parliament."

One will readily understand that we could not give in on that point. We did not either. So, finally, a compromise was reached: the government agreed to negotiate the form, the manner in which the energy bill would be debated, but to do so only once the bell had ceased to ring, that is, after the vote on the Conservative motion, once the knife was no longer held to our throats, and to negotiate during a maximum period of almost six days, which could be considered adequate time for the parties to come to an agreement on how to divide the bill, and also negotiate a reasonable calendar for the completion of the study of all parts of the bill as divided.

So, essentially, the compromise is twofold: first, the bill will be divided; that guarantee is on the table, provided, second, there is also on the table the guarantee that a reasonable parliamentary timetable will be respected. That is understood. I feel chances are excellent that an agreement can be reached well before next Monday. Negotiations are now under way and they will continue; but I think it is also very important, in the context of this debate, that I should make clear the nature of the agreement reached yesterday because it is imperative that parliamentary supremacy be safeguarded, that negotiations not be pursued while the government, so to speak, has a knife pointed at its throat, and that the right and obligation for the government to decide what the order of the day will be should be upheld. Those principles were safeguarded. At the same time, the solution is parliamentary because, just as it has always been with parliaments worthy of the name, problems are solved by negotiation. We have about six days to negotiate the form of the debate on the bill which, as you will note, is not a precedent; we are willing to break up the bill provided, of course, a reasonable parliamentary calendar is set to complete the debate on each one of the parts of the bill so divided.

That being said, Mr. Speaker, not only is parliamentary reform a necessity, it is also an urgency.

It is true that as soon as I was appointed President of the Privy Council, I indicated that I was interested in modernizing this institution, in making it more human and efficient. But one must also consider the circumstances that have prevailed in these last two years since my appointment in order to understand where discussions stand in respect of the necessary changes to our rules. In the first place, I should say that when I was appointed when we were elected as a government in 1980, we inherited the aftermath of two elections in less than a year. We had to negotiate and put some sort of order in the business of supply that was in a mess and to which the Standing Orders were no longer applicable, due to the fact that the main estimates could not have been tabled in time because of the election date. All this is very technical, but the consequences were tremendous. An agreement was needed to revive rules that included time limitations. Negotiations were required, an agreement had to be concluded, some sort of order had to be put in the whole area of supply proceedings that are the *raison d'être* of this Parliament, the very foundation of the House of Commons and the Senate.

Such an agreement was reached after negotiations. We also inherited a tremendous accumulation of legislative measures that were on the Order Paper, again because of two elections in less than a year, and we managed during the first months prior to the summer of 1980, from April to the end of June or early July, to dispose of a backlog of legislative measures with the passing of some 25 to 30 bills. Then summer came. We had our summer recess and hon. members had other duties to perform in their constituencies, meeting with their constituents. With the fall of 1980 we had the constitutional debate. Everyone remembers the atmosphere that prevailed in this House during the constitutional debate. Everyone remembers the bitterness that was rampant here. It was far from being conducive to the consensus needed to change the rules and proceed to parliamentary reform. So it was that through those months from the fall of 1980 to the spring of 1981, we had that hijacking of Parliament I referred to earlier. The atmosphere was assuredly not favourable to attempts at negotiating procedural changes. After the constitutional debate, the need arose last fall for a second budget to address the economic situation.

As soon as the estimates were passed after the Christmas recess, I proposed to the House leaders a procedure for dealing with the matter of reform, and then there were discussions. I suggested a specific formula to deal with the issue, since the matter of supply had by then been settled, the legislation backlog resulting from holding two elections in less than a year had for the most part been dealt with and we had tabled our budget, the dust had settled and the atmosphere was more favourable to the consensus needed for procedural changes. So, as soon as we came back from the Christmas recess I proposed to the House leaders a way of dealing with the matter of reform, but our discussions were interrupted by the bells.

This is where matters stand. What I would like to explore today, as a possible avenue to practical, positive changes within the best possible time frame, is this: the Leader of the Opposition is asking us to send a general reference to the committee, and I will consider this.

• (1620)

Keeping in mind the circumstances I have related, the urgency of making changes and the fact that some changes have already been closely scrutinized and recommended to the House and could be implemented without reference to a committee, I would be more inclined to test the good faith of the opposition and consider the advisability of going ahead with some of those changes at the earliest opportunity. That could be done without any reference to the Standing Committee on Procedure and Organization and without at the same time asking the committee, which is the appropriate forum to study changes and the whole question of parliamentary reform, to consider the document tabled by the Progressive Conservative Party when they were in office, a document which contains a few useful suggestions but which is not exhaustive by any means, namely the Lambert report, the Economic Council of Canada studies and the Peterson report on regulations. All those documents ought to be carefully reviewed and a detailed report by the Standing Committee on Procedure and Organization should come out in due time. What I am saying, however, is that the way to go about it would be to find out whether the Leader of the Opposition is truly sincere and whether the members of the Progressive Conservative Party want reform and changes.

As you know, Mr. Speaker, the tradition-based parliamentary procedure to make changes in the House is to have the changes examined by the House committee which deals with such matters, the Standing Committee on Procedure and Organization. In 1976—and that had begun in 1975 if I am not mistaken—that committee sat and travelled during several months and it went to London. It was chaired by the then government House leader, the Hon. Mitchell Sharp, and included the hon. member for Nepean-Carleton (Mr. Baker)—it was Grenville-Carleton then—the hon. member for Winnipeg North Centre (Mr. Knowles) and the Secretary of State for External Affairs (Mr. MacGuigan) to name a few, and I was also on that committee along with a number of other members who are here in the House, including the hon. member for Rosemont (Mr. Lachance) who will have an opportunity to give us his views later on today. That committee spent several months considering the general concept of parliamentary reform and was indeed able to produce quite an exhaustive report.

I am ready to test the good faith of the opposition by making the following suggestion. Let us continue the House leaders negotiations on the subject, let us select those changes in the report of the Standing Committee on Procedure and Organization which have undergone the parliamentary test of analysis by the committee members and let us implement them practically overnight and refer the rest to the committee. The changes which might thus be considered in the negotiations I will be having with the other parliamentary House leaders in the immediate future in the hope of reaching agreement very quickly could include 20-minute speeches. That was one of the recommendations of the Standing Committee on Procedure and Organization, and I refer to page 20:55 of that report. Twenty-minute speeches have been advocated since 1976. It is the subject of proposal No. 41 of the Progressive Conservative document and there is absolutely no reason why we could not immediately set a time limit on speeches.

I recall quite vividly that last year during a debate on parliamentary procedure I challenged the Leader of the Official Opposition to implement forthwith the 20-minute limit on speeches, but at the time he did not have the courage to take up the challenge. Today I am making the same suggestion to him and if he wants 20-minute speeches we are quite prepared to go ahead with that suggestion right now. However, I am convinced that they are not prepared to agree to anything today, but still I want to continue my efforts to seek the required consensus at least to make those changes which are of a non-controversial nature.

Another non-controversial change which does not settle the whole question of parliamentary reform but would be a token of good faith would be to proceed with all the votes at a given time. Mr. Speaker, Parliament has 282 members and a $75 billion annual budget to manage, and here we are running along corridors like school children called by bells which more often than not ring too long. It seems to me it would be normal. In much smaller companies where decisions are made about much smaller amounts of money and where those decisions have far less impact, the directors are tactfully advised in advance of upcoming voting meetings so as to be able to arrange their schedule and plan for those decision-making meetings.

Consequently, if the opposition is sincere, it should have no objection to defer all the votes to a given time. This way, the members would know in advance when a vote would take place. There will be no more hide-and-seek games to try to catch somebody off guard, no need to call back members away on official trips, no attempt to break the traditional parliamentary rule of pairing or to take the government by surprise. These are childish games, and I think they explain, among other reasons, why the people are cynical toward us. In my opinion, it would be normal for us to determine the time of the votes. It would prevent a recurrence of the shameful incident which occurred lately. On page 2067 of the committee report I

mentioned a moment ago, smaller committees made up of 15 to 16 members are recommended. In its recommendation No. 22, the Progressive Conservative Party advocates eleven-member committees. We are prepared to consider the immediate implementation of this proposal. All we need to implement it without referring it again to committee is a little show of good will on the part of parliamentary leaders and all members.

Concerning the quorum, even the Progressive Conservative Party, along with the committee report, recommends that there should be no fooling around in the House, that the House should not be prevented from going about its business because some members have to answer phone calls or attend committee meetings. I think the bells should be allowed to ring for several minutes, maybe ten, before the Speaker can adjourn the House because of a temporary lack of a quorum. Another change that might be considered, if there is a consensus before the matter is again referred to committee, is to go to a four-day week, while keeping the same number of hours. At the present time, the House sits for twenty-seven hours a week. We could easily sit longer, for twenty-eight hours if necessary, which is just one hour more. I have a detailed breakdown of these hours spread over four days, which means that members could visit their ridings more often without exhausting themselves in the process and without risking their lives as has often happened to a number of members, and while being able to discharge their twofold responsibilities, that is, to represent and meet with their constituents and to come to the House and perform their legislative duties.

I have just mentioned four or five changes that have already been considered by the Standing Committee on Procedure and Organization. Recommendations have been made and I feel it would be utterly ridiculous to refer them again for consideration. It seems to me that if the opposition is sincere, these changes could become effective before the summer recess. At the same time, we could consider asking the appropriate committee to prepare a more in-depth analysis of parliamentary reform in general, taking into account the studies I mentioned earlier.

Another possibility, considering the present situation, the attitudes we have seen during the past year and the opposition's destructive approach in the House, would be to create an independent committee made up of former Members of Parliament, who would examine the subject of parliamentary reform, unfettered by excessive partisanship, and would report within a specified period, probably before next fall, and refer the report to the Standing Committee on Procedure and Organization for—

• (1630)

Mr. Deputy Speaker: Order please! I am sorry to interrupt the minister, but his time is up. He may continue with the unanimous consent of the House.

Some hon. Members: Agreed.

[*English*]

Mr. Deputy Speaker: There appears to be agreement for the hon. member to continue.

[*Translation*]

Mr. Pinard: Not to abuse the time of the House, I will conclude my remarks in less than three minutes.

Mr. Speaker, the avenues which I have just mentioned are available. If there is good faith on the side of the official opposition, some changes which have been scrutinized and analysed in depth already by a parliamentary committee could be implemented very quickly, or an independent committee could be asked to submit a report to the government, a report which would be referred to the Standing Committee on Procedure and Organization, which in turn could report to the House, and we could come to a decision on this here. That is another avenue I am willing to look into very seriously within the next few days. Nevertheless, except for these avenues which are available to us to streamline this institution, to render it more modern and efficient, to reshape it so that it could respond more readily to reality, there is something that matters more than a simple change of mechanism, Mr. Speaker, and it is a change in attitudes. Even if this institution was provided with the best Standing Orders in the world, even if we tried to correct all flaws so that Parliament could function better, even if we had a Standing Order book a mile thick and covering all imaginable angles, these changes would be to no avail if hon. members, especially those of the official opposition, did not change their approach from a to z. It will always be possible for a madman to throw a monkey wrench into the works or for a negative opposition to disrupt the orderly functioning of the system, whatever regulations we may adopt. What I am seeking, therefore, from hon. members from both sides of the House is not only a will to come to a consensus to bring about changes as soon as possible, but also an effort to change attitudes, so that the Canadian people may look up to this institution. Unfortunately, experiences such as those we have just lived through have a very negative impact not only on the Leader of the Opposition, but also on hon. members generally; and in the light of that unfortunate experience, I hope that in the foreseeable future and in keeping with the suggestions I have just made, we will be able not only to improve our Standing Orders, but to change some attitudes, so that Parliament may be respected, function and operate effectively, and that as servants of our people, we may be proud to serve the Canadian Parliament.

[*English*]

Mr. Edward Broadbent (Oshawa): Mr. Speaker, in speaking to this important motion—important in the context of what we have gone through for the past couple of weeks in the House of Commons and, beyond that, important to the future of parliamentary democracy in Canada—I want to address my comments to two concerns in the democratic system.

One is to have the opportunity of dealing effectively and promptly with the problems the nation faces; that is to say the right of a government to govern and to do so expeditiously. The other is to have the opportunity to make suggestions about

what could be done to improve the effective participation of Members of Parliament as Members of Parliament.

I think it is quite possible, indeed I would say in the context not merely of recent events but of the performance of Parliament in recent years it is more than possible, it is desirable, if we are to restore effective respect across the country for Parliament itself, that we act now.

Some hon. Members: Hear, hear!

Mr. Broadbent: I listened with interest to what the Leader of the Opposition (Mr. Clark) had to say and, of course, I have read the report tabled by the then leader of the Conservative government in the House. I want to say on behalf of my colleagues that we find many of the ideas, probably the majority, quite acceptable and desirable and would like to see them implemented soon.

I want to make some specific suggestions about what we think would be desirable and would make this place more effective in dealing with legislation and more just in terms of giving rights to members.

Whatever changes we make in the rules and practices of the House, in my view there is a very important matter that goes well beyond the rules. It is essential to the working of any democratic institution, any democratic government, whether in continental Europe, the United States or here. That is the question of trust, Mr. Speaker. I will put it bluntly. In my view, no changes that we make, indeed no changes that will be accepted by all of us in the future in regard to the procedures, rules and practices of this House, would have avoided, in my judgment, had they already been in effect, the recent two-week impasse in Parliament. I will come back to that point in a few minutes.

Important as practices and rule changes are, in a democracy, both outside this institution in society as a whole and in this institution, attitudinal questions are of fundamental importance to the functioning of our system. I want to put forward a few things that we think are desirable that were set out in the white paper put forward by the former Conservative government and which we think should be acted upon reasonably soon.

The suggestion that speeches be reduced from 40 minutes to 20 minutes duration makes very good sense.

As for idea of having fixed adjournment dates so that not only Members of Parliament and their families know when we recess for Christmas, summer or Easter, but constituents know on a regular basis when they may expect their Member of Parliament to return to the constituency, it is time we got better organization into our lives in Parliament. This would have a net benefit beyond our immediate circumstances. This is about the only legislative body in the world that does not have fixed adjournment dates and this change is long overdue.

On behalf of my colleagues I want to say very seriously that we believe committees need to be strengthened. That could be an important step not only for the feeling of more effective participation by regular Members of Parliament but the reality of their participation, if it were done in a serious way, would not put into jeopardy the fundamental principle of parliamentary or cabinet government, namely, the government's responsibility to govern and the opposition's responsibility to be effective critics on behalf of the people of Canada.

We think the committees would be strengthened immeasurably by providing them with their own independent staff. These staffs would be there on a permanent basis. Hopefully some of them would acquire seniority and expertise over the years so that when Parliaments change, committees and regular backbenchers would have competent, professionally trained committee staffs to advise on technical matters of which they must be aware. This would improve the performance of all Members of Parliament, but particularly I think it is important for regular members who are not in cabinet or in leading positions of opposition parties.

• (1640)

The committees ought to be able, on their own initiative, to decide to study certain subject matters. They should not be dependent upon a reference from cabinet or from government to initiate work in a certain direction.

Some hon. Members: Hear, hear!

Mr. Broadbent: I should like to deal with another item which goes more directly to the other side of the House than to this side. Hon. members on both sides must come to grips with the reality that it now takes almost twice as long to produce legislation in the House of Commons than it did ten years ago. As members of Parliament, we must all be concerned about this fact. We must improve the efficiency with which we deal with legislation, because housing and unemployment problems are real and energy bills must be dealt with.

Speaking as the leader of an opposition party and on behalf of my colleagues, I say that we must come to grips with the issue of timetabling to meet the legitimate need of government to govern. Also we should provide ample opportunity for opposition parties to make their points in debate when they disagree with the government. I happen to think it can be done. Most legislative systems in the world accomplished it a long time ago. We should look at the timetabling principle in a serious way. We should accept the notion, but then say that for each opposition party in each session there could perhaps be two or three bills to which the normal timetabling for the scheduling of bills would not apply, and that there would be no fixed limits in the debate on the two or three bills selected in each session by opposition parties. I simply put that forward as one suggestion among a number of means one might select to implement the idea.

In supporting the reference to committee before the House, we should have a very hard look at the West German experience in terms of the allocation of time of Members of Parliament. At present Members of Parliament know very well that we have obligations to legislate and to debate important matters of substance before the House, to present legislation on the government side, to criticize it on the opposition side,

and to pose questions during question period—but not obtain answers. These are important duties but we also have duties to our constituents, and increasingly so. The past experience of my predecessors in the House of Commons indicates the workload from a constituency point of view has certainly increased immeasurably. Therefore, my suggestion is that we should have a very serious look at our responsibilities in Ottawa and in our constituencies in light of the West German experience.

West Germany is a federal state as well. As many hon. members know, its parliament sits for three weeks in each month—and members spend the fourth week in their constituencies. This is an established, fixed practice. It is something at which we should look with a great deal of care. In a country as diverse as ours, hon. members have an obligation to return to their constituencies in order to meet with farm groups, small businessmen, trade unionists and other constituents. We should look at this idea with a great deal of seriousness. If we can tighten up our rules and practices to enable us from a legislative point of view to accomplish in three weeks what would normally take four, there is no reason we should not be able to allocate the fourth week for hon. members to do effective work in their constituency offices. We should look with care once in a while at new ideas that have been implemented somewhere else.

I have put forward a number of suggestions which, along with those proposed by the Right Hon. Leader of the Opposition and by the government House leader, would help make government, the House of Commons and individual Members of Parliament more relevant in their different obligations in the House of Commons. However, in putting these suggestions forward I emphasize that we cannot delay any longer. There should be a reference of the position paper mentioned in the motion to committee, along with the ideas I have suggested and other documentation proposed by the government House leader, and I think that reference should be made soon. Also I think it would be very advantageous if the committee submitted a report not later than June 30, 1982, or before the summer recess, with very specific recommendations.

Further, I take for granted that these suggestions would come on the basis of an all-party consensus, and that all parties would work seriously to achieve this goal. We would have the report before the recess, and I suggest that we could try the new proposals when we return in September or whenever until December. We could have a House order to that effect and we could try them for that three-month period. If we found that they were effective improvements with which we as Members of Parliament could live, they could become part of our permanent practices. If, after the experience of the fall, they were found to be defective, we could revert to the present system and hopefully continue to look for improvements. I am sure the Leader of the Opposition, and I hope the government, agree that we cannot wait any longer for reform. Let us move and move now.

I should like to make a few comments regarding the question of trust and its profound relevance to parliamentary democracy. As I said earlier, and I repeat and emphasize now, none of the proposals made today by the government House leader or the Leader of the Opposition, if they or the best possible set of rules imaginable had been in operation, would have avoided, in my judgment, the parliamentary impasse we experienced during the past 16 days. No matter what set of rules or practices are in existence, if a political party represented in the House of Commons wants to grind Parliament to a halt, it can do so. Parliamentary democracies operate on the fundamentally important principle of trust at two levels. First, there is the trust which ordinary people—truck drivers, bank clerks, farmers, small businessmen and all Canadians—have in their elected representatives. It is very important to maintain that trust. The second trust is one which is essential if we are to function as a legislative body. It is essential for the parties in the House to have trust for one another.

If there is to be the first trust to which I referred, that is the trust of Canadians in their Members of Parliament, then all politicians must be seen to be doing what they promised. In that context, politicians must be seen also to be relevant to the everyday concerns of the ordinary people of this country. Without that kind of relevance and integrity, cynicism becomes rife in a democracy, whether in Canada or in any other democratic country. My own sense of the reality of Canada right now is that cynicism about politicians and about political institutions is growing. It is something other than high school level speculation. Perhaps that is easy to say, but it is so easily dismissed as being a cliche or a trite observation.

• (1650)

Those who have studied European democracies between the wars know very well that attitudes formed by the public toward political institutions have great significance in terms of the survival of those institutions. We in the House of Commons have to be concerned about the growing state of cynicism in the country about politicians and about the House of Commons.

Trust is important. The trust Canadians have in Parliament is also related to the way we as politicians—and to put it in more relevant terms, we as parties—perform here in this House and how we relate to each other day in and day out, whether in practices or procedures. In this television age this becomes more and more important because increasing numbers of Canadians quite literally see us here responding to each other. In my view, when they see Liberal Party members, Conservative Party members or New Democratic Party members, they see parties who differ profoundly on important questions facing the nation.

There are now and always will be seriously different approaches to what is the desirable goal for Canadian society. There is now, and I hope always will be, very tough-minded debates in the House, and a no-pulling-of-punches attitude when we deal with matters of substance that we think and feel deeply concern the future of this nation. However, this does not mean that for parliamentary democracy to function, the

toughness in debate, the firmness and logic, the depth of understanding and the difference of the parties in this respect should carry over into a lack of respect about the other party. I take that to be a matter of great significance for a democracy. There must be a will in the parties to accept the difference of view that is on the other side of the House or between the two parties on this side of the House, a will that says that whatever our differences are we can agree on procedures to resolve those differences, and that however we may differ in philosophy and program, we can agree on the methods of coming to decisions.

But this requires an attitude of trust between the parties. It is my judgment, rightly or wrongly, that we would not have undergone what we did in the past two weeks if there had not been a breakdown of trust. I say that in terms of the other two larger parties in this House. For whatever reason, and I will not speculate on the causes, there was no trust or respect between them in terms of procedure about the importance of parliamentary democracy. For whatever reason, bad feeling that got beyond differences in policy and bad feeling that got beyond differences in philosophy interfered with the effective working of Parliament.

When we look back at the past 16 days, it will be realized that Canadians witnessed an unfortunate spectacle. Canadians saw that the men and women elected to do a job were not there to do it. In my view, these men and women did not do their job because of a lack of fundamental respect for each other, a respect that is so essential for the functioning of our democratic system. As a result of that, who suffered? While we were not sitting, public business certainly suffered. We did not deal with legislation that ought to have been dealt with. Housing problems were not met. Programs were not initiated to deal with unemployment. As a result, the public suffered. Politicians also suffered because the level of respect felt across the country for this institution and its members in my view diminished. But more important, because we are a democratic country, our society somehow suffered in a broader sense than that conveyed in the economic issues to which I have just referred.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for York North (Mr. Gamble)—Finance—(a) Change in application of sales tax—possible remissions of excess tax, (b) Inquiry respecting government's intention; the hon. member for Vaudreuil (Mr. Herbert)—Public Service—Implementation of special committee recommendations on employer-employee relations; the hon. member for Hamilton West (Mr. Hudecki)—Justice and Legal Affairs—National mobility of lawyers.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—PARLIAMENTARY REFORM

The House resumed consideration of the motion of the Leader of the Opposition (Mr. Clark):

That in the view of this House the future effectiveness of Parliament as a democratic assembly, representing the needs, beliefs and aspirations of the people of Canada, requires that an immediate review of all its rules and practices proceed without further delay, and this House therefore urges the government to refer the document "Position Paper: The Reform of Parliament", tabled on November 23, 1979, to the Standing Standing Committee on Procedure and Organization as a basis for commencing discussion, along with proposals for reforming the budgetary process.

The Acting Speaker (Mr. Ethier): The allotted time for the hon. member for Oshawa (Mr. Broadbent) has expired. He may, however, continue with the unanimous consent of the House.

Mr. Benjamin: That is another rule change that we need.

The Acting Speaker (Mr. Ethier): Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Broadbent: Mr. Speaker, I will not abuse the consideration of the House in allowing me to continue. I want to conclude by saying that a number of good suggestions have been made by all parties in this debate. I think the committee should get on with its work and that we should modernize our rules and procedures to improve the efficiency of government and the effective participation of Members of Parliament.

I want to emphasize also that we should not be deluded when we make these changes, as I hope we will, into believing that once they are there everything will function well. What has to be done and done now for this Parliament to perform effectively for the rest of its term is to restore a sense of trust between the parties so that we can work within that framework to debate the serious differences in policy that we have.

[*Translation*]

Mr. Claude-André Lachance (Rosemont): Mr. Speaker, I agree with those members who, in referring to the parliamentary deadlock we have experienced during the past two weeks, concluded that some good might come out of all this and that perhaps the experience would strengthen the resolve of all the members of this House to address the problems of parliamentary reform in a concrete manner and without further delay. It is a truism to say that we all have our views on the subject. We

all want Parliament to be more effective. However, there is a danger that we get so tied up in details that we lose sight of the fundamentals. That is why I should like to take a few minutes to consider the real problem of parliamentary reform. Obviously, parliamentary reform involves Parliament. And we often tend to forget what Parliament actually is, when we stress any of Parliament's specific roles or functions, give our own perspective, and support a measure beause it reflects a specific concept or definition of the parliamentary system.

What are Parliament's roles? It is perhaps useful to recall them at this point. There is a legislative role, of course, and a budgetary role, because Parliament must approve the estimates tabled by the government, enabling government to administer programs implementing the legislation approved by Parliament itself. In addition to these two roles, Parliament has a normative function which I do not think is being questioned here. Every day the House sits, members have an opportunity to hold the minister accountable for his actions and thus provide the assurance to the public that the country is being governed according to acceptable standards.

• (1700)

We must not forget, however, that in addition to these two roles and this function, there is also the basic premise underlying the functions of Parliament, and that is the principle of responsible government. We could have endless and probably futile discussions on the merits of stricter separation between the executive and the legislative function than what we have in our own system. In any case, our system is patterned on the British parliamentary system which combines the legislative and the executive functions within the same institution. It is not necessarily a bad thing, since as a result, we have a healthy give-and-take which is usually creative and in the final instance makes it possible for the two orders to live together and act as a mutual stimulus. But it is a very real constraint.

We must not forget that when we discuss parliamentary reform, we cannot make a mental reservation and ignore the fact that in our system we have the principle of responsible government. I shall come back later to the proposal made by the Leader of the Opposition (Mr. Clark) which I took upon myself to applaud and which referred, in the context of party politics, to giving greater freedom to parliamentarians when they have to approve legislation introduced by the government. On the basis of this constraint, which is absolute, we have imposed upon ourselves a number of relative constraints which have developed throughout the years because of tradition, as a result of rulings made by successive speakers during the 700 years of existence of Westminster and since the beginnings of confederation in Canada, and of our Standing Orders, which is the final analysis are a consolidation of these rules that we have ourselves established and which help us fulfil our duty as parliamentarians in view of a certain balance between the opposing forces. When I speak of opposing forces, I do not mean simply bilateral, but also multilateral forces because we have on one hand government forces and opposition forces, and on the other hand the forces of members of Parliament in their legislative capacity and the forces of the executive and its overriding importance confirmed by tradition and regulations. In other words, this creates a certain balance of power which has brought us to this point and which the crisis of the last two weeks forces us to review, because balance implies self-discipline and implies most of all, since we live in a democracy, that everyone involved must accept the rules of the game and that the balance of power must be reviewed when they are no longer accepted.

Yet, I am afraid that for certain people, parliamentary reform means simply functional arrangements within this traditional balance of power without involving any review of the balance of power itself. This brings about a contradiction, a paradox which, in my opinion, will be difficult to correct and which may have prevented any real parliamentary reform until now. Several attempts have been made since I came to this House in 1974. I sat on the Standing Committee on Procedure and Organization with the hon. member for Nepean-Carleton (Mr. Baker) and other members, including the hon. member for Gloucester (Mr. Breau). This committee examined three very specific and well-defined issues which were of concern to parliamentarians at the time, namely, the role of Members of Parliament in introducing legislation itself, in other words, what are erroneously called private bills and are finally public bills introduced by private members, time allocation and committee work.

Therefore, I fear that if we look simply for new arrangements, we shall be faced with an impossible paradox, on one hand a government which quite legitimately wishes to introduce legislation and deal with government business with as few obstacles as possible, which is quite normal, and on the other hand, and completely opposed to this legitimate desire of the government to play its role, the also quite legitimate desire of parliamentarians to play a concrete, positive and constructive role in the affairs of the country in this House, which means discussing bills and estimates submitted by the government. How can this paradox be resolved? The one who can resolve it should perhaps be beatified or decorated with the Order of Canada or something else, but by resolving this paradox, we would finally be giving a true meaning to this institution. Without necessarily solving it once and for all, and it should perhaps remain unsolved, because there would no longer be this creative tension between the two orders of government and we would no longer have, at least as we know them now, the British parliamentary system and responsible government, which are the foundations of our government, we should perhaps, just the same, seek a new balance.

As I said, we could all make suggestions based on our own experience. It is true that we are probably all rather frustrated by the inconsistencies of this institution, its really antiquated aspect, its obsolete mechanisms that require us to go through

some foolish exercises such as the ringing of the bells, prompted the NDP leader to say that some Canadians were cynical. Unfortunately, it is true and that cynicism goes beyond the parties and is directed at the institution itself. However, apart from our own experience and the suggestions which could be made to improve the operation of Parliament, the fact remains that we all want the members to play the role that the Canadian people think they ought to play.

I have taken it upon myself, Mr. Speaker, and I assure you that I do not claim to have the monopoly on truth, of putting on the Order Paper on February 23 last a motion which seeks to conciliate in the abstract or at least which attempts to launch a debate on a well-defined aspect of our parliamentary activities, the committee system. I must regretfully admit that in the past few years I have lost faith in the House to a certain extent. When I refer to the House, I mean the House gathered here with all its members present and I am rather inclined to work in committees. Why? Perhaps because the groups are smaller, the issues more specific, there are fewer representatives from the media as well as less partisanship, but it is still possible sometimes for a parliamentarian to make a useful contribution.

I have, therefore, centred my attention on the committee system which, I am sorry to say, Mr. Speaker, does not operate very well, to try to strike a new balance between the opposing forces which might promote the creativity of an hon. member while safeguarding the legitimate aspirations of the government, because, as the system and the people so require, the government must govern. I will not explain my motion in detail, Mr. Speaker, for it would serve no useful purpose at this time, but, I want to say that as we are dealing with parliamentary reform, if we really want to promote this creativity which we should show at all times instead of only once in a while, we will have to strike a new balance between the opposing forces.

Let me give you an idea of what Parliament could be. The Leader of the Opposition mentioned the Standing Committee on Labour, Manpower and Immigration, a committee on which I had the honour to sit, which has done in fact a tremendous job and whose efforts have resulted in a bill that had gone through the various legislative stages fairly quickly.

• (1710)

I also had the privilege to be a member of one of the task forces set up by this government and approved by the House at the beginning of this session. I must say that it is probably the most fascinating and certainly the most positive experience I have had here, and it is undoubtedly the most constructive and dynamic development to take place in the House in quite a while and which some members who have been in the House longer than I can probably remember. Why? Because a number of small groups with well-defined terms of reference and fairly large working resources, and especially terms of reference entirely devoid of partisanship, I mean, these groups of seven parliamentarians finally managed to rid themselves of the old reflexes and the absolutely intolerable weight of partisanship and petty politics to carry out constructive work. And you can see the results, these substantial reports which both the Canadian Parliament and the general public have received with relief.

My time is almost up, Mr. Speaker, so I will simply conclude by commenting on the issue raised earlier by the Leader of the Official Opposition about giving members more freedom when divisions are taken, in other words to free members on both sides of the House of any party commitment on certain bills. Ideally, of course I fully agree, Mr. Speaker, and I repeat that I applauded the Leader of the Official Opposition when he made that suggestion. But would not that be putting the cart before the horse, for if we are to relinquish the party guidelines which have set our course for so long, that means we would have to acquire self-discipline, Mr. Speaker, and that is something we cannot draw out of a magician's hat. We will have to learn to discipline ourselves as parliamentarians. We have been in shackles for so long that we will have to learn to act responsibly as individuals. The Leader of the Official Opposition did seem to suggest that hon. members be allowed to drop those shackles, and I agree with him, but at the same time we would have to set up new mechanisms to enable members to learn to work individually and constructively without those party guidelines so that we will at last be able to come to grips with that basic proposal since the very essence of the British parliamentary system is at stake, namely, responsible government. And once we have reached that stage it will mean that the House has fully grown up and that it operates in the eighties rather than in the past when things were probably simpler.

Mr. Speaker, I am gratified that we are discussing parliamentary reform. I hope the Standing Committee on Procedure and Organization will soon, in fact very soon, have an opportunity to consider this matter. All I can say is that I hope the show of good will sparked by the events of the last two weeks will not subside in a matter of days. We must not fall back into our routine of saying: Well, parliamentary reform can be discussed later when we have a better consensus or when there is a better show of confidence by the House. We must understand that confidence is what we are going to get as a result of parliamentary reform and not the other way around. All members of this House must get involved in this discussion as soon as possible, and tangible proposals must be made without delay so that, as was said earlier by the Leader of the New Democratic Party (Mr. Broadbent), they can at least be tested, if we want to become better Members of Parliament and play a useful role in this House.

[*English*]

Mr. Friesen: I think the hon. member has a minute or two left in which to speak. Would he entertain a question?

The Acting Speaker (Mr. Ethier): Agreed.

Mr. Friesen: First of all, I want to applaud the hon. member's speech. I thought the tone was excellent. I thought he was creative in the suggestions he made and I am particularly interested in his supportive concept of doing away with block voting. I am very much in support of that.

I wonder what we could do in order to do away with the label of having either bolted the party or been disloyal to the party. How can we destroy the old image of breaking cohesion if we do not continue block voting? I think the hon. member understands the dilemma. I would like to see us take up the cause of following his suggestion. I would like to see whether he has an immediate suggestion as to what we can do to break that kind of pattern in this House.

Mr. Lachance: If I were to be presumptuous I would say that if one approves my motion and puts it into application, it will lead to that. However, I will not be presumptuous. I will only say that that is the objective, but I do not think we can achieve that objective right away because the old reflexes are there. It will take a bit of time before we start to act responsibly, both as individuals and collectively.

However, what will be discussed in the committee will be a way, maybe as an experiment, in which we can give meaning to the so-called confidence motions. I do not know whether hon. members have ever asked why there are non-confidence motions if all the bills are non-confidence. Therefore, is it relevant to have a non-confidence motion if everything is confidence? Therefore, if one starts defining confidence and deciding when confidence will apply in true terms, one will get slowly to the point, of course, where one will be responsible. We will reach the point where we could get away from this very heavy burden that we all have to carry. However, that is somewhere down the road, and we will not get there like that, with a snap of the fingers.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, may I begin my speech by sharing the sentiments expressed by my colleague, the hon. member for Surrey-White Rock-North Delta (Mr. Friesen) with respect to the very constructive attitude taken by the hon. member for Rosemont (Mr. Lachance). May I also say that I believe that speech of my hon. friend from Rosemont has set the tone which is very much needed in this House of Commons. It has been set also by certain other members. It is very much needed in this House as we consider this very important question of change.

• (1720)

I would also say something about the member for Surrey-White Rock-North Delta. The paper which is referred to, which was tabled in my name when I had the honour of serving a government in the House of Commons, was inspired to a great degree by the work which was done by the member for Surrey-White Rock-North Delta in the period of time preceding the opening of the Thirty-first Parliament. The work of that caucus committee within our party, which he chaired, which was shared by many people within that party, led to a paper being submitted to the government which formed a large part of the proposals which seemed to have found some favour with the member for Rosemont and the leader of the New Democratic Party (Mr. Broadbent). I want—because it is now possible for me to do this—to pay tribute and express my grateful thanks, personally and on behalf of the House, to the member for Surrey-White Rock-North Delta whose work has led to this.

Mr. Speaker, there was something said by Madam Speaker today that I think all of us ought not to forget. There may be questions about what she said, but there is a phrase which I copied down and which I think none of us ought to forget. She said "We must review our parliamentary procedures" She was right: we must do that.

We have gone through an unprecedented period in the last little while. Those of us who in this House speak about a change of attitudes are right. It is because of the requirement that we be cognizant of our attitudes that I am not going to comment today on what was the most extraordinary speech, in the circumstances, by the President of the Privy Council (Mr. Pinard). It was a most extraordinary speech in the face of the motion which has been placed here, but I am not going to comment on that. I have been a government House leader, and the problem of being a government House leader from time to time is that all of us have to bear crosses, and we bear them all the time. So I can have some sympathy, in a way, with the burden that is put on his shoulders, because I carried some burdens as well. What we are trying to do here, I hope, by this motion is to change somehow the attitude in the House of Commons.

I want to suggest to my hon. friend that if there had been some follow-through by the government on the promise that it made in the Speech from the Throne two years ago almost—and now we are in one of the longest sessions in history—that we would implement changes in the procedures of the House of Commons, I dare say the atmosphere, the attitudes, and indeed this House itself, could have been profoundly moved in a different direction—had that promise been kept. I say as a parliamentarian that I regret—the strongest word I am going to use today—that the government has not seen fit to follow through with that proposal, which was welcomed by every member of the House of Commons.

Mr. Speaker, all of us here talk about short speeches or shortened speeches and it is probably a good thing that that should happen. But we have to make some changes in this House which are much more fundamental than that. And they are not just changes for the opposition. They are changes for Parliament. What has happened to this Parliament? Well, because of the onrush of business, because of the intervention more and more by government into the daily lives of Canadians, because of a whole host of things that we could number, each of us, on our fingers, government has come to assume and require a greater part of the parliamentary day in this House.

It follows from that that there has been a diminished role for the private member. The private member is sent here to represent his voters, whether they voted for him or not, for the time that he is here. This Parliament is more than just a rubber stamp, certainly, but it ought to be much more than

what it is today. It is more than a place which by rote or by parade automatically supports every government measure on one side of the House and the other side of the House is opposed to every government measure.

The paper that I had the privilege to table in 1979 had as a fundamental principle that it was in keeping with the basic principles of parliamentary government to see in the House of Commons a more aggressive representation of the voters. That was the purpose of it. But while this process was going on over the years—and it was allowed to happen, and it was forced to happen in 1969 by the use of closure—governments occupied more and more of the time, and Parliament therefore came under the thumb of government to a greater and greater degree.

What these reforms are designed to do, and what is needed in this Parliament, is not to denude government of its power, enormous as it is, but to leaven that bread of power with the ability in this Parliament to hold government accountable, to provide the tools to Parliament, not just to the opposition, Mr. Speaker, but to Parliament, to hold the government accountable.

The government House leader said he would be prepared to throw a challenge out, to agree to 20-minute speeches. This is just not a House leaders' matter, but I imagine there would be general agreement in the House of Commons. I believe there would also be agreement in the House of Commons to a counter-challenge that I might throw to him: as an experiment, try the idea of independent references for committees that are set forth in this paper. If the House leaders are to discuss this—that is his suggestion—then let them discuss that as well, and I wager that there will be agreement among the private members of this House of Commons for that kind of change in our procedure.

You, Mr. Speaker, who occupy the chair now, chair the Standing Committee on Transport; and I say to you, Sir, that you are respected as the chairman of that committee. I will tell you the difference between our system and what should be in place in keeping with the parliamentary system, and it has to do with the tragedy of the *Ocean Ranger*. Parliament wanted to look at that matter. It was within the ambit of authority of the transport committee to look at it. Instead, a royal commission is looking at it. Yet I saw on public broadcasting in the United States the maritime committee of the Congress of the United States investigating a tragedy that occurred off the shores of Canada that involved to a greater part the loss of Canadians lives. And yet, if it wanted to, Parliament could not investigate that unless the government gave its go ahead to investigate.

• (1730)

I think it is a departure from what people think is the role of this place when that happens in our Parliament. As a member, I am prepared to trade the length of speeches as well as many other things if, on the other side of the scale, the government is prepared to make a trade with respect to accountability. I believe that this view is shared by all members in all parties of the House. We have been asking for that for years and that is the purpose of this motion.

Why do we ask the government to consider these reforms? Why do we ask the government to make a reference to the Standing Committee on Procedure and Organization? The reason is that Parliament is not just the place of House leaders, nor is it just the place of party leaders alone. It belongs to all members in the sense that here is where we function. The way in which members can express themselves on the operations of Parliament is through the work of the Standing Committee on Procedure and Organization. It is made up of members from all parties.

We have proven in the House that committees will work when there is good will. I believe in this House when you cut through all the partisanship that exists here—even though it is legitimate in part—you find a feeling of frustration and anger among members on all sides of the House, anger and frustration that this place is not working as they thought it should when they came here as members.

As the Leader of the Opposition (Mr. Clark) said, there is very little opportunity for input into public policy. There seems to be a feeling that all the wisdom is with the government, regardless of its stripe, or with the bureaucracy, when we know that it is not. Elected politicians can bring an overlay of wisdom to government decisions. Certainly this place is not here for the convenience of the government. It is here to pry, probe and question the actions of a government regardless of what government is in office or whether the Member of Parliament who is questioning is a Liberal, Conservative or New Democrat.

The advantage of sending this proposal and all others which were mentioned by the government House leader to a committee is that it will become evident that this place is not just the preserve of the members. It is also the preserve of the public because it also has views to express on how this place performs and whether it is functioning as it expects. Members of the public cannot come to the bar of the House to speak or sit in these benches to speak, but they can come and speak to the Standing Committee on Procedure and Organization. That is the reason for committees, and you will recall that one of the issues in the energy security matter was that the public should come to speak.

There are countless organizations, not all academic, which are concerned about the operation of this place. There are business organizations, such as the Business Council on National Issues, which are worried about how this place is operating. James Gillies, who was the member for Don Valley East, wrote a book about the involvement of business, and the private sector in the political process.

I suggest that it is time for the public to become involved in the political process. It will only get involved on a day to day basis if the balance changed—not the delicate balance referred to by the government House leader in his speech to the federal lawyers club in November, but the gross imbalance which exists in the House of Commons between the weight of the government on one side and the influence of the private member on the other.

Some say that my proposals will not work because there will always be a majority of government members on those committees. I say that is wrong. Many committees have proven in the House that they can work. For example, there was the subcommittee on prison reform which was chaired by the Secretary of State for External Affairs (Mr. MacGuigan). There was the committee concerned with fiscal relationships between the provinces and the federal government chaired by the hon. member for Gloucester (Mr. Breau). There was the committee on regulatory reform chaired by the hon. member for Willowdale (Mr. Peterson). There was the committee on the National Trading Corporation, and the committee on the disabled which was chaired by the Parliamentary Secretary to the President of the Privy Council (Mr. Smith). Finally, there is the committee which is chaired by my colleague, the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty), co-chaired by Senator Godfrey, the Standing Committee on Regulations and Ohter Statutory Instruments, dealing with the whole matter of regulatory reform and the place of regulations in any system.

These examples have proven that from time to time, when faced with the appropriate issue, party labels can drop and we can begin to probe for the truth as we see it.

Another example is the Standing Committee on Public Accounts which has worked magnificently under the member for Capilano (Mr. Huntington) and the member for Vancouver Quadra (Mr. Clarke). That committee has worked diligently and has made some progress toward the improvement of the control of Parliament over expenditures and the reporting of the government with respect to estimates.

So the capability does exist. It requires good will, it takes trust as well as some initiative. It is no longer acceptable to me as a parliamentarian that this government does not bring forward the proposals which it had promised in the Speech from the Throne. It is not only unacceptable to me but it is so to many other Canadians. It is equally unacceptable to Canadians that parliamentary debate be overlaid with frivolous and vexatious matters. That is not to say that debates should not be partisan—certainly they should be partisan—but they should not be meanly partisan and they should be directed to the issues affecting Canadians.

When I talk to my constituents, they ask me what Parliament can do about the various issues facing them. I have to tell them that it cannot do very much. Do you know why? Two-hundred eighty two Members of Parliament cannot act on every issue in Parliament, but committees can act. However, they cannot take action immediately with respect to matters affecting Canadians unless the government says so. The government rarely agrees. That is the problem with our system, and I humbly and respecfully submit that this is what those reform proposals are there to remedy. I invite the government House leader to rise above some bitter experience and to review all the reports and documents which we have here—including those which he may be presenting before the government which so far have not seen the light of day—all the public, private and inside information that there is, and at least put it before the committee so that we may deal with it.

When the government House leader was referring to my proposals, he was quoted in an article in the Ottawa *Citizen* as saying in the House that they were interesting, had some possibilities but were incomplete. I want to say to the government House leader that, incomplete as they are, I have never said that they were the last word in proposals. Rather, I have taken the view that they are the first words. There is the problem. They are the first word. There has been no other word, and if there are proposals from the government that will help to make this place work, then we are prepared to look at them. But we want to see them. I think that outside there is a silent but large constituency in Canada which wants to see this place work. It is tired of pettiness. It wants us to rise above ourselves and engender some of the things we do with trust and honest partisanship.

• (1740)

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman, but his allotted time has expired.

Mr. Dionne (Northumberland-Miramichi): Continue.

The Acting Speaker (Mr. Ethier): The hon. member may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Baker (Nepean-Carleton): Thank you very much, Mr. Speaker, and I thank my colleagues. Let me finish now. There are some ministers in the House today. The Minister of the Environment (Mr. Roberts) is here. The Secretary of State for External Affairs is here. There is a parliamentary secretary here too, and some former ministers are here. If those gentlemen want to do a service to this House, they will speak to the government House leader and ask him to make this reference, because the Leader of the Opposition and the leader of the New Democratic Party have given an undertaking that such a reference, assuming it is broad enough—and I am sure it would be—will go to the committee very, very quickly without prolonged or long debate. I think the time has come when every one of us must be concerned about this place and must agree that we should begin to look at it anew.

Some hon. Members: Hear, hear!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Mr. Speaker, I rise to speak on this motion today as a strong partisan of parliamentary institutions. Like that of most members of the chamber, my understanding of and feeling for Parliament has grown, I think greatly, since I was first elected. I was elected in 1968, and during the last 14 years I have witnessed all the great debates, the ones in which our great parliamentary colleagues have given strong institutional leadership to our democratic traditions.

I think Parliament has become a better place because of the MacEachens and the Baldwins and the Douglases and our very much missed friend, the hon. member for Winnipeg North Centre (Mr. Knowles). When we survey the history of Parliament over these past 14 years, I think we will credit these men and many others with advancing the cause of parliamentary democracy. The qualities they brought to Parliament, which have, in turn, nurtured Parliament, stem from a single belief in the sovereignty of the people as it is exercised through Parliament. Even in the most difficult moments they never lost sight of the fact that neither partisanship nor opportunism is sufficient justification for challenging the very sovereignty of the institution of Parliament.

Members of all parties over the years have understood that there are limits beyond which they can go only at peril to Parliament itself. I am sorry to say that I believe these limits have been exceeded in the last two weeks by the Conservative Party.

Mr. Greenaway: You guys too.

Mr. MacGuigan: While what I can only call the travesty of the Conservative behaviour was bad enough, what in a sense is even worse is the attempt now by the Right Hon. Leader of the Opposition and the hon. member for Yukon (Mr. Nielsen) to endow their anti-democratic behaviour with a gloss of concern for Parliament. No one mindful of the history and traditions of this institution could close the doors of the House in the name of reform. This conduct speaks not of a party or group committed to parliamentary reform but of a party that is so thoroughly committed to power at any cost that it would force Parliament to cease functioning.

Have they not read history? Do they not know that our political ancestors fought kings to keep this institution functioning? Do they not know that our privileged tradition of democracy has been based on the notion that Parliament is the ultimate forum for discussion and debate? Do they not know that they have set an insidious precedent which brings no credit to them, and none to the institution?

Parliament offers ample opportunity for all sides to be heard, and even to be heard at some length. Filibustering, political manoeuvring and just plain politics have all been used by the opposition.

Mr. Taylor: And by you.

Mr. MacGuigan: And by us, I admit, when we have been in the opposition, and by the government, yes, when it feels keenly about issues. But in all cases parties have kept the House going in the search for solutions. Now my hon. friends opposite have established the precedent that an unruly opposition has the right to muzzle the very institution they were elected to support and to close down the debate on the nation's business which they were elected to discuss. Where are the democrats in the Conservative Party and their great tradition? If they are on the opposition benches today—and I am prepared to concede that the hon. member for Nepean-Carleton (Mr. Baker) is very likely one of those—they must indeed be anguished by the events of the last two weeks.

Mr. Taylor: Why didn't you split the bill?

Mr. MacGuigan: They cannot be proud of muzzling Parliament and of creating a new and dangerous precedent which could be used by others again to thwart the will of the Canadian people.

Mr. Taylor: Why did it take you so long to split the bill?

Mr. MacGuigan: Surely what faith they had in their leader must by now have completely evaporated, because I find it hard to believe that the heirs of Macdonald, Cartier and Borden would gleefully and carelessly participate in such tactics.

Mr. Nowlan: What did you hear about the naval bill?

Mr. MacGuigan: The last two weeks cannot be conveniently explained away on the ground of concern for Parliament. It is like arguing that one should deliberately crash an aeroplane in order to advance transport safety.

We have learned much about the Leader of the Opposition and his House leader in the last fortnight. We never experienced events like this during the tenure of the hon. member for Nepean-Carleton. We have learned that the right hon. gentleman is prepared to sabotage the very institution he professes to love so much, if it will serve his immediate personal ambitions, ambitions which many of those seated closely around him seem very eager to truncate. We have learned that if respect for Parliament is not enough to give the right hon. gentleman second thoughts before he corrupts parliamentary traditions, then neither did respect for the Canadian public restrain the right hon. member in his public pronouncements.

Mr. Taylor: Get rid of your dictator, and it wouldn't happen.

Mr. MacGuigan: I have here a comment by Michael Valpy of *The Globe and Mail,* in which I believe he spoke for many Canadians. He wrote:

> The purpose behind—
>
> The recent parliamentary impasse.
>
> —has acquired more shadow with each increasingly dishonest and dangerous statement from Joe Clark—about Tories being barons confronting King John; about the omnibus bill being one more attempt by Mr. Trudeau to fundamentally change the structure of Canadian society and government.
>
> Does the man really have to go across the country milking hate and discord on, for heaven's sake, a Parliamentary issue, pandering to the basest and most unthinking political discontent in the country? Is that what has happened to the Conservative Party?

Mr. Nowlan: This is sick of you, Mark.

Mr. MacGuigan: I do not know the answer to this rhetorical question.

Mr. Taylor: Tell us about Forsey.

Mr. MacGuigan: However, I do know these comments represent widespread public opinion on the question and, as much as the right hon. gentleman opposite may pin his failing hopes on this soothing motion, I am afraid it will not be possible for him to use it to draw the wool over the eyes of the Canadian people as to the real motives behind his action.

Mr. Taylor: Remove your own leader before you start talking about ours.

• (1750)

Mr. MacGuigan: I do not think I have ever met a parliamentarian who was opposed to parliamentary reform. As this party's House leader said today, and I hope I quote him correctly:

[*Translation*]

That being said, Mr. Speaker, not only is parliamentary reform a necessity: it is also an urgency.

[*English*]

While I do not have the exact words of the leader of the New Democratic Party, the hon. member for Oshawa (Mr. Broadbent), I know that he too spoke of the urgency of parliamentary reform. There is no disagreement among members about this.

In the 14 years that I have been in the House I have seen the role of the private member enormously enhanced. We now have a role in committees which did not formerly exist. We have changed some of the procedures of the House, and improved the lot of members through the provision of more adequate staff and research assistance for the parties as well as adequate remuneration for members and improved conditions of service involving such petty details as the use of telephones. So in the 14 years that I have been here I have seen the role of the private member spectacularly enhanced. Not enough has been accomplished, however. While the lot of the member has been improved in many ways, we have not yet dealt with many of the most crucial questions involving his or her role. I have written extensively on this subject myself and I do not propose to repeat views which I have expressed elsewhere.

The debate so far has shown that members have many ideas about how reform could be accomplished. The House leader of this party suggested some changes which could be made immediately to improve the institution. That does not exclude, of course, the more far-reaching changes that we would all like to see take place.

In summary, Mr. Speaker, I want to say that Canada has been privileged to have a democracy which stretches back to the birth of the country 115 years ago. Parliament has served many generations of Canadians with fairness, tolerance, and, I believe, a certain amount of wisdom.

Within these walls Canadians, regardless of their partisan differences, have been able to bring their beliefs forward to discuss them. Every side of an issue is relevant here and the rules permit and encourage full debate. For this reason I regard the sorry events of the last two weeks as a grave breach of our traditions.

If it is parliamentary reform that the right hon. gentleman wants to effect, he will get a chance to air his views—as he has done today—and he will have the ear of every member of the House. But if his objectives are the darker ones implicit in the strangulation of the House in the last two weeks, then he will have perpetrated great harm on parliament and on our people.

The institution of Parliament is larger than all of us. It is more important than our careers. In the short time that we are privileged to be here as trustees and representatives of the Canadian people we must all remember that our first loyalty must be to Parliament and to the Canadian people.

It is in this spirit that we must approach parliamentary reform. Indeed, it is in this spirit that we must make parliament operate every day. That is the spirit of true parliamentary democracy.

Some hon. Members: Hear, hear!

Mr. Taylor: Parliament didn't impose metric on the people.

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, it is a privilege for me to take part in this debate. I feel particularly honoured because I believe that of all the parliamentarians who have spoken, I am the one with least experience in the House. I intend to dwell on that point to a certain extent.

When I came here I brought with me a great amount of awe and enthusiasm. To demonstrate how naive I was about parliamentary rules and traditions, I will tell you that the first time I heard the bells ring, I was so concerned about not doing the right thing that I stayed in my seat until they stopped and the vote was taken. I did not want to do anything that was out of order. I am sure other hon. members have had similar experiences when they were new. None of us are born with 20 or 30 years' experience. We just have to acquire it. I believe many new members have insights and objective judgments about the place that may escape those who have been here for a long time.

I should like to deal with the parliamentary process itself, Mr. Speaker. The reason for a parliament in the first place was that there would be a forum in which the expenditure of money could be scrutinized. Its purpose was to look after the public purse. That is why it was established initially. In England, when King John got out of hand, the noblemen of the day were very concerned. They summoned him to Runnymede and said, "King John, we are not prepared continually to give you money from our estates unless we have a say about how the money is spent." We are really involved in the same process today because our main responsibility to our constituents is to see to it that the tax money collected by the treasury is spent in a proper fashion. It is a very, very important function.

It is in that context that we need to examine some of the budgetary processes, Mr. Speaker. I had the privilege to be a permanent member of a committee struck by my party which travelled for three weeks throughout the country, from coast to

coast. It was a very interesting and rewarding experience. I had a chance to meet Canadians all over the country and hear their concerns about the budgetary process. This is a very, very important part of our parliamentary responsibility. I also had a chance to study some of the institutions that exist for scrutinizing the budgetary process in this country and compare that with what is done in the United States. It seems to me that in this country we have fewer checks and balances than are available in the United States, and I should like to compare the two systems to show how important scrutiny is.

In the United States there is the House of Representatives and the Senate, either of which may stop a budgetary measure. There is also the executive branch which is totally separate from the legislative branch. The executive branch would be similar to our cabinet. Each institution can act as a check and balance on the public purse and on the others. We do not have that system in this country, Mr. Speaker. To a large extent that responsibility lies with each individual member of the House of Commons. If its members are to exercise that responsibility, then they must have some authority—perhaps that is going too far, but at least they must have some input into the decision on how tax money is spent.

When we arrive here as new members I do not think any of us expect to make momentous decisions that will shape the course of history in any significant way, but I think it is fair to say that our constituents expect us to be able to ask some basic questions once in a while. They do not expect us simply to vote yea or nay on an issue but they expect us to make useful suggestions that will be heeded. They expect us to ask why something is happening or why it is not happening. I think we must ask these questions about the budgetary process and the expenditure of tax money by the government.

Just to give an example before I call it six o'clock, Mr. Speaker, the hon. member for Moose Jaw (Mr. Neil) had a private member's bill—

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Mayer: Mr. Speaker, when the House rose at six o'clock I was digressing somewhat to talk about some of the problems we encounter as individual members. The example I was attempting to use was one which referred to a private member's bill of the hon. member for Moose Jaw (Mr. Neil). It dealt with taking some $9 million that had been collected from farmers during the life of the prairie farm administration act. When this act ceased to exist, the $9 million was held by the government on behalf of producers. It was not distributed. Everyone agreed the money should be distributed to the farmers, but it has been held since 1972 despite the fact that everyone agreed it should be distributed. Nothing has transpired, and almost ten years have passed since that time. I understand, however, the problem is to be solved soon. But in the meantime we have lost something like $4,000 a day in interest on the $9 million. When people outside of this institution see things like that going on about which everyone is agreed, it is small wonder people become concerned about the way this place functions.

• (2010)

I want to return now to the task before me tonight and that is to talk about the parliamentary process as it relates to the budgetary system. It seems to me there are three time frames surrounding a budget: the proposal stage of a budget, dealing with it in the House, and dealing with it after it is presented in the House on budget night. I refer first to pre-budget time during which the Department of Finance formulates a budget. There should be no reason why a minister of finance cannot let Canadian businessmen and taxpayers know what kind of tax changes are being proposed in an upcoming budget. If a minister of finance were to do that, it would be a signal to the taxpayers and to business people of Canada of what they might expect with regard to changes. This would also give people a chance for input into the budget. They could make submissions to the minister of finance. He would have the benefit of people's opinions as to how his proposed tax changes might affect the country. That would help the minister of finance prepare a better budget. There is not enough interaction in this country. There seems to be no reason to me why something like this should not take place, because it would benefit everyone.

A second concern many people have is with respect to budgetary secrecy. Admittedly, there are some legitimate concerns over budgetary secrecy having to do with people taking unfair advantage through prior knowledge of tax provisions or tax changes in a budget, for instance. That is understandable. But generally there are two concepts in the budget relating to secrecy.

I want to quote from a document entitled "Canadian Study of Parliament Group". In referring to the budget secrecy rule, we read with reference to budgetary secrecy:

> In theory, it would seem to rest on two premises. The first is that no one should be able to gain a private advantage by reason of advance information about matters to be dealt with in a budget;—

That seems to be obvious to all of us in the House. The paragraph continues:

> —the second is that all important statements of government policy ought to be announced first to the House of Commons.

Those are two general principles to do with the budget as it is prepared and presented in the House. I do not think many of us quarrel with that. But within those two premises, there is no reason why we could not open up the budgetary process considerably from what it has been in the past without calling into question or compromising those two basic premises. They should surround the budget in the way it is prepared and presented in the House.

If people were given the right to have input into a budget, it would be more readily acceptable. They would be aware of possible contents. For a country like Canada that is important. As far as I am concerned, Canada is the only country made up of five distinct geographic regions. When taxation or fiscal measures are brought down in a budget we should realize that those measures will not affect each geographic region in the same way. On that basis, it should be important for the government to give a signal to the country through all of its regions of what the government proposes to do in terms of budget changes. If that kind of a system were adopted, and once laws were passed, people would have more faith and trust in the changes. People would not feel set upon by a government. They would not be as frightened or alienated by a government because they would have had input into the budgetary process. This is very important because governments today, in one form or another, take a very large percentage of income from us.

For instance, if one were to look at the average taxes paid by an individual Canadian, most of us end up working from the beginning of the year until some time in June for one government or another, which is a tremendous amount of taxation imposed on individuals by governments. Therefore, on that basis it is very important that individual taxpayers have as much input into the budgetary process as possible. That conclusion was evident to the committee of our party on which I served as we travelled the country during the first few weeks of 1982. Three themes kept recurring.

First, taxpayers in general could not understand why governments did not trust them and why governments did not discuss with the people what was going to happen. This viewpoint was particularly brought out with respect to the budget of November 12, 1981, which proposed a major taxation change.

The second theme which cropped up in the hearings concerned the fact that many of the taxation measures of the last budget were put into effect retroactively. That was unfortunate. It called into question the very basis under which our taxation system has worked in this country. It has worked on the basis of voluntary compliance. If the government ever gets itself into a position whereby it changes the rules, as it has done in some cases, particularly having to do with life insurance in the last budget where retroactive changes were made, it will find that that type of move makes Canadians think that they do not necessarily want to play square with the government. Several people told us that if the government cannot respect laws it puts in place upon which people plan for their retirement, these people naturally feel they want to retaliate, and when the time comes to fill out taxation forms, they consider the possibility of devising their own forms. Those kinds of things were very disturbing to hear.

The third theme that kept cropping up before our budgetary committee was the fact that many provisions in the budget have not been clarified. That was in January, two months after the budget had been brought down. Since then two more months have passed and still many provisions have not been clarified. People do not know how to conduct their business affairs based on the November 12 budget because the government has not come forward with many of the changes in terms of legislation or regulation proposed in that budget. For instance, let us consider the change in the Excise Tax Act from the manufacturing to the wholesale level. There are many changes about which people are not yet familiar because the government has not fully established what it intends to do. Those are three areas that we need to address in terms of the budgetary process.

We need more input in the pre-budgetary process. I am not so sure there needs to be the total secrecy required now around the budget presentation itself. After the budget is brought down, the government should make every effort it possibly can to clarify what it intends to do with respect to tax changes proposed in the budget.

I intend to fulfil, at least in spirit, the suggestion made earlier by several members, namely to limit the time we take to make speeches in the House.

I want to close by referring to a couple of things the Prime Minister (Mr. Trudeau) said. This week in Toronto, he said:

—the way in which democracy was destroyed was closing down Parliament—

I want to suggest there is more than one way to close down Parliament. Simply because we are here does not mean that Parliament is working the way it should. In many ways there is a much more insidious way to close down Parliament; that is to have members here and have them do nothing. But I would challenge the Prime Minister. If he is serious at all in his statement, he should look at ways to make Parliament function, to make it more useful and more productive for members of the House and, as a result, for the constituents we represent. So, if Parliament closes down simply because it becomes irrelevant, the statement made by the Prime Minister is reprehensible. I would challenge him to see that Parliament is not closed down in terms of its ability to function. To me that is a lot more important than simply worrying about having people physically here. I would much sooner have people here doing something constructive rather than going on in the system we have now where, it seems to me, we become more and more irrelevant all the time.

The other point I would like to make has to do with what was said in the last page of the Speech from the Throne delivered here almost two years ago. It says:

• (2020)

Like all of your colleagues in the House of Commons, you who represent the people of Saskatchewan, Alberta and British Columbia—

And I can add to that the people of rural Manitoba where I come from:

—have a responsibility to represent your constituents to the nation. You also have an extra responsibility in the present circumstances to represent the nation to your constituents. It is a task no one else can fulfil.

I totally agree with that statement. If we are to fulfil that task, then we have to see that this institution functions in such a way that we can fulfil that task. Believe me, all those who

come to this House do so with the utmost sincerity and integrity, and all of us have a certain amount of talent and special ability, and if individual members are prevented from seeing that kind of talent used, we will all be the poorer for it. So I would like to urge all of us in this House to take seriously the suggestions made here today and that we go forward in a spirit of good will to see that some of the useful and worth-while suggestions made here today do not end up as simple rhetoric to be referred to by future scholars, but rather that something very useful and worth while comes out of this debate today.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I welcome the opportunity to participate in this debate. It is a subject in which I am quite interested, and given the events of recent days I think we all feel it is quite timely and we hope we can come to some consensus on improvements which might be made with regard to parliamentary reform.

I think it is fair to say that in recent years the government has demonstrated a genuine interest in parliamentary reform in several ways. Such things as the introduction of television, the very active role which special committees have played in the last couple of years—and I will speak a little more about that later—and the facilities which are now available to members compared to what they were some years ago, I think indicate a genuine commitment on the part of the government to parliamentary reform. I remember that in the mid-1960s you would see a couple of members and a couple of secretaries jammed into one little room. The working environment was quite intolerable and the work output tended to reflect that. Now, however, we have well funded research staffs for the various parties, which I think has gone some way to improving the conditions under which Parliament operates.

I have to say that I have some doubt about the sincerity of some members opposite, and I say "some" because, for example, the hon. member for Nepean-Carleton (Mr. Baker) has a genuine interest in and commitment to parliamentary reform. But because of some of the hijinks which have occurred here in the last couple of weeks, things that I can only describe as guerrilla tactics, we were prevented from doing what we were elected to do, that is to say debate, ask questions, answer questions, discuss legislation, move amendments and vote on them, and, in the final analysis, vote on the legislation. I am mystified as to how that blockade is somehow justified in the name of hoping to bring about parliamentary reform. I think that, coming hard on the heels of the hijacking we saw during the Constitution debate when we heard a hundred-odd spurious questions of privilege and points of order, it is a little difficult to accept as genuine the interest in parliamentary reform of everyone on the other side.

An hon. Member: You are perfect, aren't you.

Mr. Smith: I think it is very important that we all bear in mind the function and role of the opposition and the government in a parliamentary democracy. That is why we on this side of the House felt quite strongly that one principle on which we were not prepared to give in the recent war of wills, if you can call it that, is that it is the obligation and duty of the government to set the legislative priorities of the House. That is something on which we will have to go to the people to justify whether or not we have properly managed our mandate and whether we have set those legislative priorities in accordance with the wishes of the majority. If we have not, we know the political consequences which can flow from that when we have an election. However, I would suggest, Mr. Speaker, that it is a perversion of parliamentary democracy to suggest that somehow the opposition, which is in the minority, through an abuse of what is a tradition, not even a rule, can prevent Parliament from functioning in the way I think it is supposed to function.

I must say also that I regretted a couple of the references that were made by the Leader of the Opposition (Mr. Clark) today to things which I think really do not add a constructive tone to this debate. He referred, for example, to the emergency planning order. In recent days I think some people have tried to damage the integrity of the government by exploiting this and presenting a version of that order which is totally contrary to the facts. I regret to say that I think the Right Hon. Leader of the Opposition did that today when he said the government had given itself the authority to set up internment camps. Nothing could be further from the truth. The only conclusion I can come to is that he has never read the emergency planning order because if he does he will see in Section 3 that it says:

> Every minister appointed to preside over a department or responsible for the administration of an agency of the Crown or a Crown corporation shall
>
> (a) be responsible for the identification of possible types of emergencies within or directly related to his area of responsibility and for the preparation, evaluation, testing and implementation, when required, of appropriate related emergency plans and arrangements;

Now, in a document prepared for me by the research branch of the Library of Parliament which is entitled "The Validity of the Emergency Planning Order" it states:

> The provisions of the order require the various ministries to develop plans which are to include methods of implementation. This includes preparation for implementation. The order does not purport to authorize the implementation of the plans so prepared.

Going on further, the document says:

> In summary, the order requires various government ministries to develop plans for emergencies and prepare for the implementation of such plans. However, there are no provisions which, properly characterized, amount to authorizing the implementation of the plans.

In order to implement these plans legislation would be required, and I would suggest the Leader of the Opposition knows that full well. I regret that he has chosen to paint a picture of what is happening here in Parliament which I suggest is, in fact, very misleading. He is doing it for political purposes, but I do not think it is constructive in a serious debate on parliamentary reform.

He referred today to the number of orders in council which this government has passed. To listen to him you would come to the conclusion that there is something inherently wrong with orders in council, that there is something evil about them. It should be pointed out that an order in council has to be issued pursuant to the authority of some act. Now, you would get the

impression that the Conservatives, when they were in power, never issued an order in council. Well, we all know that they did, and I became so annoyed listening to the sanctimonious utterings of the Leader of the Opposition today that I checked with the Privy Council on the Clark government's record on orders in council. They have complained about the volume we have produced. Well, they were in for nine months and how many orders in council did they grind out? One thousand and fifty-one.

An hon. Member: Shame.

Mr. Smith: So, having listened to what they have had to say in recent days about orders in council, I think they should literally be ashamed to stand up on their feet and bring that up again. I hope it has now been laid to rest because they will not get off the hook with that red herring anymore.

Mr. Mayer: You guys had 3,700 last year.

• (2030)

Mr. Smith: Mr. Speaker, I would like to speak very briefly about one aspect of parliamentary reform which I feel quite strongly about. There are two points I wish to make. If there were one quick change which I think would be legitimate, given the experience of the past couple of weeks, it would be that a motion to adjourn the House, once moved, if not voted on by the automatic adjournment hour of the day on which it is moved, should become void. This is because if an adjournment motion were carried, the work of the House would be terminated for that day only in any event. If the motion cannot be brought to a vote by virtue of the fact that one whip on one side of the House has decided to stay out and break the normal practice and tradition, putting the Speaker in an awkward position, as has been the case in recent days, I belive that that is really an abuse of the tradition. I do not think anyone would be ill served by a change which simply stated that if a motion to adjourn the House has not been voted on by the time of the automatic adjournment hour of the day in which it is moved, the motion should become void. I do not think anyone would consider such a change in the Standing Orders to be an abuse.

The tactic which was used in recent days could still be used. However, hon. members would have to get up and move that motion every day. If they did that, the scrutiny and the spotlight of public opinion would prevent them from doing this very often.

What I would really like to speak about is the whole subject of committees, particularly special committees. I have had the opportunity of chairing one of these committees, which I am still chairing. It is the Special Committee on the Disabled and Handicapped. We have a seven-member committee comprised of four government members, two Conservative members and one NDP member. First of all, I would like to say that I really believe there is a lot of merit in having smaller committees. I think that what happens is that a greater commitment to the subject matter is developed among the members. I think one agrees to serve on a special committee only if one has a genuine interest in the subject matter of that committee. As a matter of fact, when those six special committees were set up a couple of years ago, it was stated in the order of reference that the membership of the committee could not be changed without a House reference. This meant that there was no revolving door. In the larger standing committees, whenever a vote comes up, the troops from either side will come in and look to their leading spokesman to tell them which way to raise their hands.

I think there is much merit in the concept of a smaller committee. I suspect that if we had smaller committees around here, and if members served perhaps on just one or two committees at the most, we would find that members would develop a much greater commitment to participation in those committees.

Our particular committee travelled across the country. We held hearings in 18 different locations. We divided ourselves into two parts. We heard over 600 witnesses. I think that all of us who served on that particular committee have found a lifelong interest in and commitment to improving the lifestyle of the disabled in this country. It was a very moving experience. It would also be fair to say that it familiarized us with the subject in a way which has enabled us to make a contribution to Parliament, because we find that members from that committee tend to ask questions in Parliament and tend to oblige the government to continue to focus on our various recommendations. I think that all of that is a good thing. I personally feel, although not everyone is of this viewpoint, that the style and the format of report which we used was a welcome change. Quite frankly, many parliamentary reports published in the traditional way are about as interesting to look at as the phone book. They are deadly dull. We used a format which included a number of photographs, a headline style, a punchy style, with the result that many people wanted to read it.

I simply want to make those comments for the record to indicate my very strong support for the concept of special committees. One of the most enjoyable and satisfying things that I have ever done in my life was to become associated with the work of that committee. I am making this contribution as a private member in the hope that when the various aspects of parliamentary reform are reviewed by the House leaders, serious consideration will be given to continuing the opportunity for special committees to do the very fine work they have done in the last couple of years.

Some hon. Members: Hear, hear!

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, I am very glad to participate in this debate on the motion of my leader. I thought he gave one of the more constructive speeches of his career this afternoon when, in a very even way, he pointed out some of the problems of this institution and suggested some remedies. We have just come through a very difficult time in this institution. Frankly, I do not think there is one member on either side of the House who was very gleeful while listening to those bells. Other hon. members have spoken on parliamentary reform tonight. The hon. member for

Portage-Marquette (Mr. Mayer) said that perhaps he was participating as one of the youngest and newest members of the House. I find it almost remarkable that I am likely the most veteran member to have participated in this debate, knowing that time is starting to move on and there will not be that many more hon. members who will be able to participate tonight.

However, once we get away from this particular period, and when we let the columnists and the commentators dissect the last 16 days when we all heard that clang of the bell, I am suggesting to Your Honour that Canadians away from this place will put different interpretations on why that bell rang for so long. I would venture to say that my friends on the government side were surprised as were we, frankly, on this side that the bell rang for so long. I will not go into all the reasons why it might have been possible to shorten the bell. However, I can tell Your Honour that in terms of the area that I know best, my own riding, and Altantic Canada to a point, many people phoned me who had never phoned a politician before. Certainly, in the first week, that was so. Admittedly, during the second week, the people who phoned were more partisan. The good Tories were phoning to give support, as well as people who took a position as good Liberals, if one can find them, and there are still some around.

Mr. Kempling: Name one.

Mr. Nowlan: They phoned and, of course, they were against the bell. However, these were the committed people after that first week or ten days. I seriously believe that unless this House reforms itself, people will say in the not too distant future that that bell was ringing for this institution. It is almost that serious. One can look around tonight. I am not casting stones because it is the opposition motion. There is not a great, horrendous throng behind me tonight to support whatever I might say or what the hon. member for Nepean-Carleton (Mr. Baker) had said earlier today when he made a very reasoned contribution to this debate. However, I am telling Your Honour that I have been on a procedure and organization committee. I was a member of the last one that sat, goodness knows how many years ago. It is almost an absolute scandal in terms of priority of reform in this institution. This is the three hundred and eighth day of this first session of the Thirty-second Parliament. This session of Parliament started on April 14, 1980. It will likely be known not only as the Parliament of the clang, but also long known as the long session. Perhaps there will be other, more derisive terms than that. I will not comment. I will take a lead from my good colleague, the hon. member for Nepean-Carleton. This afternoon his strongest word was "regret" at the President of the Privy Council's (Mr. Pinard) contribution to this debate, when he took on, as also the hon. member for Windsor-Walkerville (Mr. MacGuigan) took on, the personal attributes or the personal motives of my leader. I am not going to get into that other than to say this, that my leader is not one to take a back seat to anybody on parliamentary reform. I say that, especially when the Prime Minister (Mr. Trudeau) or the Minister of Justice (Mr. Chrétien), the two of them, cannot agree on what is a separatist or a terrorist, or on defining the Prime Minister's most memorable statement last week when he was implying here that this is fascism and that there were reds in the opposition, led by their leader.

• (2040)

I am not going to say anything more than that, but the fact of the matter is, Mr. Speaker, that this is a government which has said in the Speech from the Throne that it was interested in reform, yet we have gone into 200 days of sitting and we have gone into a second year and we have not even structured the procedural organization committee. That is an insult to all members of this House.

This is a very funny thing, and I do not know if there is a conspiracy somewhere. I am going to surprise some members now by saying that the Prime Minister in another utterance some years ago stated that the Members of Parliament on both sides were nobodies. He was speaking from a debating point of view and he was speaking as a supporter of that claim, and I could be also a supporter of the theory. In terms of policy we all know this. Members have said this here today. We do not really have that much input into policy. The whole history and purpose of this institution was not to legislate but to try to control the power of the purse.

I am afraid, Mr. Speaker, that the Prime Minister does not appreciate that from me, a backbencher—and someone, I think it was the member for Gloucester (Mr. Breau), said that he was referring only to the opposition members, but I am referring both to the opposition and to those on the government side.

I can tell you that if I felt like a nobody in the opposition as a backbencher, I really lived as a nobody when I was a backbencher on the government side, in my own party, in terms of real input in policy.

My point is that I am afraid that the Prime Minister does not understand in his dissection of the problem in his very theoretical logic, that that is not a solution to that problem.

If I am a member, elected by my constituents, and I am a nobody, if members of the opposition are nobodies, then I am going to extend this to the backbenchers on the government benches, and if I do not think they are really nobodies, then that will be a reflection on the people who sent us here, and then these people are nobodies. Mr. Speaker, that is the very thing that we came to try to correct in this institution, that it is slowly dying.

We have a funny paradox here. We have the lights of television on this institution, and some of us were here in the House before television lights penetrated to this institution. And, Mr. Speaker, you were one of those members here when I was here earlier, and I would say, speaking in marginal terms, even though some were nobodies, there was still some input before the fundamental rules changes were made in 1969. At that time, I as a backbencher could stand up and when, for example, the then minister of the environment had his estimates on the floor of the House, I could at least address

a question on behalf of the members of my constituency to that minister and I could hold up his estimates until I got some type of answer. We know that those rules have changed. This is why we are directing attention to what has happened in the last 15 days.

It is too much to expect that we could enter this debate tonight lightly. The tone has been good, with a few exceptions, but there is very much scarred tissue from what has happened. We have to remember that much of the scarred tissue has been formed, as was said by the President of the Privy council, not only on the members but a scar is left on the institution. That is why we put this motion forward here today, to cause ourselves to address ourselves to the problem of reform of this institution.

Mr. Speaker, there are so many things in terms of reform that I would say. Like my friend, the Parliamentary Secretary to the President of the Privy Council (Mr. Smith), we all know that people are trying to find answers to some of these fundamental problems, and we know that to some of them there are no fundamental answers. I am not going to talk about the perversion of the bells. We have all listened to them in the last 16 days. I was looking upon what happened in the last 16 days in a most kind way. There was a mechanical filibuster, mechanical except for the bells, ringing and clanging.

Mr. Speaker, you could pick up the newspapers tonight, you could look at your television or listen to the national news tonight, and you would see other problems in other countries where they are shooting each other, where they are killing each other, where they are blowing one another up. Bells are not bullets. We have just had a bell ringing for 16 days. It did cause some inconvenience. Perhaps it caused some auditory problems in the corridors, and also it fouled up the government timetable tremendously. But nothing was hurt fundamentally. The reason for the mechanical filibuster, as the Parliamentary Secretary to the President of the Privy Council knows full well, is that the Conservatives felt that in so many fundamental rule changes, in terms of opposition, an opposition really cannot debate now until the cows come home, in order to get the message out, and they have to "use" any device possible to try to focus attention on something which the opposition feels very strongly about.

I have been in the House for the last 16 years and I never expected those bells to ring for 16 days, and, frankly, I can envisage when they might ring for another 16 days. I do not know. I can tell you that it was not just the cause of the energy security bill. There is no opposition worth its salt that would dare to try to ring bells for 16 days, if it were just about a complicated 150 or 170-paged bill, with all the implications that that bill contains. That might have been the catalyst, but I do not think there is a member in the House who believes that it was solely the bill that caused those bells to ring. It was a combination of factors, and that was the last straw.

As to the mechanical filibuster, I do not think anyone was really hurt by that. I suggest, Mr. Speaker, that even my friends from the government side were a little surprised at the focus of attention and the divided opinion as to whether this was a good thing or a bad thing in terms of whatever the people thought about the energy bill, whether they thought that the government should be brought to a halt, whether they thought that there should be an election, whether they thought that Pierre Trudeau had gone too far, whether they thought Joe Clark was great or poor. Many people interpreted that bell in their own way. All I am going back to say is that that bell was ringing for this institution. We have to address ourselves to that problem.

Mr. Speaker, part of the problem is that we do not have the English system here. I do not want the phrase "Mother of Parliaments" repeated ad nauseam in this House. We are not English. We have just had the Canada bill winding its way through the staid, stuffy House of Lords, which is an insult to Canada, as far as I am concerned. Absolutely. So let us not quibble about our Parliament, because that is not relevant to what is going on in the House of Lords regarding the Canada bill. We have a federal system of government here, not the unitary system that they have in a homogenous country like England.

Let us not get into details, following these rabbit tracks when we are hunting elephants, because that is not going to address the problem here.

Also, what they do have in England, and what we do not have here, is a transfer of power, from Labour to Conservative, and in the old days from Liberal to Conservative. We know that in every period of eight to ten years there was a change of government there and that such a change occurs much more regularly than it does in Canada. They are therefore in the position of knowing that they will be in government in eight to ten years. They will not abuse whatever rules they have because they know they will be confronted with that abuse when they come into power. Mr. Speaker, in this country we have an imbalance in anticipation of events, with the government party stalled in central Canada and particularly in Quebec, with the Tory party very strong in western Canada and west of the Lakehead. We do not only have that imbalance but we have an imbalance in the history of transfer of power.

One of the saddest things that has happened in Canada is that the Conservative Party was in power only for eight or nine months, and that meant that there was not an education process for sincere members on the government side to spend some time in opposition, to realize that in opposition it is a very difficult role to hold. When you are in opposition, boy, you will use any process, any ambit or gambit, to try to focus the attention of the public on those things that are fundamental. But you do not have to be in the opposition or the government to know what I have come to realize in this business, Mr. Speaker.

• (2050)

There is a Parkinson's law or Murphy's law, and one day after St. Patrick's day I would like to coin a Patrick's law. If I have learned anything in politics or in Parliament, it is this; the

only consistency in this business is its inconsistency and uncertainty. That is number one.

As my hon. friend from Nepean-Carleton said earlier with respect to Parliament, you can pervert or prostitute any rule of procedure of any institution, especially the House of Commons, unless there is some good will and tolerance and unless there is respect for each side and its arguments, even though you violently oppose their position. What has happened in this institution is that instead of good will, we have rancour; instead of tolerance, we have arrogance; instead of trust, we have suspicion. It is a combination of all those things which caused the bells to ring for 16 days. It was not just the energy security bill. I did not understand the details of it when the bells began to ring. I can tell you, as can most of the public, I now know substantially more about the energy security bill than I did on Tuesday, March 2.

There must be the respect, tolerance and good will flowing back and forth in this institution, but it is not possible when the leader of our country says that we are a bunch of nobodies because that means by inference that the people are nobodies. That cannot help the institution.

There is a fundamental reform needed in the House of Commons with respect to prime minsters, not this particular Prime Minister but any Prime Minister. I agree with the paper put forward by my hon. friend from Nepean-Carleton, the former president of the Privy Council. I have also heard some other useful ideas today. The leader of the NDP, the hon. member for Oshawa (Mr. Broadbent), made a suggestion which I frankly feel has a lot of merit. That is that the House meet for three weeks and members spend the fourth week in their ridings, which would be complimentary to their constituency office.

With respect to the mechanics of the House, I am in agreement with the Parliamentary Secretary to the President of the Privy Council. In terms of perks, in terms of staff and in terms of the salary, I am much better off than I was when I came to this institution in 1965 because, unlike him, I shared an office with another member. If a secretary came in the office, one member would have to leave because there was not enough space in that small office. The parliamentary secretary is absolutely right that there has been a tremendous transformation in the mechanics of the House of Commons.

However, there exists a fundamental paradox. Through the increase of perks and technology, we have the ability to communicate, yet I do not think we are being heard, because of this institution, as well as we were heard when we did not have some of the technology, including telephones. We go through the form and we have more paper flowing across our desks. Perhaps we are closer to being nobodies than we were in the mid-sixties when I first came to this place.

You can have all the reforms you want. You can have committees with powers to investigate the matter of the *Ocean Ranger*, but, as the hon. member for Gloucester, chairman of the transportation committee, said earlier, it is an insult to me as a Canadian to have to listen to the national news about the *Ocean Ranger* to discover what happened to Canadian lives in Canadian waters through an American congressional committee when the Canadian committee could not hear that evidence.

My time is almost up but I would like to say that my fundamental premise for reform is that the right of the Prime Minister to dissolve Parliament must be restricted. I believe that this was said earlier by the hon. member for Rosemont (Mr. Lachance) when he was discussing block voting. Unless we are prepared to face the fundamental issue that we only have a vote of confidence for the defeat of the government on a Speech from the Throne, a budget or a tax bill, then we are just toying with the issue. As members we should vote on a bill to determine if it can receive a majority of support in the House. If it cannot, the very next question which should be put by the Chair without debate is, the bill having been lost, does the government have the confidence of the House. In most cases there would not be a vote against the government, it would only be against a particular bill, thereby directing the minister who introduced that bill to redraft it.

Without going any further, I would just say that it is crazy to give me a salary, which is becoming more reasonable, and all the benefits of my office while having me, along with 281 other members, play the same game and in effect vote the same way as was done in the days of John A. Macdonald. The bell is tolling for us, and unless we address our problems and at least organize the procedure and organization committee, this place will be even more ludicrous than perhaps it is now.

Mr. Herb Breau (Gloucester): Mr. Speaker, I would first like to indicate to the hon. member for Annapolis Valley-Hants (Mr. Nowlan) that the chairman of the transport committee is the hon. member for Northumberland-Miramichi (Mr. Dionne) who represents a constituency neighbouring on mine.

I do not want to comment too much this evening about the events of the last 16 days since I would like to make some other points. I would only say that it has been a regrettable period. Basically, I support the position taken by the government House leader, which was to maintain the tradition that the majority in the House of Commons has the duty, responsibility and power to determine the orders of the day and to decide upon the form in which legislation is to be presented in the House of Commons subject to the ruling of the Chair as to its acceptability and its form.

That tradition is basic and must remain that way, otherwise I do not see how any democratic assembly can work. Filibusters have taken place before, and I suppose this form of filibuster which we have seen, because it was different and new, has dramatized a filibuster tactic much more. I think that we have underestimated the extent to which this institution functions on mood and human feelings. Although filibusters will occur in various forms, I repeat that I deplore the sort of filibuster we have just had because it prevented us from coming to the House of Commons to answer or ask questions and debate. However, in a country as diverse and complex as Canada where people have referred to it as a human experience—certainly a political experience—it is understandable

that this institution will always be difficult to operate because of that diversity.

[*Translation*]

I would like to separate my comments on parliamentary reform into four parts. First, I believe that there are certain reforms or changes which would be easy to bring about that concern our everyday life as parliamentarians. When I say this, I mean among other things our trips to our constituencies and our families. I would simply like to point out that situations where surprise votes may be called at just about any time do not lead to a parliamentary way of life that should be acceptable today. As recently as this week, I twice had to cancel elaborate plans for meetings in my constituency with groups who wanted to consult with me. This is very important for a Member of Parliament, and twice I had to revise my plans simply because my whip told me that I had to be in Ottawa lest there should be a vote. This is unacceptable, Mr. Speaker, and in a country as large as Canada, in a country where the federal government is losing its credibility in certain areas, it is very important for Members of Parliament to be mobile. In order to maintain efficient political and public relations, it is most important for a Member of Parliament, when he has told a chamber of commerce, a municipal council or an industrial commission, that he will meet them at a certain time on a certain date, that he should not have to change his plans two or three times in the same week, simply because there can be surprise votes in the House.

It seems to me that nothing should prevent us from making plans and if this recent crisis should give us the opportunity to effect some changes, I believe that we sought to start by trying to update our system. I am willing to leave in our procedures sufficient latitude for the official opposition to delay the work of the House in one way or another. I believe that we need loopholes here and there for the opposition and even backbenchers to delay the work of Parliament. I do not think that we can realistically expect the Canadian Parliament to have a system completely free of such loopholes.

However, Mr. Speaker, I believe that, in a modern Parliament, we should eliminate the problems of session adjournments, surprise votes and bells which can ring for nights without anyone knowing whether or not the vote will be held, and I believe that this could easily be the first stage of our parliamentary reform. The second issue that I want to raise is the consideration of budgetary estimates, and the third is the handling of legislation. I shall deal with both of them at the same time.

Mr. Speaker, traditionally, and this is important in my view, Parliament votes the estimates in order that the government may govern. Over the years, as mentioned by the previous speaker, we went into Committee of the Whole and ministers were summoned here, on the floor. Members could ask questions, they could delay matters as long as they wished. This was changed in 1969, I was here at the time, so that the estimates could be referred to committee and we could have a specific date on which the estimates are deemed to have been reported by committee, even if the latter refuses to do so.

• (2100)

Mr. Speaker, the old custom is worth while, but it is preposterous to suggest that members of Parliament should scrutinize in detail the estimates each year in order to hold government accountable with the means at our disposal. It is not done, because it is not possible in a modern society. We now have accounting methods that were lacking previously. We have computers, we have the Auditor General, we have a Standing Committee on Public Accounts, and I feel, Mr. Speaker, that one of the things we should seriously consider—the hon. member for Rosemont (Mr. Lachance) raised this issue in the motion tabled on February 25, I believe, and I would like to take this opportunity to commend him for that as well as for his speech this afternoon, because I think he has a very considered approach, that of changing the procedure for consideration of the estimates with a view to making government accountable to Parliament.

[*English*]

I believe the kind of examination of estimates we have now is a total waste of time. It is boring for members of the government. It is a boring exercise for us, and a frustration for members in the opposition. We assume it is necessary in a modern society to make a detailed yearly examination of estimates, but it is humanly impossible.

What I would rather like to see, if I had a choice—and here I come close to what my colleague, the hon. member for Rosemont, proposed this afternoon and proposed in his resolution of February 25—is that we give the opportunity to small groups of Members of Parliament in special committees of the House, with the appropriate staffs, to pick five-year plans of departments. We do not change the notion of accountability of ministers, but the mere fact that we are going to look at five-year plans automatically puts an onus on officials to account. Ministers, technically, will have to account, but then those committees can put departments to the test for one year, with the appropriate staffs, and really grill certain departments and find out where they are going in the long term. That is better accountability than what we have now, which is really an exercise in frustration for everybody. It is a waste of time, and we should not even pretend we are examining the estimates of the departments. Officials do not have to account because they know all they have to do is give long answers and the bell will ring at eleven o'clock, and by a certain date the matter has to be reported. I suppose in a technical or parliamentary sense it is still some kind of examination. The government still has the confidence of the House of Commons. We on the Liberal side could decide that estimates are bad, and we could kick the government out. Right now six or seven Liberal Members of Parliament could, I suppose, force the government to change its mind, but that would really not be a proper examination of a department.

The way to do that is to do something like the Senate did with the Department of Public Works some five or six years ago and to give a committee a mandate to look at a department and its five year plan. We could have real accountability, and departments—and I include officials—would have to answer to parliamentarians for their actions. Parliamentarians could say, "Instead of the policy you are following, we think you should go another way." Those reports would be read by the government. They would be examined by the public, and they would be taken seriously. The reports we have now as far as the estimates are concerned are not worth very much, unless there is a rebellion on the government side and five or six members of the government decide they want to kick the government out. However, that is not very smart, unless we want to have an election.

What we have now is not really an examination or the accountability of the government to Parliament. If I were to vote against my government and be confronted with an election, that would be somewhat irresponsible. It would be irresponsible for any group of Members of Parliament privately to decide we should have an election at a certain time.

The third part of my speech is related somewhat to the second part with respect to the estimates. I believe we should do a little bit of the same thing with legislation. I think there is value in the parliamentary system, versus a congressional system, in having the majority, that is the government, propose the legislative timetable and propose a philosophical framework. However, once that is done and once the whole House of Commons has voted on a resolution—which could be ten pages long—why not let a committee of Parliament write the legislation? Why not give it the time and hire the staff and have it write the legislation? I have reflected on this a little. I am not a lawyer or a draftsman, but I do not understand why a civil servant who works in the Department of Justice or in the Privy Council can write legislation while any person from the public cannot write legislation. If that were done, members of Parliament would feel they were part of the legislation. If there was a conflict and if something were to block somewhere, it would block on a question of policy and not on some picayune matter which has to do with drafting. As a matter of fact, one could suggest that the government would not have to keep so many of the officials who write legislation now. People in the country would probably develop expertise in the drafting of legislation, and they could work for Members of Parliament or for parliamentary committees.

Mr. Dionne (Northumberland-Miramichi): There would be a lot of unemployed lawyers.

Mr. Breau: In the fourth part of my speech I want to deal with the question of policy formulation. The Parliamentary Secretary to the President of the Privy Council (Mr. Smith), the hon. member for Rosemont and a few others, including the hon. member for Nepean-Carleton (Mr. Baker), have talked about parliamentary task forces. In this Parliament where we tend to think we are in a great crisis and the institution is breaking down, it is paradoxical that there has been, in my view, an important parliamentary reform in this session. I was involved in two parliamentary task forces, and I do not say this only because I was involved in them, but the setting up of parliamentary task forces has demonstrated an important reform in attitude. It was not really a great structural reform, but it was an important reform in attitude. I know the hon. member for Nepean-Carleton is proud of that because he was part of the government, the former government, which in a sense seeded the idea. When the Prime Minister (Mr. Trudeau) formed the government the last time, he found this idea appealing and felt it a good way to involve parliamentarians. That has been an important reform of this Parliament. Never before have Members of Parliament been so involved and so effective in providing policy. That is not proper accountability, and it is not proper examination of legislation or estimates, but in terms of policy formulation I think it has been a great reform. Most, if not all, reports are unanimous. Members from the different parties have been able to agree to a coherent political statement. That is a very important reform and it worked because of members' attitudes. First of all, the subject was chosen by the government and therefore was on the political agenda of the government. It expected a report and wanted the opinion of parliamentarians. Also, it was obvious from the start—because the chairmen were proposed publicly by the Prime Minister—that there would not be the usual kind of party discipline directed to the subject. In the parliamentary task forces that I chaired—and I suppose it was the same in the others—when we first sat down with the opposition it was obvious that the Liberal members were free of party discipline. We were free to hire such staff as the opposition would agree to and were free to go wherever we thought it made sense to go in terms of policy orientation. As soon as that was clear, members of the opposition—who after all are here to do a job for their constituents—as soon as they realized that their opinion was worth something, they worked positively. Any disagreements were disagreements of philosophy, of policy, of substance. Once disagreements are reduced to those terms, it is easy to work them out. With skilful draftsmen it is easy to get around problems and to come up with a statement that is not so diluted that it does not make sense.

• (2110)

I have spoken on four different aspects of this matter, Mr. Speaker. The first is parliamentary life. I want to stress again that we must do away with this matter of surprise votes. Members of Parliament have to be free to go back to their constituencies without worrying about votes. Then there is the question of the bells, the question of voting, the question of fixed adjournments, and it seems to me that we should deal with them very quickly. I do not understand why we do not.

The other three aspects of the matter are estimates, legislation and policy formulation. With regard to these three I believe we must provide a better committee system and rely upon it more.

[*Translation*]

Again I would like to commend the hon. member for Rosemont for his motion of February 25, 1982. What I am proposing is very similar in substance to what he is proposing, except that he went further than I did, he proposed a solution. The solution is open to discussion, but what is important is making the government truly accountable to Parliament. This is as far as we can go in a modern society, Mr. Speaker, if we put aside exaggeration or the make-believe suggestion that it is possible for 282 Members of Parliament to make every year a detailed examination of the estimates for some 30 departments. A far better approach, Mr. Speaker, is to examine departmental structure and long-term direction within the framework of a study that can extend over a year, with the staff needed, the resources needed, resources to travel, to call for witnesses and experts. Then hon. members could really pass judgment and influence long-term policy.

[*English*]

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I have just a few comments to make about the debate. Perhaps I should begin with a reference to the parliamentary impasse that we have just experienced and which is part and parcel of the reason for the debate tonight. I think it was a good idea for the official opposition to provide Parliament with an opportunity to debate parliamentary reform.

I should like to reinforce what my leader said this afternoon about the attitudinal dimension of parliamentary reform. As good as the rules for human relationships might be, without the proper spirit we will not be able to proceed to the kind of reform and the kind of Parliament that members have envisioned this afternoon.

There were people on both sides of the issue, of course. There were those who supported the ringing of the bells and those who thought that what the Tories were doing was a terrible thing. People appeared to judge the impasse according to their political loyalties. However, there were a great many people who simply felt that nothing had changed.

As we moved into the final day of the impasse it rather scared me that nobody seemed to care. The relevance of Parliament was being demonstrated by the bells rather than being created by the bells. Among my constituents I could not find a sense that the decision-making process had been interrupted. Because there is a feeling in the country that the real decisions are not made in Parliament in any case and in so far as that is the perspective behind the Conservative motion, I think it is a good one. People do feel that Parliament does not have as much power or relevance as it ought to.

Personally, as a new Member of Parliament, I am dissatisfied with a number of things. Some good reforms have been suggested vis-à-vis committees and I should like to see them go through. I find committees to be a sort of make-work projects for Members of Parliament. We have the impression that we are doing something, but it is a false belief. Committees are run by the government. The people who appear before the committees get a false impression too, as they believe they are speaking to people who can do something when in fact they cannot. That is unfair to the witnesses and their perspective of the democratic process.

Just recently I read or heard something about the Prime Minister's famous comment about Members of Parliament being nobodies. I wish I could remember the source. The problem is not that Members of Parliament are nobodies. When we are in our constituencies we are somebodies; it is only in Parliament that we are nobodies. The minute we walk off the Hill, as far as our constituents and others are concerned we are somebodies because thousands and thousands of people voted to put us here. The minute we walk into this building we become nobodies because of the way things are structured and the attitude of the government party that has been in power too long. In all fairness, I must say that it is destructive of the democratic spirit for the Liberal Party to have been in power as long as it has. But the point that has to be made is that it is only when we are here that we are nobodies.

The point made earlier today by the Leader of the Official Opposition (Mr. Clark) about party discipline is a good one. If there is absolutely no possibility that through good argument and good debate or whatever we have to offer in this chamber we can change anyone's mind on anything, then there is no point to debate. There is no point to it if everyone has his mind made up on how he is going to vote on everything before the debate begins. This seems to me to vitiate the whole notion of what a debate is, particularly now that people give set speeches. I understand that in the "olden days" there used to be a little bit more actual debate when members asked questions of each other. But that tends to spoil the set speech that a member may want to send back to his riding for broadcast on cable TV. There seems to be an unwritten rule that this sort of thing is not done any more because it spoils the entertainment value of the speech.

That brings me to another point, Mr. Speaker, the dimension of modern politics that has been left out of this whole debate, the media. There are other actors in the democratic process who also have a responsibility to ensure that Parliament as an institution and as a symbol of democracy is held in appropriate respect. An incident that occurred earlier today demonstrates this. After the Leader of the Opposition spoke, I was outside the chamber and I noticed that there was a bunch of cameramen waiting to interview him. Doing the good thing, he sat and listened to the government House leader make his speech; then he listened to the leader of the New Democratic Party make his speech. Meanwhile the cameramen were going crazy because they wanted him to come out for an interview. As I walked by, I heard a cameraman say, "Enough of this crap about democracy; I have deadlines to meet".

• (2120)

Mr. Dionne (Northumberland-Miramichi): Where are they now?

Mr. Blaikie: Exactly, where are they now? The Press Gallery is empty, and I have looked at an empty Press Gallery more than I want to think about since coming here. People say

that members of Parliament do not have anything substantial to offer. I want to say something in defence of all of us, even though I have listened to a lot of crappy speeches. I have also listened to many good ones which went completely and totally unreported because it was past the deadline, too complicated, or no one could be bothered to listen to them. This is something I wanted to put on the record. There is a thing called "the media" which also has responsibilities in this business. They are the interlocutors or the people who stand between us and our constituents, between us and the country; they are the filter. I happen to think that from time to time they do not do a particularly good job. If that means that I will not get any press coverage from now until doomsday, so be it.

Another matter the hon. member for Saskatoon East (Mr. Ogle) wanted me to mention is something which I do not think has received enough attention tonight. I am referring to the entire question of voting, the incredible amount of time which is taken up voting in this place, and the need for reform of the amount of time required for us to vote. In many different parliamentary and legislative assemblies around the world, there are methods of voting such as electronic voting and voting with cards. Various mechanisms are available which would make possible a much more efficient method of voting. The one thing I like about the way in which we vote is the symbol of people having to rise to say where they stand on a particular issue. I would be distressed to see that sort of human side of voting taken away by any reform, but perhaps it is something we must consider.

Also I should like to see reform of the way in which we perceive the act of abstaining on a vote in Canadian politics. In many other institutions at least people have three options—they can vote yes, they can vote no, or they can abstain and say why they abstain. There is a third position; politicians are not always caught in this either/or situation of having to vote yes or no. It obscures the quality of decision-making and it obscures the ability of Members of Parliament to say where they are on any particular issue. Everything comes down to the vote—one is either for it or against it. This is a very uncomplicated and, in some cases, primitive way of looking at issues. We ought to have more options available to us. I should like to see some reform in this area.

That is about all I wanted to say. I hope this will be the first step toward meaningful parliamentary reform. I get little attacks of despair when I hear members who have been here for ten, 15 or 18 years rising and saying, "We have been talking about parliamentary reform since way back when". I do not know if I want to wait around another 16 years before we actually get around to doing something. There has already been much talk about parliamentary reform, and it is about time there was some kind of consensus.

I was particularly interested in hearing the remarks of the hon. member for Gloucester (Mr. Breau) because he chaired a special task force on fiscal arrangements of which I was a member. We managed to come to some kind of consensus about a very difficult matter, although sometimes the hon. member interprets the consensus differently from me. One of my ideas is that perhaps we should have a special parliamentary task force. Task forces have served us well in the past. Perhaps we should set up a small committee to travel across the country to obtain the views of people on parliamentary reform and to come up with a consensus. If the debate this afternoon and this evening has been sincere, it would be something to which all parties could listen and respect, and perhaps by next fall we might have some parliamentary reforms on the books which would make this place a better place in which to work, a better place for Canadians.

Mr. Jack Burghardt (London West): Mr. Speaker, I welcome the opportunity to speak during this debate. While I have been on my feet at numerous times during question period and during the 15-minute period when we are allowed to make motions on anything from the sublime to the ridiculous, I have not had the opportunity to speak at length during debate in the House, due in part to the parliamentary system under which we operate. I know that I can perhaps speak tonight on almost anything, but I will stick to the matter at hand because I feel the subject is of utmost importance to the operation of this great House of Commons.

I welcome the opportunity to speak as the Member of Parliament for the riding of London West, a riding which I believe is the third largest in Canada in terms of population, on this subject of parliamentary reform. Since coming into the House last April following my election, I have had the opportunity of seeing first hand how the parliamentary system works, or does not work. I am afraid to say that quite often the latter is more the case. In coming from a background of broadcast news media which tends to report only the so-called highlights of the action of Parliament, I must confess that it is not until one comes into the parliamentary process in a very personal way that one's eyes are opened to the inaction of much of the parliamentary procedure. Unfortunately, the public, as my hon. friend mentioned just a moment ago, is left with only a sham battle to watch on the television screen and to sit back and watch amazed at the circus antics of question period.

I know that the entire subject of parliamentary reform is a contentious one. I believe it was Mark Twain who said, "Nothing so needs reforming as other people's habits." If this be true, it is no wonder that other attempts at reform have been clouded with doubt and suspicion. For the government side to talk about parliamentary reform is to be viewed by the opposition as some other device to try to slip some piece of legislation quickly through the House. For the opposition to talk about reform is to be viewed by the government as another device to come up with more tactics of delay and of obstruction. Cautious, careful people, always looking about to preserve their reputation and political standing, will not bring about reform. Those who are really honest in wanting reform must be willing to do anything or nothing in the estimation of the citizens of the country.

James Bryce back in 1888 said:

Law will never be strong or respected unless it has the sentiment of the people behind it. If the people of a state make bad laws, they will suffer for it. They will be the first to suffer. Suffering and nothing else, will implant that sentiment of responsibility which is the first step to reform.

I suggest the suffering that Parliament has endured these last two weeks is proof positive of that statement. Is it not time that we all got our act together and entered the real world to get on with the important business of governing our great country?

As a relative newcomer to the parliamentary process, I find that much of my time is taken up in reacting and not enough time is spent in acting or initiating. Because of this reactive nature of our process, I am sure the talents of many politicians in the House are wasted. Backbenchers on both sides of the House need to have greater input into the legislative process. Some might argue that a member has this opportunity in his party caucus. To a point this is true, but the operation of our party caucus is secret. I am not suggesting that we change this, but the public is not made aware of what goes on in caucus. As a result, it is left with a less than honest impression of what Parliament is all about.

• (2130)

An hon. Member: That is your caucus, not ours.

Some hon. Members: Oh, oh!

Mr. Burghardt: Again, I mention the antics of question period as seen and reported by the media. Obviously some members on the opposite side of the House are more attuned to the media than others, or perhaps the media is more attuned to those members. I guess that is where the news is being made these days. Yet far more time is being spent in the House on debates than on questions. Unfortunately, as we all know, the exodus of members, visitors and media from the chamber and its galleries after question period, leaving the House almost deserted, illustrates this point.

There are valid reasons for this. Debate is too long; it is too repetitive; it is too partisan on many occasions, it is too adverse and quite often it does not do the job. The opposition mentality of being against everything and in favour of nothing reduces the opposition's credibility as an alternative government. On the other hand, I feel the government ought to be concerned that its explanations of legislative proposals are not always communicated in a way that the public, and in some cases the House, can understand. To be honest, there are also grounds for suspecting that a government, because of the system, is sometimes forced to bypass Parliament to avoid delays that weaken Parliament as a whole.

I think it must be recognized that practical limitations on parliamentary involvement are necessary. For example, the Special Committee on Regulatory Reform, a committee which was made up of members from all parties in the House, on page 22 of its report on the subject of practical limitations on parliamentary involvement it reported the following:

We are convinced from what we have been told and from our experience working in this committee, that parliamentarians can contribute more to the regulatory process than they do at present. We must report, however, that the general support we found for greater parliamentary involvement in the regulatory process was tempered by the concern expressed by many witnesses that taking on additional functions could, in the long run, be counterproductive. We were cautioned against recommendations that would simply add to the present overload of Parliament and unjustifiably slow progress on the matters that require its approval. We recognize as well that enhanced accountability to Parliament would impose additional obligations on the Government.

Officials in almost all the departments we heard from characterized Parliament as a bottleneck. Significantly, this view was shared by many private sector interests as well. We were advised that some departments had been waiting for as long as four years simply to get bills of "lesser priority" before Parliament. In some cases, measures that might have reduced the burden of federal regulation on the private sector have not been implemented for lack of parliamentary consideration and approval. The parliamentary bottleneck provides further incentive for the government to include broad delegations of legislative power to ministers, regulatory agencies, and the governor in council in new regulatory statutes.

Nothing in reforms should prevent an opposition from opposing legislation before the House vigorously and objectively. But at the same time, reforms must permit a government to get a reasonable legislative program through Parliament. Perhaps a sense of purpose and direction in debate would make it more interesting for all members of the House, certainly for visitors in the galleries and, more important, the media. Normal speeches should be reduced from 40 to 20 minutes. This would make for better use of time in the House. It would give more members an opportunity to speak on a given bill. This proposal to reduce the time for speeches from 40 to 20 minutes has been mentioned many times and as late as this afternoon by the government House leader, and I know the hon. member for Nepean-Carleton has also mentioned it.

In my opinion, the purpose of parliamentary debate is to provide Parliament, and thus its members, with an opportunity to examine legislation before the House intelligently and objectively. This is a process that would create a better atmosphere between Parliament and the citizens of our country. It appears plain enough and easy to understand, but unfortunately, this is not the case. There is an increasing disenchantment with and skepticism of Parliament on the part of our citizens because of the very nature of the present system of rules and regulations which provide for procedural wranglings and delay, giving the impression, with all due respect, that we are nothing more than young school children at play. I believe there will be a greater decline in confidence placed in parliamentary government and little respect for parliamentary institutions if we do not change our ways.

I would like to mention the work of parliamentary committees. I feel parliamentary committees need to have greater control and input in examining a given piece of legislation. It has been suggested before, and I would concur, that our present committees are too cumbersome and that not enough members attend with the proper background and research required to investigate adequately, to scrutinize and criticize a particular bill before them. Too much time is spent in trying to score political points, especially if it is a committee which the media attends.

In many ways the failure, or whatever failure we are encountering in the House of Commons, has been to create a competent committee structure which can have a definite capability of affecting legislation. House committees seem to go mainly through the routine of looking into spending estimates. This point was mentioned earlier tonight. Important as

it is, it is nevertheless a routine without much clout. Any attempt to dwell on a specific area is turned aside.

Having said that, some of our special committees, for example, the Special Committee on the Disabled and the Handicapped, have done an outstanding job at getting to the heart of the matter and initiating specific recommendations. The Parliamentary Secretary to the President of the Privy Council (Mr. Smith) referred to this earlier tonight. He was chairman of the Special Committee on the Disabled and the Handicapped, and my seatmate, the hon. member for Hamilton West (Mr. Hudecki), also was a member of it. That committee made up of members from all sides of the House did an outstanding piece of work. Unfortunately, again because of the system, action on many specific recommendations encounter needless delay. Alternatives are available to make greater use of committee time and effectiveness. It has been suggested at other times that annual reports of any department or government body be automatically referred to the appropriate committee for thorough investigation. This would give them more adequate opportunity to inquire into the needs and operation of a given department. It would also make for a better use of committee time resulting in a greater degree of accountability.

Another area of concern to me as a member, and I am sure to many members on both sides of the House, is that constant pull between the House and the constituency. Constituents legitimately expect a Member of Parliament to be at their beck and call. While parliamentary procedure decrees a member's presence "on the Hill", this sometimes results in a member being neither here nor there. A Member of Parliament is required to play a number of important roles. A Member of Parliament, as I have already mentioned, must seek to be a legislator in debating and amending legislation. A Member of Parliament must also act as an ombudsman for thousands of constituents who have problems in dealing with government and its agencies. A Member of Parliament probably meets with a more varied and diverse group of individuals more often on a day to day basis than a person in any other occupation. A Member of Parliament must be in a position to relate to factory workers, farmers, lawyers, engineers, office workers, the medical profession, teachers and professors, those in administrative positions and so on. A member must be ready to adjust to the particular subject matter at hand. Unfortunately, there is often not enough time to prepare oneself for these varied tasks.

• (2140)

Any reform must take into account the need of the member to be in the constituency on a regular basis and for a sufficient length of time. Now there has been some indication that sitting hours should be amended, allowing members more time in their constituencies, and that some votes on division be deferred to times agreed upon by House leaders in concert with the Speaker, rather than members be required always to stand by waiting for that bell to ring and then drop whatever they are doing to rush into the House only to wait until enough members on both sides of the House assemble for the voting ritual.

I am sure the frustration which many members feel is because the talents and skills which brought them so-called success in private life do not count as much in the total operation of Parliament. Having said all this, Mr. Speaker, I realize that these views coming from one of the newer members in the House may seem rather presumptuous to veteran members who, I know, have long contemplated parliamentary reform. Indeed, I recognize that there have been significant and positive parliamentary reforms. Since 1968, committee investigations have been initiated and are frequent. Parliamentary task forces have been created. The research capability of individual members of each of the parties and of the Library of Parliament have been substantially increased. In addition, the operational facilities provided for the Leader of the Official Opposition (Mr. Clark) and the Leader of the New Democratic Party have grown considerably, hopefully allowing each to fulfil his official role more competently. But more needs to be done. I have given these views in an attempt to initiate further parliamentary reform and therefore to provide a better system in which we may better represent the citizens who elected us. On that note I feel very privileged and honoured to represent the riding of London West, a riding made up of people who really care and, I have first-hand evidence of this, who are really interested in what transpires here in Parliament.

Just as our country is made strong by our differences, Parliament is made strong by responsible and responsive differences, such as were not displayed during the last two weeks. Let us have responsible government and responsible opposition in Parliament. Perhaps long overdue reform will help all of us to be more responsible and responsive. Let me close, Mr. Speaker, by telling the story of an old farmer who frequently described his experience in life by saying, "Well, I'm not making much progress, but I'm established." One spring when he was hauling some logs, his wagon wheels sank down to the axles in mud. Try as he would he could not get the wagon out. Defeated, he sat atop the logs viewing the dismal situation. A neighbour who had always felt uncomfortable with the farmer's worn-out description of his life came along and said, "Well, brother Jones, I see you're not making much progress but you must be content because you're well established." We may be "established" in Parliament, Mr. Speaker, but if we are "stuck" we are not very productive.

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, in my initial remarks this evening I want to join with my colleagues in congratulating the hon. member for London West (Mr. Burghardt) on his maiden speech. When I was a student at the University of Western Ontario I was privileged to watch him on CFPL; I enjoyed watching him then, and I enjoyed it even more this evening. I think the contribution he made this evening, particularly as a new member who has not been in Parliament for a long period of time, was extremely constructive and very thoughtful, and it will be very helpful to each of us as we pursue the issue of parliamentary reform.

If you have a taste for irony, Mr. Speaker, I guess it will probably be satisfied this evening because here we are, following a two week impasse in Parliament which tied up the business of the nation and prevented members from meeting in this chamber, and the first piece of business Parliament is called back to deal with is a debate on the issue of parliamentary reform, trying to make this institution work again. Yet what we find is that throughout most of this debate, about 85 or 90 of the seats in this House have been vacant. Also, to the best of my knowledge, not once this evening was anyone sitting in the Press Gallery to report on the activities here.

Now, I say this, Mr. Speaker, not as a criticism of my colleagues for not being here this evening because I know something about the schedules which members keep. There is a myth that Members of Parliament are not busy, that there is not a great deal for them to do. Most MPs do put in 70 to 80-hour weeks, and there is a great deal that they would be doing this evening such as attending standing committees, dealing with correspondence or speaking to various groups across the country, or solving constituents' problems. Nor am I critical of the members of the press for not being here. However, I would say to you, Mr. Speaker, that the empty seats here this evening speak far more eloquently to the need for parliamentary reform than anything that has been said by any of us here. Members are absent this evening because they know that what happens in this chamber is not of great importance compared to their other responsibilities. Until we can restore this institution to a place of prominence, a place of centrality in our democratic system, this sort of sorry record is going to continue.

What is happening, Mr. Speaker, is that Parliament is fast becoming irrelevant. As we broke for the supper hour this evening I looked at the fossilized limestone from which the Parliament buildings are made. They were quarried in Manitoba—

Mr. Mayer: Hear, hear!

Mr. Beatty: My colleague from Manitoba is impressed with that fact. In any event, it is fascinating to walk through the halls and see the fossils which are caught in the limestone. I think there is probably no better symbol for this institution, perhaps, than that fossilized limestone of which the walls are made. It gives testimony to the fact that there was once a living, breathing organism there, but today there is a hollow shell, rigid and dead. To a great extent that is what we find in the House of Commons under the present circumstances.

What we have is an institution which was once vibrant, living, important and central to our democratic system, yet today we find it is hollow and irrelevant. The choice we are faced with this evening is whether we are going to allow that decline to continue, whether we will alow the ossification of Parliament to continue unchecked, or whether we will take action to try to breathe some life into the institution and restore it to a position of prominence.

What importance will this debate today have? Well, it may give a chance to some of the members on the treasury benches to blow off steam. For others, including my colleague, the hon. member for London West, who gave such a thoughtful speech earlier, it will be an opportunity to put their ideas on the record as to how Parliament can be reformed, and students of political science will be able to read *Hansard* and look at the various suggestions. But the real issue, I suppose, is whether in fact the debate will lead to a reform of Parliament. Will it in fact lead to a revitalization of this institution, or will it simply give us the opportunity to reaffirm, to give a pledge of allegiance to Parliament and say that we believe in the institution and it is important, and that we lament the fact that Parliament has fallen on hard times? That is really the issue we are being forced to deal with today.

When I watched the hon. member for London West on CFPL I was studying political science at the University of Western Ontario. Anyone who has read a political science textbook has learned about where political scientists feel that Parliament fits into our representative system; it is central. And much of the study which takes place in universities across the country on political science deals with the role of Parliament and how it is the central institution in our democratic system. Here is where decisions are supposed to be made as to the future of our country. Here is where the course, the very direction that the country will be taking, is decided. At least that is the theory, but in fact it is not the practice. The fact is that for many Members of Parliament their most important function takes place on election night when, by their election, they help to determine who the prime minister will be and which of the prime minister's colleagues will form the cabinet. There are members in this House who are relevant and do play an important role; but by and large that role, that importance and that responsibility come to them not by virtue of being members of the House of Commons but rather by virtue of being members of the cabinet. For so many Members of Parliament, the responsibility which is left is to act as ombudsmen, to cajole, to persuade, to prod, to embarrass, to try to get members of cabinet to change their minds once they have made up their minds, or to adopt a particular position before a decision has been made.

• (2150)

That is not the role that I understood Parliament should be playing. It is not a role which I think is fulfilling for most Members of Parliament. It is not a role which I think the average Canadian who voted for us to come here expects us to be discharging. Parliamentarians have become ombudsmen and spokesmen instead of legislators. If we have a job to do here, we must surely restore this institution to a place where, in fact, it is central to our system of government and where, in fact, decisions are made and where, in fact, there is some point to representing our constituents here. We should have the opportunity to do something to change the conditions which affect the average Canadian.

I feel frustrated, and I know that hon. Members opposite also feel frustrated, by the inability of members of Parliament to do the job that they would like to do in representing their constituents. I would like to cite one example. I have received a

thousand letters following the federal budget. The hon. member for Kitchener (Mr. Lang) has publicly mentioned that he has received a thousand letters from constituents concerned about the budget. What is Parliament's role in the budgetary process? What opportunity do Members of Parliament have to correct policies that they believe are wrong or to give some direction and guidance to the government on policies which they feel will be helpful for their constituents or for their country in the future? How many of us can honestly say that we have been able to respond to calls from our constituents who have said, "I will lose my home. What will you do for me?" Have we been able to respond to those constituents who have said that if conditions continue the way they are today, their farms will be lost, or their businesses will have to close? How many of us can honestly say that we have been able to respond to our constituents by saying that we do have some function and that we will be able to do something to ameliorate the conditions which led them to have that concern about their future? I think that if we are honest, very few of us could actually make that claim.

Parliament has been like the gargoyles which we find on so many parts of the Parliament buildings, with very fierce expressions sometimes, frightening to look at, but in fact frozen in stone, incapable of really delivering on their facial threats. Parliament is fast becoming irrelevant. Unless we are prepared to take action now to restore Parliament to a position of prominence, I suggest that it shall become even more irrelevant in the future.

I mentioned earlier that when any of us studied political science, we learned that Parliament was supposed to be the centre of our democratic system. If we had the opportunity, I think it would be instructive to ask members of the executive, whether cabinet ministers or members of the public service, which would perhaps be even more informative, to draw an organization chart to describe their role within the whole of government. I think what we would probably find is that the public servant would draw a box with himself in it; above that would be the deputy minister and above that would be his minister. Beside would be the cabinet and on top of that would be the prime minister. Off to one side, like a malignant growth, would be Parliament. Parliament, far from being the central institution in our democratic system to so many in the government today, is viewed, in fact, as being an impediment and an obstacle, something which must be avoided or circumvented. Unless we are prepared to change that relationship, unless we are prepared to redraw the organization chart, unless we are prepared to restore to Parliament the responsibility and the power that is necessary to discharge our job on behalf of our constituents, I think we will find that this institution will slip further and further into irrelevancy.

Many suggestions for changes have been made over the course of the day which could help to make Parliament more relevant. The hon. member for London West made a series of them over the course of his remarks. My colleague, the hon. member for Nepean-Carleton (Mr. Baker) also made suggestions. People have suggested that we could reform the committee system and the budgetary system, and that the whole process needs to be opened up. Others have suggested that we could have reform of the rules as they relate to the parliamentary schedule, or that speeches could be shorter or that we could perhaps reform the Senate. There is no end to the various proposals that one could make to improve the functioning of Parliament. Personally, I have made a series of proposals on behalf of the Standing Joint Committee on Regulations and Other Statutory Instruments. Our fourth report made a very comprehensive set of recommendations as to how we could improve the functioning of the committee system in Parliament. My own feeling is that probably the single most important parliamentary reform which could be made, but which is generally not considered in the context of parliamentary reform, would be to bring down a tough and comprehensive freedom of information act so that Members of Parliament and the people we represent would have the opportunity to know how decisions are made and how the public's money is spent. Today, that is denied us. A tough and comprehensive freedom of information act could help to redress that flaw in the system today.

Probably the most serious thing that could be done, the most profound development which could take place if we were serious about trying to reform and revitalize this institution, would not require a single change to the rules of Parliament. It would not require that we spend a great deal of money on more staff for ourselves, on better offices or improved telephones. It would not require that we pass new legislation. All that it would require would be a change of attitude in this institution. It would require that there be built a feeling of trust among parliamentarians. It would require that there be, on the part of the executive, a willingness to share power. It would require a recognition of the fact that all sides and all Canadians would gain if we could make this institution functional again and if we could take advantage of the tremendous expertise, the tremendous human resources available in this institution which are not being utilized today. I think that the party in power would find that its position would be improved if this institution were less fractious and less partisan and if we were able to build the same feeling of partnership as there was in the various task forces and as there is in the Standing Joint Committee on Regulations and Other Statutory Instruments. That would help the government. It would help Parliament as a whole. I think the government would find that its purposes would be furthered if legislation which passed the House were more properly and more fully scrutinized and if improvements were made which prevented problems arising further down the road. I know that the government would feel that its position had been furthered if its own backbenchers felt that they had an important role to play and that they would not be frustrated in trying to discharge their responsibilities for bringing leadership to the country and for serving their constituents. I would suggest that Canadians as a whole would be better served if this institution could help to pass better laws, could help to hold the bureaucracy to account more effectively, could help to scrutinize legislation that we had passed earlier, to ensure that

it is still functional, that it is still serving the purpose for which it was intended and that it is still needed. I think that all Canadians would be better served if Parliament could act as a thread which could be used to bind together the disparate parts of Canada. That is what we could do if we were willing to revitalize this institution.

I cannot walk out of this building at night, and I know the hon. member for London West probably cannot either, without looking back on it and feeling a sense of pride and humility. This is, in part, because of the architecture which is so striking and beautiful; in part because of the history of the institution. However, perhaps even more than that, it is because of the potential of the institution. If we are prepared to take action today to breathe life back into this institution and to make it work again, we can serve the purpose of all Canadians. We can ensure that our country is better off for our participation in this institution.

Some hon. Members: Hear, hear!

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please! It being ten o'clock, it is my duty to inform the House that under the provisions of Standing Order 58(11), the debate on the motion has been concluded.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

FINANCE—A CHANGE IN APPLICATION OF SALES TAX—POSSIBLE REMISSIONS OF EXCESS TAX. (B) INQUIRY RESPECTING GOVERNMENT'S INTENTION

Mr. John Gamble (York North): Mr. Speaker, I am grateful for this opportunity to deal, albeit briefly, but, nevertheless, in more detail, with a question which I directed to the Minister of State for Finance (Mr. Bussières) in the absence of the Minister of Finance (Mr. MacEachen) on March 1 relating to the change to be brought about, as a consequence of the budget, in the imposition of federal sales tax. My question to the Minister of State arose out of an answer given by the Minister of Finance to the hon. member for Scarborough East (Mr. Gilchrist).

• (2200)

He had said on February 12:

> There is absolutely no increased revenue from that particular change. There is absolutely no additional revenue coming to the treasury. I can assure the hon. member of that.

It was with respect to that issue that I posed the question as whether or not the government would be prepared, in the event that additional revenues did in fact materialize, to remit these additional taxes.

The response that I obtained, in my submission, Mr. Speaker, hardly dealt adequately with the issue raised. In the final response of the Minister of State for Finance he said the answer was as simple as the question, simply that as the question does not make sense no answer is necessary.

The question is based on a simple recognition of a mathematical determination that one may readily make. I would urge the Parliamentary Secretary to the Minister of Finance (Mr. Fisher), or whoever else should reply to this issue in debate, to direct his attention to such a determination mathematically.

It so happens that the only time when there will be no change in federal sales tax, as a consequence of changing the base from the manufacturer's level to the wholesale level, is when there is a mark-up between the manufacturer's level to the wholesaler's level by the wholesaler of 12.5 per cent. Any mark-up less than that would result in a saving or a reduction in the tax. Any mark-up at the wholesale level above 12.5 per cent will result in the imposition of additional tax. For instance, at a mark-up over manufacturer's level of 20 per cent, the increased tax generated will be 6.6 per cent; at a mark-up of 30 per cent it will be 15.5 per cent; at a mark-up of 50 per cent it will be 33 per cent; and should the mark-up double the original manufacturer's costs the increase in tax generated will amount to 78 per cent. That is based upon a change from a level rate of 9 per cent, as it currently stands at the manufacturer's level, to 8 per cent, as appears on page 49 of "The Budget in More Detail" tabled in this House by the Minister of Finance on November 12.

I direct your attention to the first complete paragraph on that page, where the words in the second sentence appear as follows:

> The general rate will be reduced from 9 per cent to 8 per cent.

These calculations I have given you are based upon those figures, which have often been repeated in this House by the Minister of Finance and his colleagues.

The issue does not end there Mr. Speaker. If you will examine the last sentence in that paragraph, you will find the following:

> To equalize the tax between large chain retailers buying goods directly from manufacturers and small retailers buying through wholesalers, the legislation will provide for a higher rate of tax on purchases of taxable goods by the former.

• (2205)

While the 8 per cent level is the general rate of tax giving rise to the increases to which I just referred, we know that the minister intends, indeed, to impose a higher rate of tax for purchases being made under circumstances that large chains are selling the goods to an ultimate purchaser. That increases the tax and does not, in fact, reduce it.

If we were concerned with the consumer of products to be purchased subsequent to the imposition of this measure, we must have regard to the fact that the cost of administering this project by wholesalers, who hitherto had no obligation to adjust their practices and accounting procedures to look after collection of this tax, will have the effect of increasing the mark-ups to which I made reference. The resultant effect upon the consumers of Canada will be that they will pay more for the intervention by the federal government in this area.

I know that the alleged purpose of this change announced by the Minister of Finance, was to assist Canadian manufacturers whose goods have been, he says, at a disadvantage when compared to the goods which are imported into Canada. That is the alleged purpose. The real purpose is to raise additional revenues.

I might say that I know the government is oblivious to the concern that it should show for the consumers of this country as a consequence of these steps. Under any other circumstances, I submit that the perpetrators of this deception would be prosecuted for fraudulent misrepresentation.

Mr. Douglas Fisher (Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance): Mr. Speaker, this proposal has been under consideration for many years. It is one of the most widely discussed and analysed tax measures which has been undertaken by the government. Contrary to what the hon. member has just said, the shift of tax to the wholesale level is not intended to increase the government's revenue yield. To ensure that this change will be revenue neutral, the general rate will be reduced from 9 per cent to 8 per cent six months after implementation of the change. This decrease in the tax rate will ensure that no additional revenues accrue to the government as a direct result of the change in the tax base. The rate decrease is delayed to offset the cost to the government of refunding about $400 million to new licensees, mainly wholesalers, who convert their inventories from a tax-paid to a tax-free basis to avoid double imposition of the tax.

The November 12 budget proposed that the imposition would remove a serious bias that currently exists against domestic manufacturers, vis-à-vis importers, and correct inequities in the application of the tax among the competing manufacturers who market their goods in different ways. The new tax system will also incorporate a number of other important changes, including detailed valuation provisions and expanded appeal systems.

PUBLIC SERVICE—IMPLEMENTATION OF SPECIAL COMMITTEE RECOMMENDATIONS ON EMPLOYER-EMPLOYEE RELATIONS

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, on February 26, I put a question in the House to the President of the Treasury Board (Mr. Johnston). I asked him if he was aware that that particular date, February 26, was the sixth anniversary of the tabling in both the Senate and in this House of the report of the Special Committee on Employer-Employee Relations in the Public Service. At the time, I was the co-chairman with Senator Buckwold. That report contained 72 recommendations. In my question I pointed out to the President of the Treasury Board that there had been no legislative action taken on any of those 72 recommendations. The report was the result of some 18 months of hard work during which witnesses from unions, management groups and from right across this country were heard. As a result of testimony from one witness I put a question to the then postmaster general in March of 1975. The question was the following:

• (2210)

> Has the Postmaster General been made aware that witnesses for the Canadian Union of Postal Workers, when appearing before the Special Joint Committee of the Senate and of the House of Commons on Employer-Employee Relations in the Public Service, stated that the objective of the convention mandate to go for a Crown corporation was because of a preference for the Canada Labour Code rather than the Public Service Staff Relations Board?

The President of the Treasury Board is well aware of my opinion that we went the route of a Crown corporation for the post office because we were not prepared to look into the existing problems the public service was finding under the Public Service Staff Relations Board.

It is interesting that the gentleman who produced the report which formed the basis of the study of the special joint committee was Mr. Jacob Finkelman, who was the chairman of the Public Service Staff Relations Board since the legislation was enacted in 1967, and had presided over employer-employee relations in the Canadian public service.

Looking in my files before coming to the House this evening I noted on my shelves an array of books and reports prepared by the Treasury Board with titles such as "Performance Review and Employee Appraisal", "Accountable Management", "Program Performance Measurement", "Roles and Responsibilities of the Treasury Board of Canada and the Public Service Commission in Personnel Management", and "A Manager's Guide to Performance Measurement". What bothers me is that we have failed to take any action to come to grips with the problems raised in the report which was tabled in this House over six years ago.

I would like to put on the record just three of the 72 recommendations. In fact, the first one is just a part of recommendation No. 4 and reads:

> —certain revisions to the Public Service Employment Act be made immediately to allow the Public Service Commission to operate efficiently—

I repeat the words, "be made immediately", and that was in February of 1976.

Recommendation No. 5 states:

> That Parliament consider the proposed changes to the Public Service Employment Act as soon as possible, bearing in mind their relationship to changes recommended in the Public Service Staff Relations Act.

Again, that was in 1976.

Recommendation No. 8 states:

> That there is a need for additional procedural and substantive amendments to the law governing the collective bargaining relationship, and more appropriate remedies for unlawful activity.

These are just examples of recommendations made over six years ago in an attempt to improve employer-employee relations in the Public Service of Canada.

I have a letter which was sent by the secretary of the Treasury Board on December 4, 1981. The first paragraph is relevant, and he had reference to 1981:

> In March of this year the President of the Treasury Board . . . tabled a report to Parliament entitled "Accountable Management". This report described the government's progress in responding to the recommendations of the Royal Commission of Financial Management and Accountability (the Lambert commission). Among other things, the report outlined the measures that had been or were in the process of being taken to improve our systems for the management of human resources, measures that it was felt responded to the recommendations of the Lambert commission and which took into account the work of the Special Committee on the Review of Personnel Management and the Merit Principle (the D'Avignon committee).

• (2215)

The Lambert commission and the D'Avignon committee—in both of which studies I took a very keen interest—performed their work and submitted their reports subsequent to the tabling of the report of the special joint committee. Both of these works were in some measure influenced by and were the result of the report of the special joint committee. When I look at the legislative program for this parliament I recognize it is going to be extremely difficult to introduce any legislation in the current year. Nevertheless, I plead once again with the President of the Treasury Board to table in the House, so we can study and comment upon it, the legislation of the government to take into account the recommendations of the report.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, during question period on Friday, February 26, the hon. member for Vaudreuil (Mr. Herbert) drew the attention of the President of the Treasury Board (Mr. Johnston) to the fact that that day marked the sixth anniversary of his tabling in this House of the report to Parliament of the Special Joint Committee on Employer-Employee Relations in the Public Service. As everyone knows, that committee had been established to consider the report on employer-employee relations in the Public Service of Canada prepared by Mr. Jacob Finkelman.

The hon. member served as co-chairman of the special joint committee, so it is understandable that he is anxious to know when the official government response to the 72 recommendations in that committee's report could be expected.

Since the reports of Mr. Finkelman and the parliamentary joint committee were released, the Lambert Commission on Financial Management and Accountability and the D'Avignon Committee on the Review of Personnel Management and the Merit Principle have also reported. There are evident relationships among certain of the recommendations of the four reports, and it quickly became apparent that an appropriate response on the part of the government to the special joint committee's report could not be made in isolation from the related recommendations of the other reports.

When the President of the Treasury Board assumed his portfolio after the 1980 general election, he established a program to have the recommendations of all the reports reviewed in light of present-day circumstances with a view to developing recommendations for legislative change where necessary. Shortly after the review was undertaken, the minister had occasion to note publicly that the thrust of any such review ought to be to improve the existing system of employer-employee relations in the public service so that it, first, works in the mutual interests of both employer and employees, second, offers adequate and reasonable safeguards to the Canadian public, and third, ensures the existence of a collective bargaining system that is capable of operating in everyone's best interests in the 1980s.

I am pleased to inform the House that the review program has now been completed, and cabinet now has before it for consideration a number of recommendations respecting employer-employee relations in the public service. In developing these proposals, the minister has relied heavily on the very fine work done by the special joint committee and the extensive review by Mr. Finkelman.

My colleagues will appreciate that I am unable to reveal the nature of the proposed changes until cabinet approval has been obtained and legislation is drafted and introduced in this House. I can say, though, that the minister is grateful for the continuing interest of the hon. member for Vaudreuil in this important matter and the extensive effort he put into the work of the special joint committee.

JUSTICE AND LEGAL AFFAIRS—NATIONAL MOBILITY OF LAWYERS

Mr. Stanley Hudecki (Hamilton West): Mr. Speaker, one of the crucial issues of concern, not only to Canadian lawyers but to Canadians generally, is the national mobility of approximately 30,000 Canadian lawyers. In this age of specialization in the legal profession a whole new approach to national examinations is needed in order to allow Canadian lawyers to move with ease from province to province, as do doctors.

• (2220)

On February 19, 1982, I addressed this issue in a question to the Prime Minister (Mr. Trudeau). His response was as follows:

> —I am not aware of any hard discussions between the various provincial bars or in the Canadian Bar Association itself. I shall have to report the hon. member's concern on this matter to the Minister of Justice.
>
> I would remind the hon. member, however, that when we discussed the constitutional problem with the provinces, one of our concerns was precisely that shared by the hon. member. We insisted on the importance of having a mobility clause in the Constitution with a view to permitting Canadians of different occupations in society to have the mobility within the Canadian union. Of course, we were partly successful and partly unsuccessful. I share the hon. member's concern in general, and I will report the hon. member's question to the Minister of Justice.

At the present time in Canada, when a lawyer wishes to transfer from one common law provincial bar to another, he is generally required either to re-article and take the bar admission course, or write transfer examinations, depending upon

whether or not he has been actively engaged in the practice of law for three years.

What must be emphasized, however, is that regulations differ from province to province and, in some cases, the degree of difficulty with respect to transfer requirements pertaining to lawyers with three or more years of active practice is so severe that they are often encouraged to take the lengthy route prescribed for those lawyers with less experience; that is, to re-article and take the bar admission course prior to writing the examinations.

I should like to stress, in speaking of the mobility of lawyers from one province to another, that the difficulties I have briefly outlined mainly pertain to the nine provinces which have their legal system based upon common law. The province of Quebec is a special case, given that its legal system is based upon civil law. Therefore, it is quite logical that some special provisions should apply for lawyers who wish to enter or leave the province in order to establish a legal practice.

Speaking especially about the nine provinces practising common law, it seems relevant to view the difficulties encountered by lawyers in Canada who wish to transfer to another province in light of the new Canadian Charter of Rights and Freedoms and, more particularly, Section 6, which deals with mobility rights. The issue to be resolved would appear to be the following: Do some or all provincial bar societies' regulations relating to the transfer of lawyers, with or without the common denominator of three years of active practice, contravene the provisions set out in Section 6 of the Charter of Rights and Freedoms? If it is decided that they do constitute an unreasonable impediment to mobility, then I should like to make the following recommendations: That the Minister of Justice (Mr. Chrétien) intervene and confer with the Federation of Canadian Law Societies with the intent of (a) encouraging the elimination of the onerous requirements now in existence in most provinces for lawyers transferring from one provincial bar to another, regardless of how long they have been engaged in active practice; (b) encouraging the development of a more consistent and reasonable model of transfer requirements which all provincial bars across the country could follow; and (c) encouraging the federation to cast aside traditional barriers and to adopt the principle of mobility rights for lawyers, both in theory and practice, thereby setting an example for other professions which impose undue restraints on mobility within Canada.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, as pointed out by the Prime Minister (Mr. Trudeau) in the House on February 19, in the course of constitutional discussions with the provinces the federal government insisted upon the importance of a mobility clause in the Constitution, with a view to permitting Canadians of different occupations in society to have mobility within the Canadian union. In a discussion paper entitled, "Securing the Canadian Economic Union in the Constitution", tabled by the Government of Canada at the July 10, 1980, meeting of the continuing committee of ministers on the Constitution, the Minister of Justice (Mr. Chrétien) specifically raised the following concern:

—under the provincial law, associations for the licensing and regulating of the practitioners in various professions impose requirements that vary considerably from province to province and association to association and sometimes discriminate in favour of provincial residents. For example:

• (2225)

(1) Lawyers seeking to transfer to some provinces must have practised law full time in their own province for a given number of years after the call to the bar in order to be eligible for transfer exams. It is not obvious how this ensures greater familiarity with law in the province to which they relocate.

As to whether any discussions are currently under way, planned among the various bar societies, or at the level of law schools aimed at reciprocity of membership for practising lawyers transferring from one provincial bar to another, I understand that the question of national mobility of lawyers is indeed a matter of such current interest to the profession that it is being examined by the Canadian Bar Association. I believe that association could inform more specifically on the scope and status of the work it is undertaking.

The Acting Speaker (Mr. Ethier): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

At 10.26 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, March 19, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

INFLATION RATE IN PRINCE EDWARD ISLAND—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Figures released today by Statistics Canada reveal that Charlottetown and Summerside, Prince Edward Island, suffered the highest cost of living increase in the entire Atlantic region in February, 1982, compared to the same month last year. I therefore move, seconded by the hon. member for Malpeque (Mr. Gass):

That the Department of Finance investigate the factors that have caused P.E.I. to have such an alarmingly high rate of inflation, which in recent years has consistently been among the worst in the country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

RELEASE FROM EXILE OF SOVIET CITIZEN, IDA NUDEL—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, given that this House passed a motion on June 23, 1978, concerning the sentencing of the Soviet dissident, Ida Nudel, and given that her release from Siberian exile is slated for March 20 of this year, I move, seconded by the hon. member for Eglinton-Lawrence (Mr. de Corneille):

That in light of Ida Nudel's anticipated release from Siberian exile, on March 20, 1982, the House of Commons urge Soviet authorities to make arrangements so that Ida Nudel can be released directly from exile in Siberia to join her only living relative, her sister in Israel.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

ESTABLISHED PROGRAMS FINANCING—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, the Minister of Finance (Mr. MacEachen) intends to table his equalization and Established Programs Financing proposals today. This is both a unilateral and a grossly precipitous action given that the provinces first heard of the latest equalization proposals only at the recent first ministers' meeting. On top of this the Minister of Finance seems to be stubbornly going ahead with the cutbacks in health care and post-secondary education. Therefore I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House instruct the Liberal Party to reconsider its abandonment of co-operative federalism, get a new leader who believes in it, and extend the present fiscal arrangements until such time as the federal-provincial process has been given a chance to work on this issue.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

DESIGNATION OF MARCH 21 AS AFGHANISTAN DAY—MOTION UNDER S.O. 43

Mr. Maurice Dupras (Labelle): Merci, madame le Président. March 21 is the day on which the people of Afghanistan have traditionally celebrated the beginning of a new year. As that date approaches, we recall that Afghanistan was invaded by Soviet forces in December, 1979, an invasion condemned by the Government of Canada as a breach of the principles of the United Nations charter and a violation of the sovereignty, territorial integrity and independence of a United Nations member.

The House of Commons continues to be deeply distressed by the suffering and hardship which the Afghanistan people are experiencing under foreign occupation, including the bombing of innocent civilian populations, the destruction of the homes and the means of livelihood of these people. Therefore, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

S.O. 43

That this House, associating itself with the actions of other legislative bodies in the free world to draw attention to the continued defiance by the Soviet Union of the wishes of the international community, declare its intention to designate March 21, 1982, as Afghanistan Day, and that this designation express the determination of this House that continued international efforts must lead to the withdrawal of Soviet troops and the establishment of a fully independent and non-aligned Afghanistan, free from outside interference.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

• (1110)

METRIC CONVERSION

IMPOSITION ON STOREKEEPERS—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, across Canada thousands of merchants are struggling to keep their doors open. This dictatorial government is forcing conversion from imperial to metric scales, at the cost of $8,000 per scale, a cost which the consumer will end up paying. Therefore I move, seconded by the hon. member for Hillsborough (Mr. McMillan):

That this House condemn the government for driving storekeepers out of business by imposing compulsory metric conversion, and that it immediately respond by making all metric conversion voluntary, as legislated by the House.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

INCREASE IN CONSUMER PRICE INDEX—MOTION UNDER S.O. 43

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, I rise under the provisions of Standing Order 43 on behalf of every constituent of North Vancouver-Burnaby and, indeed, every consumer in Canada. The consumer price index for the month of February has now been released and shows that the cost of food has risen from 295.4 to 301.2. The cost of housing has increased from a figure of 242.5 to 244.6, and the over-all increase in what it costs any Canadian to live has now risen from 249.7 to 252.7. On an annual basis this is 11 per cent higher than last year. Therefore I move, seconded by the hon. member for Ontario (Mr. Fennell):

That the House condemn the government for its ineffectual, useless and totally inadequate programs which have allowed the continually creeping cancer of higher prices to destroy Canadian purchasing power and security.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

UNEMPLOYMENT

QUEBEC—PRATT & WHITNEY—REQUEST FOR AGREEMENT ON SHARING OF WORK—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Whereas some days ago, several hundred employees were laid off at Pratt & Whitney in Longueuil and the union is supporting the principle of work sharing in order to help the employees in question, I move, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

That the Minister of Labour approach the directors of the company with a view to negotiating a work-sharing agreement with the union.

Madam Speaker: Order, please! This motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

AGRICULTURE

LIVESTOCK COST RECOVERY PROGRAM—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, in view of the concern being expressed by the livestock industry regarding the cost recovery program of the Department of Agriculture which would levy a charge for grading carcasses effective April 1, and that such a move could destroy our national grading system, I move, seconded by the hon. member for Malpeque (Mr. Gass):

That the government delay implementation of the cost recovery program and refer the matter to the Standing Committee on Agriculture for study.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

THE LATE ALBERT ROUSSEAU, QUEBEC ARTIST

EXPRESSION OF CONDOLENCE TO MRS. OLIVETTE ROUSSEAU—MOTION UNDER S.O. 43

Mr. Léopold Corriveau (Frontenac): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43, and I ask the unanimous consent of the House in order to pay a last tribute to a great Canadian and a great artist. I am referring to Mr. Albert Rousseau, a Quebec painter who died yesterday in St. Étienne de Lévis at the age of 73. I therefore move, seconded by the hon. member for Mégantic-Compton-Stanstead (Mr. Tessier):

That this House salutes today the great talent of Albert Rousseau, a Quebec artist, and sends its most sincere condolences to Mrs. Olivette Rousseau and her family and thanks for a last time Mr. Rousseau for his contribution as an artist, as a Canadian and as a Quebecer.

In his own way, he was a distinguished Canadian, and I feel this should be recognized by the House, on behalf of all members and of the Government of Canada.

Madam Speaker: Order, please! This motion requires unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the motion. Is it the pleasure of the House to adopt this motion?

Some hon. Members: Agreed.

Motion adopted.

• (1115)

ORAL QUESTION PERIOD

[*English*]

FINANCE

THE BUDGET—REQUEST FOR CHANGES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Finance. The 1.2 per cent increase in the consumer price index announced this morning is one more nail in the coffin of the November 12, 1981, budget. The budget has done nothing for Canadians who are suffering from the effects of lay-offs and the high cost of living. Unemployment has increased since the budget was brought down, and the broadest indication of economic performance and economic mismanagement of the government is the value of the Canadian dollar, which has dropped almost to an all-time low in the period since the budget. When will the minister listen to Canadians and bring in changes to the budget to deal with these problems? When will the minister show Canadians that he means business about fighting inflation?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member might have been influenced by the debate yesterday on parliamentary procedure to try to develop a question that is more in accordance with the rules of the House. If the hon. member wants to make a speech each time he gets up to ask a question—

Mr. Crosbie: Answer the question.

Mr. MacEachen: —then, of course, he will get a speech in return. If he wants to ask questions, then he will get answers to them.

Mr. Nielsen: That will be new.

Mr. MacEachen: The hon. member asked two specific questions, the first about changes to the budget. The hon. member may not have been in the House yesterday but I answered that question which was asked by another hon. member, and he can refer to *Hansard* to get the answer. As to his second question, the government is deadly serious—

Mr. Nielsen: Deadly is right.

Mr. MacEachen: —about its determination to bring down inflation. It has set out a monetary policy and a fiscal policy that are geared to bring down inflation. But it is extraordinary that most of the questions asked by the opposition are intended either to undermine the current stance of fiscal policy or to undermine the current stance of monetary policy, both of which are intended to have some effect on the inflationary forces.

INTRODUCTION OF BUDGET LEGISLATION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, we have heard words on that subject for about ten years now. What Canadians are looking for is action from the minister.

Mr. MacEachen: How about a question instead of a speech?

Mr. Wilson: We had a comment yesterday from the Solicitor General who very astutely observed that the budget was a disaster and it was seriously flawed.

Mr. MacEachen: Never mind the speeches.

Mr. Wilson: Let me give the minister a very simple and direct question. The minister could have brought in his budget legislation two and a half weeks ago. The government did not have to provoke the opposition with the energy security act. Why did the minister not bring in budget legislation two and a half weeks ago before introducing the energy security act? When is the minister proposing to bring in that legislation so that this House can get around to dealing with the problems in the economy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member knows that there are some urgent pieces of legislation before the House—

Mr. Wilson: Like the budget.

Mr. MacEachen: —including the energy security program. On March 2 we gave notice of the fiscal arrangements bill, which is greatly urgent. It is urgent because the present legislation expires at the end of March.

We have lost more than two weeks because of the strike of the official opposition.

Miss MacDonald: That is not right.

Some hon. Members: Oh, oh!

Mr. MacEachen: Today we are giving first reading to that bill that has been delayed more than two weeks by reason of the attitude of the Leader of the Opposition. I regard that as urgent, more urgent than any other bill emanating from the budget, and I would proceed with that before any other particular bill.

Mr. McDermid: The budget was delivered on November 12. Where have you been?

• (1120)

TIMING OF INTRODUCTION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I think the minister has been around this House long enough to know that it takes two to tango. The minister has to provide some answers for us on this side of the House. He is looking for specific questions, and I will give him one. When is he going to bring in the budget legislation?

Now, before he answers that question, let me pose my supplementary.

Some hon. Members: Oh, oh!

Mr. Wilson: Today's consumer price index maintains the very wide gap of four per cent between the U.S. and Canadian inflation rates. That shows that Canadian industry is becoming more and more uncompetitive, resulting last year in a $23 billion capital outflow through the trade deficit.

Some hon. Members: Order, order!

Mr. Wilson: And 200,000 jobs have been exported to the United States.

Some hon. Members: Order, order!

Mr. Wilson: I would ask the minister when is he going to start to deal with that problem of an outflow of capital as a result of the trade deficit. And don't forget the first question I asked.

Some hon. Members: Oh, oh!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has asked when am I going to bring in budget legislation. I gather that he understands that the fiscal arrangements bill emanates from the budget.

Mr. Wilson: The tax legislation?

Mr. MacEachen: Government policy on fiscal arrangements was laid out in the budget, and the budget bill will be given first reading today. I hope hon. members opposite will give it speedy passage so that the current legislation will not expire and equalization payments to the provinces will not terminate because of the strike the opposition perpetrated on the House of Commons for more than two weeks.

An hon. Member: With pay.

Mr. MacEachen: The Ways and Means motions, Madam Speaker, emanating from the budget are known to the hon. member; a draft bill will be presented as soon as possible.

Mr. Wilson: When?

Mr. MacEachen: Not soon; as soon as possible. Not within the next month. When it comes forward—

Mr. Wilson: Not within the next month?

An hon. Member: What, next year?

Mr. MacEachen: Madam Speaker, we are proceeding in the normal way.

Some hon. Members: Oh, oh!

Mr. MacEachen: The budget draft legislation will be presented and hon. members will have ample opportunity to deal with it, but in the meantime they ought to deal with the urgent legislation we have before the House and not ask for those items which will come later.

* * *

THE ECONOMY

INCREASE IN COST OF LIVING INDEX

Hon. John C. Crosbie (St. John's West): Madam Speaker, the minister is positively twitchy. The Canadian people would like to see him on a permanent strike to give them some relief.

Cost of living figures, Madam Speaker, show that over the last year there has been an increase of 11.6 per cent, and that the higher costs are in food, housing and clothing, right where the ordinary person gets it in the neck.

There are three million Canadians living in poverty; they are the people who have been undermined, the 639,000 families and 826,000 single people. When is the minister going to try a new tack? His budget has not brought down the cost of living. The budget came down four months ago and the cost of living

is going up—food, housing and clothing. When will he take some new steps, or will he step aside and let someone else try?

An hon. Member: Bring on Kaplan.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I welcome the hon. member back from his sojourn abroad, and I welcome his questions which, as usual, are much more penetrating than those of his successor which we heard this morning.

Mr. Nowlan: It does not make any difference; the answers are as dull.

Mr. MacEachen: And much more to the point. I should tell the hon. member it is true that the cost of living for the past month has gone up. The main cause of the increase in that period was the dramatic and sharp rise in the price of food, especially for fruits and vegetables, which rose by 8.8 per cent—

An hon. Member: What about housing, Allan?

Mr. MacEachen: —and 18 per cent for fresh vegetables alone. I think the hon. member ought to know that this is a temporary situation which is beyond anyone's control and is mainly because of the weather situation in the producing areas of the United States.

• (1125)

REQUEST THAT MINISTER RESIGN

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question is directed to the Minister of Finance. Nothing can penetrate the minister's mind, apparently, because nothing can inspire him to action.

The minister said on September 9, 1980, 18 months ago in Halifax, that it was to create jobs, improve living standards and promote greater equity that he took on the position of Minister of Finance. However, all that has happened in the last 18 months is that living standards have gone down, equity has disappeared and we have the largest amount of unemployment in our history. Having failed in all those objectives that he boasted about in September of 1980, will he now resign and hand his portfolio over to someone else who will make a new effort, or does he stick by his statement of November, 1980, that Canadians will have to accept a lower standard of living and adjust to high energy prices? How can he continue in the face of his failure to meet those objectives he boasted about in Halifax just a year and a half ago?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Well, Madam Speaker, I will give give up when—

Some hon. Members: Yea, yea!

Mr. MacEachen: I will give up—

Mr. Stevens: We want Kaplan! Bring on Kaplan!

Mr. MacEachen: I will give up my present portfolio when I have lost the confidence of the House.

Mr. Crosbie: You have! You have!

Mr. MacEachen: The fact of the matter—

Miss MacDonald: You have lost Robert Kaplan's.

Mr. Hnatyshyn: How about the cabinet?

Mr. Huntington: You are only there at the grace of the trained seals, Allan.

Madam Speaker: Order, please.

Mr. MacEachen: Madam Speaker, the fact is that the budget policies have been before the House three times since the budget. Hon. members of the opposition have raised non-confidence motions three times. The budget has been sustained. I have been to bat three times. I have scored home runs.

Some hon. Members: Oh, oh!

Mr. MacEachen: The only time the hon. member was at bat, he struck out, and we had an election.

Some hon. Members: Hear, hear!

* * *

TRADE

NEGOTIATIONS ON IMPORTATION OF JAPANESE MANUFACTURED CARS

Mr. Lorne Nystrom (Yorkton-Melville): My question, Madam Speaker, is directed to the Deputy Prime Minister. I hope he will give us some very straight answers to some very serious questions.

Mr. Nielsen: You have a hope.

Mr. Nystrom: On February 24, in response to questions I put to the Minister of State for International Trade, he said he was confident of negotiating a reduction in Japanese cars imported into this country. This morning we heard some very disturbing news reports on Radio-Canada which stated that the minister has failed to negotiate a reduction in Japanese cars coming into Canada. Are these reports accurate? If they are, can he provide the House with more details?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, it is true that the negotiations to this point have not gone as well as we would have wished. We have not attained our objectives in those negotiations. The meetings will be continuing, not between ministers at this point but, rather, between officials. Certainly, in any event, this is a lengthy process in which we try to impress strongly and clearly on the Japanese our needs with respect to the automotive market.

Oral Questions

QUERY RESPECTING SANCTIONS AND QUOTAS

Mr. Lorne Nystrom (Yorkton-Melville): The minister, Madam Speaker, has admitted incredible failure after the government was so confident that it could negotiate a satisfactory agreement. The minister of State for International Trade was also quoted this morning as saying that he is considering recommending certain sanctions against Japan on this issue.

I would like to ask the minister can he tell the House what sanctions the government is considering. Is the government, for example, considering that we introduce in this country a Canadian content rule similar to that of Australia, where 85 per cent of the value of foreign cars must be sourced in that country? Is the minister also considering the imposition of quotas on the importation of Japanese cars, such as recommended by the United Auto Workers in a telex that he will be receiving within a few minutes?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, it would certainly be premature to speak of any sanctions. As I mentioned in my previous answer, the negotiations are continuing. What my colleague, the Minister of State for International Trade, said in Tokyo was that all our options remain open.

* * *

• (1130)

METRIC CONVERSION

REQUEST FOR POSTPONEMENT IN PRINCE EDWARD ISLAND

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. This past year the economy of Prince Edward Island has been devastated by the government's high interest rate policy. Two of our oldest department stores, Holman's and Moore & McLeod's, were forced either to go out of business or to take extraordinary measures to stay in business. Given that the federal government is forcing Prince Edward Island to convert to metric by June 30, businesses are compelled to take very expensive steps to do so. Will the minister consider postponing the metric conversion in Prince Edward Island at least until P.E.I. survives the current recession?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I do not think the hon. member's allegations are justified. Although a number of businesses in the province of Prince Edward Island may be having some problems, I feel the hon. member is exaggerating, to say the least, if he thinks that metric conversion can jeopardize the survival of a business in his province. There must be other reasons.

[*English*]

EFFECT OF CONVERSION

Mr. Tom McMillan (Hillsborough): Madam Speaker, the minister says that I am exaggerating, so I have this supplementary question. How can the minister justify forcing metric on Prince Edward Island, or in fact on any province, at a time when the retail sector is experiencing record high interest rates, a 77 per cent increase in postal rates, and depressed consumer demand? Does he not agree that forced metric conversion at this time will drive many retail businesses that are marginal out of business?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the hon. member is apparently against metric conversion, but he should realize that the first piece of legislation in this area was passed in Parliament under Sir John A. Macdonald in 1871, that former Prime Minister John Diefenbaker, when he was Prime Minister, created a task force for the implementation of metric conversion, that the former Leader of the Progressive Conservative Party, Mr. Stanfield, approved proposals for metric conversion made in Parliament in the early seventies, and that in 1976, all Conservative members of this House voted in favour of legislating metric conversion.

* * *

[*English*]

EXTERNAL AFFAIRS

APPLICATIONS FOR PASSPORTS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Secretary of State for External Affairs. Why is it necessary for Canadians applying for Canadian passports to register their place of birth?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, if I understand the import of the hon. member's question as to the registration of the place of birth, I think he is asking why we have the various kinds of entries that we have in the information we seek from passport applicants. The reason is that there is a relative standardization all over the world as to the matters of information that are sought, and if we did not have our passports in the same form it could be that Canadian passport holders would experience some difficulties in some countries. Indeed, there is a general international movement toward even greater standardization in passports.

REQUEST THAT APPLICATION FORM BE REDESIGNED

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, the minister will know that the only countries that benefit from this information are the eastern bloc countries, which consider Canadians who are born in an

eastern bloc country still to be citizens of that country and consider it a criminal offence for people to leave that country. As a result, those Canadian citizens who are visiting their homelands are always under the threat of arrest. I wonder if the minister would consider redesigning the application form and the information required in order to protect Canadian citizens visiting their homelands that are eastern bloc countries. Secondly, would he consider taking to cabinet a proposal to withdraw the provision in the Citizenship Act that gives Canadians dual citizenship, because that again threatens those Canadians visiting eastern bloc countries which happen to be their former homelands?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, my friend, the Secretary of State, can enlighten the hon. member further about the citizenship provisions.

We have given a great deal of consideration to the very real problem that the hon. member mentions. It is true that Canadian citizens who are travelling in an eastern European country do have some added difficulties as a result of the fact that the passport draws explicitly to the notice of the border authorities that they were born in that country. But the real problem stems not from that but from the fact, in any event, by the law of those countries they would be deemed to be citizens and the officials there would have other ways of finding this out.

In fact, given the growing standardization that I spoke of, and the need for this information in this form across the world, it is not just for the benefit of those countries, as the hon. member alleged in his preamble; it is really for the benefit of all Canadian citizens travelling abroad that they have the kind of information in their passports which is required to gain an easy admission to the countries they are visiting. So this is a case in which some Canadian citizens may be put at some disadvantage in a situation where others receive an advantage. We are doing our best in other ways to try to deal with the situation of those Canadians who may be disadvantaged.

* * *

ENERGY

EFFECT OF DROP IN WORLD OIL PRICES

Mr. Maurice Foster (Algoma): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. In view of the world oil glut and the press reports today that the price set by the Organization of Petroleum Exporting Countries, OPEC, will drop to some $20 U.S. by the end of the year, can the minister assure the House and Canadians generally that the planned oil price increases for this year will be suspended if the world oil price drops or if the Canadian price reaches 75 per cent of that world price?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to reassure the hon. member in that regard, that the Alberta-Canada agreement, as well as the agreement with the province of Saskatchewan, provide very specifically that at no time will the price for Canadian conventional oil exceed 75 per cent of the international price, whatever that price may be. There is no danger that the price of old oil in Canada will exceed 75 per cent of the world price.

* * *

HOUSING

REQUEST FOR PROGRAM TO ASSIST HOME OWNERS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the imaginative minister responsible for housing. The cost of living figures released today show that the cost of home ownership is up a dramatic and alarming 17 per cent. In the present year there will be 635,000 Canadian families renewing their mortgages. Since the bill introduced by the government to deal with housing will provide assistance for fewer than 5 per cent of these families, when is the government going to get serious about the problems faced by the vast majority of home owners and bring in a new program that will be effective?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, on November 12, the budget introduced by the Minister of Finance of the Government of Canada indicated its priority in response to the housing conditions of Canadians and allocated an additional $350 million toward solving some of the problems faced by Canadians looking at mortgage renewal, and to those Canadians looking for rental accommodation, especially to those young Canadians with young families seeking to establish their first residence. That bill was tabled in this House before Christmas of last year. Indeed, I sought the co-operation of the housing critic of the New Democratic Party in the month of January, during the recess of this House, for support of expenditure of those funds to bring relief to those Canadians facing mortgage renewals and looking for new accommodation.

This government had to introduce time limits on debate in this House during the month of February in order to proceed to the committee stage, the next stage to put this legislation into place. The committee is dealing with it now. I would ask that the leader of the New Democratic Party consider not only the relief that would be brought to Canadians looking for rental accommodation and to Canadians looking for jobs in the construction of that much needed rental accommodation. I would ask that he reconsider his party's obstruction of those provisions and reconsider the good that could be done for many Canadians across this country by speedy passage of that bill.

• (1140)

REQUEST FOR INTRODUCTION OF NATIONAL MORTGAGE ASSISTANCE PROGRAM

Mr. Edward Broadbent (Oshawa): Madam Speaker, the minister would be a joke if he were not pathetic. The question

pertains to the reality that there are 635,000 families renewing mortgages this year. I pointed out to the minister that the government's measures will only deal with 5 per cent of those. Canadians who have homes have the right to maintain those homes without unfair burdens put on them by the banks and mortgages people.

Since the minister has turned down the suggestion that the law should be changed to make the banks put up money at reasonable mortgages levels, will he at least duplicate what was announced in Saskatchewan yesterday, which is a major program that will ensure financial assistance on a monthly basis and bring down monthly payments very significantly for every family in that province whose income is $35,000 or less? Why does the minister not make that a national program for Canadians?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, as the leader of the New Democratic Party began his questioning this morning by reference to the cost of living index and the rise attributable to the cost of housing, for the benefit of the members of the House I should indicate that the increase for the last month as compared to the previous month was in fact a downturn. The increase for last month was only .9 per cent, down from the increase in the previous month. It is apparent that there has been an improvement in the market and in the cost of housing to Canadians generally.

He also referred to legislation introduced in some of the provinces following upon the leadership of this government in the budget addressed to assisting Canadians with mortgage renewal problems. I draw the hon. member's attention to the fact that the legislation in the province of Manitoba, for example, followed the design of this government's legislation, which stated that Canadians faced with those problems should first direct a percentage of their own income toward solving their housing needs, and that is the 30 per cent rule. That legislation was followed by the province of Manitoba. It is a good step. We think that Canadians should first apply a given percentage of their own resources toward their shelter costs and, second, for those who cannot meet those needs the government should offer help.

REQUEST THAT FEDERAL GOVERNMENT MATCH PROVINCIAL PROGRAMS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I hope the minister will be factual now. The figures I referred to were year-over-year increases which the minister knows are up 16.9 per cent for the cost of home ownership. That is the first point. Second, will he agree that the percentage of the budget allocated by a relatively poor province like Manitoba to dealing with the housing crisis makes this government look like the pettiest of pikers when it comes to dealing with it? Will he also agree that the program introduced by the government of Saskatchewan is aimed at providing assistance to the vast majority of Canadians in that province who ought to get housing assistance, whereas this government is only going to assist 5 per cent? Why does the Government of Canada not at least match on a national basis what the New Democratic Party is doing in Saskatchewan and Manitoba?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, when the legislation and the budget provisions which brought in the Canada mortgage renewal plan and the Canada rental plan were made known, I took the opportunity of speaking with all of my counterparts in housing in all of the provinces during the two-week period following the release of the budget. I am very pleased that some provinces, including the province of Saskatchewan, have followed the lead of the federal government in, for example, putting up $350 million toward solving the problems of Canadians with mortgage renewals, and a much needed stimulus to the rental supply. What is more pressing and obviously missing in the response of the leader of the NDP is the need for construction and jobs in this country. There are 70,000 jobs going wanting because of the lack of co-operation of the leader of the NDP and his party with regard to our legislation.

* * *

FINANCE

CONCEPT OF TAXATION OF IMPUTED RENTAL INCOME

Mr. John Bosley (Don Valley West): Madam Speaker, I have a question for the Minister of Finance. My question is quite simple, and I hope the answer will be simple. Does the minister believe that it is reasonable to describe the rent which those who have saved to buy a home no longer have to pay, as imputed income? Will he now indicate that the concept of the idea itself is totally wrong, and that he has told his departmental staff to eliminate this item in future lists of income as yet untaxed by government?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has asked me to eliminate that concept from the tax expenditure documents that are normally prepared. I will give consideration to that. I think that concept was first included, in the interests of knowledge, in the budget papers put forth by my predecessor in 1979, and they have been continued—that is the question of eliminating the concept from the papers. That can be considered.

What is more important is to clear up the very damaging, dangerous and unfounded allegations which have been made, that it is the intention, has been the intention, or has been considered or will be considered by the government to tax imputed income derived from home ownership. That is absolutely false. It has never been considered by me. I have absolutely no intention of considering it. I want the home owners who have been frightened by irresponsible propaganda which has been circulated by the Dominion Life Assurance Company to know that, and to disregard the blatant, unfounded propaganda put out by that company.

Some hon. Members: Hear, hear!

REQUEST FOR MINISTERIAL REASSURANCE

Mr. John Bosley (Don Valley West): Madam Speaker, I asked my question for a simple reason. I will put the question again. The Minister of Finance knows fulls well that the 1979 budget listed for the first time the departmental views. In the minister's 1981 budget when he said he accepted the whole idea of the $4.5 billion his department believes ought to be taxed, that home owners somehow get a benefit by not paying any rent, the minister implied for the first time that he will tax it. Having said to home owners he will not tax them, will the minister make it this much clearer to home owners by saying that the whole idea of imputing an income to a home owner, having saved all his life to buy a home, because he no longer pays rent, is morally wrong? Will he say that clearly today to those home owners he has scared?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I reject entirely the suggestion that in any way that fear has been aroused by me in this case. The fear commenced with an irresponsible letter sent out by a high officer in the Dominion Life Insurance Company. That is when the concern developed. I have attempted to allay the concern by stating categorically that the government never had any intention, does not presently entertain any intention, nor will it entertain an intention in the future to tax imputed rent. That is the end of the matter as far as I am concerned.

* * *

INTERNAL ECONOMY COMMISSION

SALARIES OF HOUSE OF COMMONS EMPLOYEES

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a question for the President of the Treasury Board in his capacity as a member of the Commissioners of Internal Economy. The President of the Treasury Board knows that the government has said it will not freeze the salaries of federal public servants. Can we have an assurance that it is not the intention of the Commissioners of Internal Economy to freeze the salaries of the people who serve the House of Commons and that they will be treated in the same way with respect to salaries as are federal public servants?

Hon. Donald J. Johnston (President of the Treasury Board): The question of freezing the salaries of people who work on the Hill, as Madam Speaker well knows, has never been considered by the Commissioners of Internal Economy.

• (1150)

COMPOSITION OF COMMISSION—REQUEST FOR EXPANSION OF MEMBERSHIP

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my supplementary question is directed to my friend, the government House leader. With respect to the composition of the Commission of Internal Economy, is the government giving any consideration to expanding and changing the membership of the board of the Commission of Internal Economy to include privy councillors drawn from the opposition? If the government has not considered that thus far, would it take a look at this proposal as a way of improving or assisting the administration of the House of Commons, since the administration of the House of Commons is really the business of all members of the House of Commons?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, if my hon. colleague could elaborate a little more on his suggestion and perhaps put it in writing, I would be prepared to take it into consideration and see how it would improve services to members and other aspects of our parliamentary life. I would surely welcome such ideas, but I would like to understand better what the hon. member has in mind. I would like to be able to see how things could be improved. I think so far the Commissioners of Internal Economy have done a wonderful job to improve services to hon. members on both sides of the House. If the hon. member has better ideas, I am surely willing to consider them.

* * *

CANADA POST

ACHIEVEMENT OF ECONOMIC SELF-SUFFICIENCY

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question is directed to the minister responsible for the Canada Post Corporation. The minister will be aware that the president of the corporation has expressed some reservations about the possibility of meeting the deadline for self-sufficiency of the corporation. I wonder if the minister could tell the House whether the government is considering changing the deadline for self-sufficiency imposed on the Canada Post Corporation.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I think the hon. member misunderstood what was said by the president of the Canada Post Corporation. I believe he is referring to a media report that apparently claimed the president had no intention of following the objectives set by the government, and I understand that when the president appeared before a parliamentary committee, he was able to clarify this matter. There is no conflict as far as I know.

[*English*]

POSTAL RATES

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, not only did the president of the Canada Post Corporation say he had some reservations about meeting the guideline, but other members of the corporation have also expressed that concern. Since the government is not anticipating any amendment to the program and to the deadline set, obviously the corporation would be left with two alternatives, to reduce

service or to increase postal rates. Since the corporation has already announced increases in services, one can only anticipate another increase in postal rates. I wonder if the minister could tell the House whether the people of Canada should anticipate another increase in postal rates in 1982 or early 1983.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I think the hon. member is being very speculative. I personally have had no such information from the president of the corporation. In any case, the decision whether or not to increase the price of postage stamps now rests with the board of directors of the Canada Post Corporation, and I feel it is much too early to speculate on this one way or another. I think the hon. member is making a mountain out of a hypothetical molehill.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

HIGHWAY SPILLAGES OF HAZARDOUS MATERIALS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Minister of the Environment. I am sure the Minister of the Environment is aware of my concern about recent rail problems and the spill of hazardous materials into the environment. It has now become apparent that that is only a small part of a major problem, the balance of it being that on the highways of this country there quite clearly are vehicles travelling which are unsafe. We are now told that there has been, on average, one major spill of hazardous material every ten days. What action does the Minister of the Environment propose to take to protect the environment from spills which take place as a result of common carriers not being adequately inspected?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, there are, through the amendments made to the Transportation of Dangerous Goods Act, regulations which are being formulated in conjunction with the provinces. I am not sure whether the hon. member is referring to transportation which goes beyond provincial or, indeed, international boundaries, or whether he is discussing simply local transportation within a province or region. If the latter is the case, it would be primarily a provincial concern. If he is concerned about interprovincial transit, there are discussions going on with the provinces with the objective of formulating regulations.

REQUEST THAT MINISTER PROMOTE SAFETY MEASURES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I know the minister is well aware that I do not care very much where the hazardous material comes from. My only concern is protection of the environment and protection of the public of Canada.

What specific measures will the minister put forward to the cabinet now that would allow, in the first instance, the province of Ontario to proceed with the regulations it has in place which would require common carriers travelling on the roads of this province to meet certain safety requirements, and what further steps will he take to guarantee that there will be no further delay in the implementation of adequate safety measures to protect both the environment of Canada and the people of Canada from unnecessary spillage of hazardous materials which results from inadequate inspection of common carriers, whether rail or road?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology: Madam Speaker, I am sure the hon. gentleman is concerned about safety and hazards to Canadian citizens, and that is a view which is no doubt shared by all hon. members on this side, indeed by all hon. members in the House. I just finished telling the hon. member that, in so far as our jurisdictional responsibilities are concerned, we are moving to meet them. In so far as provincial responsibilities are concerned we are having discussion with the provinces to see that they are met.

* * *

FISHERIES

REPRESENTATIONS CONCERNING UNITED STATES SWORDFISH MARKET

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the patient Minister of Fisheries and Oceans. In view of the deplorable depressed state of Atlantic Canada's fishing industry I would like to ask the minister when did he last make representations to Washington in the hope of reopening the potential $15 million American swordfish market to Canadians.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I do not remember the exact date, but certainly within the past year we have tried again to get the U.S. Food and Drug administration to have a second look at this question, or a third or fourth look. I am afraid I cannot report much progress.

REQUEST THAT FURTHER TALKS BE HELD WITH UNITED STATES AUTHORITIES

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, in my opinion the action taken by Washington of banning swordfish imports is obviously a non-tariff barrier in restraint of trade, since swordfish is available today in practically every state in the United States. Therefore, will the minister discuss this matter with the new United States ambassador to Canada, Mr. Robinson, and will he take this matter up with Washington as well and bring back a report of his findings to this House?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I am not an expert in GATT or trade matters. I know it is under the heading of health that the United States administration—and not just this one but previous ones—has gone along with this ban on Canadian swordfish. I will certainly take up with my colleague, the Minister of Trade, the approach suggested by the hon. member. It may have some merit.

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

AMOUNT OF TRANSFERS TO PROVINCES

Mr. Hal Herbert (Vaudreuil): Madam Speaker, my question is directed to the President of the Treasury Board. Last week I received from the Minister of Finance a confirmation that fiscal transfer payments to the province of Quebec for the equalization program alone during the current fiscal year had increased by some $400 million, from $1.7 billion to $2.1 billion, yet in the news release of the President of the Treasury Board yesterday he shows supplementaries totalling $276 million for fiscal transfer payments, of which $124 million is for the Canada Assistance Plan. I wonder if the President of the Treasury Board can explain this major discrepancy in transfers to the provinces during this current fiscal year.

• (1200)

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the news release which I issued yesterday accompanied the tabling of Supplementary Estimates (E), the final supplementary estimates for the current fiscal year. They reflect the numbers to which the hon. member for Vaudreuil refers, namely, $152 million in fiscal transfer payments due to a revision of fiscal equalization payments, and $124 million under the Canada Assistance Plan. They do not take into account what might have been included in prior supplementary estimates which have been tabled.

* * *

HOUSE OF COMMONS

REFLECTIONS ON RECENT EVENTS

Hon. Erik Nielsen (Yukon): Madam Speaker, before asking the question on House business, on behalf of my colleagues I should like to associate this party with your remarks of yesterday when you said that we have all come through a trying period. Without being specific, I would like to say that a few of us in this House are still going through a trying period. On behalf of my party I would like to express, as you did yesterday, our appreciation for the work of the officials and employees of the House who put in long hours during the last couple of weeks.

Also on behalf of my colleagues, I would like to say that we support the attitude taken by the Chair during these weeks. It was essential, for the neutrality of the Chair, to remain totally apart from the struggle between the parties. We feel that you did this, although I must confess that I was a little puzzled by some of the remarks attributed to you in TV transcripts, especially those referring to the possibility of motions appealing a Speaker's ruling, which were abandoned by the House 17 years ago. But, as I say, we felt your attitude was appropriate and along with everyone else we were happy to see the issue put aside and Parliament back to work.

For this reason we were surprised when the Chair decided to make extended comment on this very sensitive situation yesterday. I again speak on behalf of my colleagues when I say that we felt those comments were very broad in exploring the many procedural questions relating to the ringing of the bells, but we are not convinced these questions can be raised in a neutral way if no reference is made to the issue of the omnibus bill which caused our protest in the first instance.

We felt, and continue to feel, that extraordinary intrusions into the rights the opposition exercises on behalf of Canadians, require extraordinary measures of defence. We feel it is very unlikely that a government would borrow this tactic, as you feared, because the government is equipped with a guillotine rule, a closure rule, supply guillotines, and a myriad of other rules which make life easy for governments and difficult for oppositions.

We were completely at ease with the idea of defending our strategy in partisan debate against all comers. However, we hope that if the use of the bells in this case is to be the subject of comment from outside the arena of partisan combat, then the use of omnibus bills will in future also cause the Chair to raise questions, review precedents, and consider its course of action with very great care under new circumstances.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Nielsen: May I ask the government House leader what the business of the House will be for Monday? The Minister of Finance appears to have disposed of that already but I should like confirmation from the President of the Privy Council.

Mr. Pinard: Madam Speaker, what the Minister of Finance said was that among the budget bills, fiscal arrangements had high priority and I agree with him. I know that my hon. colleague is trying very hard to allow us to change the order of the day on Monday. What we agreed upon was to negotiate in good faith for six days, which will expire only at three o'clock on Monday. I hope that as a result of those negotiations we will be able to replace Bill C-94 with the bill that will be introduced in a few minutes, but for the time being the order of business for Monday is Bill C-94, the bill on energy security.

Business of the House

Mr. Deans: Madam Speaker, before I ask a question I wonder if I might say on behalf of the New Democratic Party that I want to thank members of the staff of the House of Commons for the way in which they conducted themselves during the impasse. They had to put up with circumstances that, quite frankly, are out of the ordinary—circumstances which I hope they will never have to face again. I am thinking particularly of those who were required to be on call or on duty almost around the clock.

I also want to commend the Chair for the way in which the Speaker handled the dispute. From my point of view, and expressing the concern of my colleagues, it was handled exactly the way it should have been. Whatever criticisms were levelled at the Chair were wrong, in my judgment. I want to make it clear that the Chair enjoyed and continues to enjoy the support of this caucus.

I should like to ask the government House leader whether it might be possible between now and Monday to see a more extended statement with regard to what we might be going to deal with over the next week or week and a half, so that we may begin to make plans for dealing both with the results of our negotiations and also with such things as the remaining allotted day.

Mr. Pinard: Madam Speaker, as my colleague knows very well, we will have an opportunity to talk to each other during the remainder of the day. I am sure he will understand that I will be in a better position to be more precise later today or tomorrow or, if need be, on Sunday. I hope to be in a position to be more specific about the business for the whole of next week and about when the last allotted day will be held. This will obviously be known before Monday.

Mr. Deans: Madam Speaker, on another related matter, I wonder if the government House leader might be in a position to tell the House his intentions with regard to the question of parliamentary reform. Yesterday there was a very interesting and worth-while debate during which suggestions were made from all sides of the House that could well lead to some immediate discussion about how reforms might be implemented and what reforms might be considered. I wonder if the government House leader might consider telling us today, or whenever he is ready to make a further announcement, whether we might have some structure that would enable us to proceed with actual reform rather than just continuing with the discussion on reform.

Mr. Pinard: Madam Speaker, if the hon. member had been in the House yesterday during my speech he would have noticed that I started it with a tear because he was away. I would like him to read what I said.

I will have an opportunity to talk to my colleague later, but it is clear that I intend to go on with the process that I started immediately after the Christmas adjournment when Parliament resumed. At the level of House leaders I will try to look into changes that would not be controversial and that could be implemented in the very, very short term and that would reflect the recommendations made in the past by the Standing Committee on Procedure and Organization. I intend to go on with that process as soon as we have settled the matter of the national energy bill. Depending on the result of our negotiations, I will be in a better position to look into means that the government could use to modernize the institution and render it more efficient and more human.

Mr. Broadbent: Madam Speaker, I should like to ask the government House leader a related question. I appreciate what he has said about his intention of pursuing immediately certain matters that could be found to be agreeable to all parties and which could be implemented.

In the debate I suggested on behalf of my colleagues that the matter could be referred to the committee that was proposed in the motion of the official opposition or that a special committee could be set up. I am sure it does not matter which committee as long as some committee functions between now and the summer recess. It could work on a number of proposals that could be implemented on a trial basis during the period between when we come back in the fall and December. I think that what the government has proposed is compatible with my suggestion.

I should like to go further and suggest that what I have proposed is desirable; that is, that we do not just act now on certain matters that we could all agree to immediately—those matters may be limited in number—but that we also get under way the serious project of reform with a view to having some of those ideas implemented by next fall. Would the government entertain that approach?

• (1210)

Mr. Pinard: Madam Speaker, I think it would be wiser to wait a few days to see how things evolve before making a reference to a standing committee or a special committee on the broad subject of parliamentary reform. I think it is more urgent than that. In 1975 and 1976 the Standing Committee on Procedure and Organization studied for many months many aspects of the rules and came up with some very sound proposals. I think it would be a waste of time to ask the same committee to review again the same question. There are some non-controversial changes which could be permitted now. Once we have agreed on that, I think we could make an intelligent reference to either the Standing Committee on Procedure and Organization or to an independent committee which could report to the Standing Committee on Procedure and Organization within a reasonable length of time.

All those options are open. I would not like to be interpreted as closing the door to any of the proposals of the hon. leader of the NDP, but the first step is the level of House leaders, not in a year but very soon, to see what are the best options to use to ensure that the desired changes be made to make Parliament more real.

Mr. Baker (Nepean-Carleton): Madam Speaker, in dealing with this matter, I remind the government House leader that yesterday in the course of the debate the Leader of the Official

Opposition and the leader of the New Democratic Party indicated that if the government chose to make a reference of an agreeable form, which could be discussed by House leaders, on the question of parliamentary reform and renewal to the Standing Committee on Procedure and Organization, it would be done without a long debate. This was not a representation by House leaders but by party leaders; I repeat that to my hon. friend.

There are reports extant—the last one was 1976—which could be part of a reference. There is the position paper which was filed by me; however, my friend described it as incomplete. There may be other proposals which my hon. friend could bring together, but the point is that in two years the committee has not met and it is not yet even organized. Would the government House leader not consider arranging next week, while these discussions are continuing, the organization of the committee so that its membership can be confirmed and the members themselves can begin to think about the process? It is inevitable that it should be done. It is in the best interests of Parliament that movement be made very, very quickly. I put that to the government House leader in a firm but kind way, hoping that the answer will be in the affirmative.

Mr. Pinard: Madam Speaker, the hon. member mentioned that the committee has not sat for two years.

Mr. Baker (Nepean-Carleton): It has not been organized.

Mr. Pinard: The organization of the committee would require only a few hours; that is not the problem.

Mr. Baker (Nepean-Carleton): Let us get on with it.

Mr. Pinard: The decision must be made on whether it will be the Standing Committee on Procedure and Organization. It all depends on what kind of good faith will be shown toward the non-controversial changes which will be implemented in the short term. If we choose the route of an independent committee composed of former Members of Parliament—

Mr. Huntington: Ridiculous.

Mr. Pinard: This decision has not been made. My hon. colleague referred me to part of the speech made yesterday by his leader. I refer him to part of my speech yesterday on the same subject. If last year my hon. colleague was expecting us to organize a committee to look into parliamentary reform while his party was hijacking Parliament during the constitutional debate, I think he was being unrealistic. He was not realistic, either, when he talked about organizing such a committee last fall while they were crying for us to deal with the budget and the economy. But we started the process immediately after the Christmas adjournment; it is ongoing. I think it is about time there were signs of good faith, and quite frankly I expect that those signs will be shown very shortly.

In conclusion, let me remind the hon. member that we had a very serious and important experience last year when we put some six to seven parliamentary task forces into effect. They did a very good job. They had the participation of hon. members from all regions of the country and on both sides of the House. They reported with very reasonable deadlines on major issues in the country. This experiment of the Liberal government could be used for improving the rules in the future.

Mr. Nowlan: You do not improve the rules unless you improve the tone or the temper of this place.

Mr. Baker (Nepean-Carleton): Madam Speaker, I will not respond to that. I am interested in making the observation that perhaps it is the best indication of the necessity of getting down to the business of looking at the House of Commons. I ask my hon. friend whether or not proposals have been put to the government with respect to parliamentary reform. If so, when were they put? Have they been accepted as yet and, if not, is the government intending to table those proposals at some time within a reasonable period of time?

Mr. Pinard: Madam Speaker, in so far as we are concerned, it is very clear that parliamentary reform is most important. My colleague is asking questions on how it will be done and when it will be done. I think I answered those questions very clearly in my speech yesterday; I made very constructive and precise suggestions. Therefore, all he has to do is read my speech and listen to the answers I have given today. He will realize that we are very serious and that all we want is for the opposition to show some good faith; then we will achieve parliamentary reform much faster than if it plays political games.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. COOK—RECONSIDERATION OF BUDGET AND HIGH INTEREST RATE POLICY

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, as a member of the House, it is my duty to present a petition on behalf of the members of the North Vancouver Chamber of Commerce. The purpose of the petition signed by 114 concerned chamber members is to indicate to the government that the highly regressive effects of the November 12 budget, combined with the government's stubborn adherence to its high interest rate policy, are forcing a housing crisis in the Vancouver lower mainland.

The nature of the petition is to demand that the government reconsider its budget and its high interest rate policy, in order to remedy the zero vacancy rate and minimal housing construction in the Vancouver lower mainland. The petitioners hope that, in Madam Speaker's examination of the petition, you find the petition in order, sense the urgency and desperation of their plea, and use the discretionary power vested in

your office to allow discussion and referral to committee at the earliest possible moment.

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance) moved for leave to introduce Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,793, 1,894, 3,184, 3,364 and 3,764.

[*Text*]

PRIME MINISTER'S TRIP TO MIDDLE EAST

Question No. 1,793—**Mr. Cossitt:**

On his current trip to the Middle East, did the Prime Minister spend a night in a desert encampment and (a) did he wear clothing of a local nature (b) did he dance with an Arab sheik and, if so, for what reasons and specifically, was it to impress Arab sheiks in order to obtain a larger supply of oil for Canada?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): See Beauchesne's Parliamentary Rules and Forms, Fourth Edition, Citation 171(b).

DISCUSSIONS BETWEEN PRIME MINISTER AND MEMBER FOR OSHAWA

Question No. 1,894—**Mr. Friesen:**

Since September 1, 1980, were discussions held between the Prime Minister and the hon. member for Oshawa and/or their representatives and, if so, was there discussion of (a) provincial management of natural resources on (i) renewable (ii) non-renewable resources (b) provincial ownership of natural resources (c) provincial control of levels of oil production (d) a Fair Prices Commission (e) the partial or complete introduction of a system of proportional representation in Canada (f) provincial concurrent jurisdiction of international trade (g) the right of the provinces to offshore mineral resources (h) the candidacy of Mr. Ralph Goodale, executive assistant to the minister responsible for the Canadian Wheat Board in the provincial byelection in Estevan, Saskatchewan (i) a federal appointment for Saskatchewan attorney general, Mr. Roy Romanow?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): See Beauchesne's Parliamentary Rules and Forms, fourth edition, Citation 171(ee).

NUMBER OF GOVERNMENT EMPLOYEES

Question No. 3,184—**Mr. Cossitt:**

As of March 31 and September 30 of each year since 1968, what was the total number employed by the government and how many were (a) employed by Crown corporations and other agencies (b) members of the Armed Forces (c) public servants under Treasury Board control?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by Statistics Canada and Treasury Board as follows:

Statistics Canada reports that the total number of persons employed by the government and the breakdowns by (a) government enterprises and (b) Armed Forces are shown in the list below (as of March 31 and September 30, since 1968).

Year	Federal Government Employment					
	March 31			September 30		
		(a)	(b)		(a)	(b)
	Total	Federal Government Enterprises	Members of the Armed Forces	Total	Federal Government Enterprises	Members of the Armed Forces
1968	369,354[1]	126,595	"	379,265[1]	131,999	"
1969	470,545	125,562	99,348	483,755	132,919	98,708
1970	472,434	122,638	93,817	470,077	129,720	91,471
1971	474,020	122,498	88,805	489,980	128,482	87,901
1972	490,086	119,669	85,117	501,148	128,433	83,661
1973	505,768	125,093	82,022	514,004	131,373	82,514
1974	526,274	132,194	81,851	534,373	140,511	80,632
1975	535,766	133,936	80,225	546,391	136,690	79,868
1976	547,170	130,077	79,900	557,344	137,099	80,461
1977	562,107	130,350	80,643	572,591	143,936	81,136
1978	583,567	140,590	81,032	582,725	148,526	81,083
1979	579,500	150,040	81,035	578,065	159,596	81,040

Federal Government Employment

Year	March 31			September 30		
		(a)	(b)		(a)	(b)
	Total	Federal Government Enterprises	Members of the Armed Forces	Total	Federal Government Enterprises	Members of the Armed Forces
1980	575,660	153,402	80,822	586,042	162,269	81,035
1981	579,516	146,475	82,175		not yet available	

Other employees included in total are those of the House of Commons, RCMP, etc.

[1] excludes members of the Armed Forces.
data not available for 1968.

" figures not available.

Note: Data on "Crown corporations and other agencies" are not available as such. The data provided are in accordance with financial management system concepts whereby an "enterprise" displays the following characteristics:

(i) a majority of its ownership must be vested in government;
(ii) management of its affairs must be relatively independent;
(iii) its primary role must be to provide goods and/or services to other than government;
(iv) the prices it sets for these goods and/or services must reflect the costs of providing them;
(v) the acquisition by consumers of the goods and/or services must be voluntary.

Treasury Board reports that for the purposes of this reply, public servants under Treasury Board control have been defined as all categories of employment (continuous and term or casual) working in departments and agencies for which Treasury Board is the employer (Public Service Staff Relations Act, Schedule I, Part I). Unfortunately, monthly data by this system of classification is not available for the requested dates prior to September 1974. This employment information includes the Post Office Department since the change in status to a Crown corporation did not occur until October, 1981.

Number of Employees under Treasury Board Control

	March	September
1974	—	267,461
1975	273,359	278,833
1976	286,009	295,435
1977	309,129	304,032
1978	317,487	316,428
1979	301,599	299,270
1980	294,226	293,994
1981	301,108	307,083

CANADA CUSTOMS AT CARWAY AND CHIEF MOUNTAIN, ALBERTA

Question No. 3,364—**Mr. Kushner:**

1. During 1981, was there a superintendent of customs operations at the port of Carway, Alberta and the port of Chief Mountain, Alberta and, if so (a) what was his/her name, position title or rank and annual salary (b) what were his/her duties and responsibilities?

2. (a) On what date did the superintendent's responsibilities commence and how many days did he/she spend at each port of entry (b) on what date did his/her duties cease?

3. Did the superintendent file any claims with the Department of National Revenue for the reimbursement of expenses and, if so, what were the amounts claimed and what was the total value of the cheques issued for (a) accommodation expenses (b) meals (c) travelling expenses (d) automobile mileage, including the total number of miles claimed and the amount per mile (e) miscellaneous expenses?

4. According to which departmental procedure was the superintendent selected for the position and (a) what were the criteria for the selection process (b) what were the names and positions of the individuals within the department who were involved in the procedure (c) how many candidates were considered (d) on what date did the individuals involved meet, how many times did they meet and, in each case, at what location?

Hon. William Rompkey (Minister of National Revenue): 1. During the summer of 1981, there was a superintendent of Canada Customs at Chief Mountain and Carway, Alberta. Chief Mountain is a seasonal port which is closed from September to May, while Carway is open all year with summer and winter hours.

(a) Name: Joseph Gryszczuk
Title: Customs Superintendent
Group/Level: PM-2
Salary Range: $21,413—$24,124

(b) The major responsibilities and/or duties of this position are to:

Direct, supervise, counsel, and train staff at Chief Mountain and Carway;

Review day to day operations, procedures and contentious problems at these customs ports;

Direct, motivate and supervise staff in the administration of legislation pertaining to highway and pleasure craft operations;

Develop an efficient working unit and effective enforcement program;

Co-ordinate the activities of the two customs ports and communicate local requirements to management.

2. (a) Superintendent Gryszczuk commenced duties on May 17, 1981 and as a general rule would spend a couple of hours each day at Chief Mountain. The remainder of his day was devoted to responsibilities at Carway which handles by far the greater volume of international traffic.

(b) Superintendent Gryszczuk terminated his assignment at these ports on September 14, 1981.

3. For that period of time Superintendent Gryszczuk was on assignment at Carway and Chief Mountain, reimbursement was provided for the following expenses:

(a) None.

(b) $1,027.15.

(c) $1,112.60.

(d) Total automobile mileage, 5,943. This was reimbursed at the rate of 23c. per mile for 3,528 miles with the remainder at 9c. per mile.

(e) $221.85.

4. The superintendent assigned to the customs ports of Carway and Chief Mountain is selected on a rotational basis each summer from all superintendents on strenght at the port of Coutts, Alberta. This is a regional or local staffing practice rather than a departmental procedure. During the winter, the customs officer at Carway reports to Coutts.

(a) In order to be considered, one must already be a qualified PM-2 superintendent prepared to spend the summer in travel status.

(b) A Mr. Ray Hagel, the area superintendent is responsible for appointments to the position on a rotational basis.

(c) As referred to in (a) all qualified PM-2 superintendents are considered; however, the actual appointment is made from that staff on a rotational basis.

(d) In view of the staffing practice utilized to designate the seasonal superintendent, there is no requirement for a formal meeting or interview prior to the assignment. For briefing purposes, however, the area superintendent and designated staff member may meet to discuss responsibilities as well as problem areas.

RECIPROCAL AGREEMENTS ON TAX INFORMATION

Question No. 3,764—**Mr. Cossitt:**

1. What are the names of all the countries with which Canada has any reciprocal agreement on the sharing of income tax information?

2. Are negotiations under way to increase the number of countries and, if so, which countries are involved?

Hon. William Rompkey (Minister of National Revenue): 1. The list below is of the countries with which Canada has ratified a treaty. All of these treaties contain a reciprocal "Exchange of Information" clause.

2. The list also includes those countries with which Canada is presently negotiating or renegotiating new treaties.

Tax Treaties

Treaties Ratified	Under Negotiation or Renegotiation and not signed
Australia	Argentina (N)*
Austria	Bangladesh (N)
Barbados	Brazil (N)
Belgium	Cameroon (N)
Denmark	Cyprus (N)
Dominican Republic	Denmark (R)*
Finland	Egypt (N)
France	Finland (R)
Germany, Fed. Rep. of	Grenada (N)
Indonesia	Guyana (N)
Ireland	India (N)
Israel	Ireland (R)
Italy	Ivory Coast (N)
Jamaica	Kenya (N)
Japan	Leeward & Windward Islands (N)**
Malaysia	Malta (N)
Morocco	Mexico (N)
Netherlands	Netherlands (R)
New Zealand	Netherlands Antilles (N)
Norway	Nigeria (N)
Pakistan	Norway (R)
Philippines	Poland (N)
Romania	Portugal (N)
Singapore	Senegal (N)
South Africa	Sri Lanka (N)
South Korea	Sweden (R)
Spain	Trinidad and Tobago (R)
Sweden	Thailand (N)
Switzerland	Tunisia (N)
Trinidad and Tobago	USSR (N)
United Kingdom	Yugoslavia (N)
United States	Zambia (N)
Under Negotiation	*Note: N = new
Signed but not ratified	R = renegotiation
Liberia (N)	**Antigua
United States (R)	Belize
West Germany (R)	Dominica
	Montserrat
	St. Kitts—Nevis—Anguilla
	St. Lucia
	St. Vincent

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

Mr. Smith: Madam Speaker, I ask that the remaining questions be allowed to stand.

Mr. Stevens: Madam Speaker, I rise on a point of order to ask the parliamentary secretary whether he has any explanation to give the House as to why he is refusing to answer question No. 2,042, which was asked on January 29, 1981. That is the question dealing with the total cost of the Prime Minister's (Mr. Trudeau) December-January world tour of that year and what percentage of that total cost was paid for by the poor unfortunate taxpayers of Canada. Has the parliamentary secretary any possible explanation today why this question has not been answered?

● (1220)

Mr. Smith: Madam Speaker, the government is not refusing to answer any question. As of today we have answered 2,923 questions in this session alone. A question very similar to that concerning another trip made by the Prime Minister was recently answered. The preparation of the answer to this particular question is under way and I will make inquiries on behalf of the hon. member.

Mr. Fulton: Madam Speaker, would the Parliamentary Secretary to the President of the Privy Council, Mr. Smith comment on motions Nos. 62, 63 and 64 listed under Notices of Motions for Production of Papers. I have discussed this matter with the parliamentary secretary before. Would he confirm what he mentioned to me earlier in the week, that the Department of the Environment is prepared to have its memo-

randa from within those notices produced but that it is the Department of Fisheries and Oceans which is holding up the production of a whole lot of those papers?

Mr. Smith: Madam Speaker, I am endeavouring to accommodate the hon. member. I hope we will be able to produce those papers quite shortly.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

Madam Speaker: Orders of the day.

Mr. Deans: Madam Speaker, before we proceed to orders of the day, I have had the opportunity to consult with the hon. member for Humboldt-Lake Centre (Mr. Althouse) and the hon. member for Kamloops-Shuswap (Mr. Riis). Both members are agreeable to having the motion in the name of the hon. member for Kamloops-Shuswap called today, if you find that appropriate, Madam Speaker.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—HIGH INTEREST RATE POLICY

Mr. Nelson A. Riis (Kamloops-Shuswap) moved:

That in view of the fact the Bank of Canada's high interest rate policy has been a major factor leading to unacceptably high levels of unemployment, unacceptably high levels of bankruptcy and unprecedented low levels of consumer and investor confidence, this House calls upon the Government to demand that the Bank of Canada reduce interest rates and to introduce a New Employment Option for Canada in an effort to reverse the current recessionary trend.

He said: Mr. Speaker, today is apt to be a very important day for Canada. Earlier today the consumer price index was announced. We learned that inflation was up over last month 0.2 of a percentage point. It was up over the same period last year by 1.2 per cent. I am sure this news was not necessarily expected either by the Minister of Finance (Mr. MacEachen) or by the people of Canada. We had been given to believe that the recessionary trend had been slowed, that it is now being reversed and that the consumer price index would likely show a reduction today. But that is not the case.

On top of that, a few minutes from now the Bank of Canada will be making public its annual report. In essence, it will be a Xerox copy of last year's report indicating that after seven years of monetary policy the Bank of Canada feels it appropriate to continue giving it a try for another year to see if the present policy is adequate enough to reduce the inflationary trend.

The government's monetarist policy is supported by its fiscal policy as outlined in the budget introduced on November 12, 1981. I want to say that we in the New Democratic Party feel that the monetarist and fiscal policies of the government are inappropriate, are inadequate, are heartless and cruel; that the monetarist and fiscal policies attempt to fight inflation on the backs of those Canadians who can least protect themselves, such as those on fixed incomes, the 1.8 million unemployed, the elderly, single parents and the like.

I think this begs the question: Why does the government have these policies? Why does the government continue with a policy of high interest rates and the type of fiscal policy that it has? I might add that the monetary policy is supported by the Progressive Conservative Party, its previous finance critic, and the leader of the Progressive Conservative Party is on record on a number of occasions as saying that his party supports the high interest rate policy, that it is the appropriate policy to combat inflation. Why, then, do the Progressive Conservative Party and the Liberal Party pursue this particular policy? The Liberals and the Conservatives have allowed the structure of our economy to become dependent on and vulnerable to the American economy.

The real problem Canada faces today is the fact that our economy is so closely tied to that of the United States. The important thing that we as members of this House must now begin to appreciate like never before is that the present monetarist and fiscal policies essentially exacerbate the particular structural problem of our vulnerability to U.S. economic trends.

Our present monetary and fiscal policies increase the level of foreign ownership in our economy. These policies do not reduce the amount of foreign ownership in Canada. All we have to do is to look at the backing away from the FIRA proposals on the part of the government, with the support and encouragement of the Progressive Conservatives.

The present monetarist policy hurts Canadian companies having to compete with offshore companies. An interesting example of this was pointed out a few days ago by one of my colleagues. He told us that a foreign company could build a ship in Canada, and is allowed a 20 per cent subsidy to do so by the federal government. But if a Canadian company wants to build a ship here, it is allowed only a 9 per cent subsidy. In other words, we are quite willing to provide greater subsidies to foreign companies for them to build ships in Canada.

Our monetary policy increases foreign competition in our country. All we have to do is look at the nature of our branch plant economy and the fact that branch plants tend to source their parts, components and services from their parent companies. That situation is worsening as a result of present monetary policy. Our present fiscal and monetary policies certainly reduce the level of research and development in this country. These policies increase our indebtedness to foreigners. In 1980 alone, the net outflow in dividends and interest payments to foreigners totalled $5.5 billion. That is a considerable amount of money being drained out of this country on an annual basis which does very little to improve the balance of payments situation in Canada.

Our monetary policy and our fiscal policy create a more unequal distribution of wealth in this country. It is no secret to members of Parliament that in spite of government rhetoric over the years that redistribution of wealth was proceeding, the data available indicates the situation is exactly the same today as it was a decade ago.

In summary, the government's present monetary policy enhances foreign domination of our economy, which then calls for higher interest rate policies, resulting in more foreign domination and a call for more monetary policy. We are in a vicious circle, a Catch-22 situation. We are on a treadmill, as my leader has indicated on a number of occasions. It is difficult to get off this treadmill while pursuing present monetary policy because we are slowly painting ourselves into an economic corner.

I think it is fair to say that the cure which the government proposes to fight inflation—the high interest rate policy—is making the problem worse. The cure has now become the problem. The high interest rate policy is inflationary on its own. Let us consider for a moment the disastrous situation attached to the present interest rate policy. The recent task force of the Progressive Conservatives which went across the country heard from people from one end of Canada to the other, and it was very clear that there was virtually unanimous condemnation of the high interest rate policy of the government. From virtually every sector of the economy the message was clear, concise and the same: the present high interest rate policy is inappropriate and harmful.

• (1230)

The high interest rate policy goes a great way toward explaining the fact that this country now has in real terms 1,800,000 people out of work, and that figure grows daily. We have business bankruptcies up 22 per cent and growing. Farm bankruptcies are up 54 per cent and growing. In February alone 2,403 Canadians declared personal bankruptcy. This does not include the businesses in receivership or those which simply close the doors and walk away from a hopeless situation. It does not include farmers who sell out before the banks foreclose, or livestock operators who liquidate at fire sale prices. It also does not include the number of people who have lost their homes because of high mortgage interest rates.

This monetary policy, Mr. Speaker, is causing economic and social scars which will take years, perhaps decades, to remove. Worst of all, of course, is the fact that the so-called cure has done more to reduce the level of consumer and investor confidence in this country than probably anything the government could do, with the exception of the November 12 budget. That level of confidence is at an historic low. I think some of my most disappointing moments are when I speak to students and I hear young people in elementary and secondary schools saying they have virtually lost hope of finding a reasonable job. Their parents, having worked in a mine or factory for ten or 15 years, are now unemployed. These young people are losing hope in the future, something which has never before happened in this country. The one thing that set Canada apart from almost every other country in the world was the fact that a person here would know that the future would be or could be better than the present. The reason we have millions of people lined up wishing to become citizens of Canada is the hope and optimism which has generally prevailed here. That, Mr. Speaker, is no longer happening today.

Why, Mr. Speaker, are we following this particular course of action on inflation? The Minister of Finance has told us time and time again that it is important to fight inflation. No one in this House would disagree. He says the way to fight inflation is to continue with this monetary policy. We have been on this track for seven years and we are going to continue. However, I suspect there is a more appropriate way to fight inflation, Mr. Speaker. You can do it really in two ways. One way is that which the government is now doing, I suspect with the support of the Conservatives, of strangling the life out of our economy. They are very successful in that. Unfortunately, the evidence indicates that it is not having a very serious impact on the rate of inflation.

There is another way, Mr. Speaker, to begin to reduce the consumer price index which haunts us this morning, and that is through increased productivity. If there is a country anywhere in the world today with the capacity and ability to increase its productivity seriously, it is Canada. Other countries do not necessarily have that option at their disposal. They must presumably continue with a monetary policy such as the Americans have, or that other countries have tried. However, Canada does not need to be locked into that one approach only, and increased productivity is certainly a much more positive option, one which is open to us.

It is disappointing to hear reports that our manufacturing capacity is now operating in the 75 per cent range. I think it is fair to ask what can be done. It is easy to identify the problems, but what are some of the solutions? Well, I suspect at the top of the list is the need to stabilize interest rates. If there is one thing which confuses and disappoints investors, domestic and foreign, it is the fact that our interest rates are on a roller-coaster. We play interest rate roulette every Thursday and cannot predict beyond seven days what the rate is going to be.

An hon. Member: See-saw.

Mr. Riis: It is the old see-saw approach. What businessman or investor wants to expand or start something new in the face of this uncertainty? The one thing an investor in a country looks for is stability. He wants to know with some precision what is going to happen a few months or years down the road. The one thing he does not need is an interest rate policy which allows the rates to fluctuate every seven days. So the first thing that must be done, Mr. Speaker, is to stabilize interest rates.

The second thing, of course, is the need to reduce interest rates. Now, I know we in the New Democratic Party have been criticized for what people have called a rather simple approach—that somehow reducing interest rates will solve the problems. We have never said that. We feel it is appropriate and necessary that they be reduced to, we suggest, at least 1

per cent above the rate of inflation, but that it be part of an over-all and comprehensive strategy. That is simply one component of the attack on inflation. This, of course, would be done not only to help the many Canadians suffering from high interest rates, but lower interest rates would be more compatible with an industrial strategy for Canada. They would give us more options and more opportunities within our economic framework to begin to remove ourselves from a dependency on the United States. In other words, the long-term solution is a lowering of interest rates. The present policy is a short-run and gimmicky solution. An effective economic development program will not occur with interest rates at their current or higher levels. When you consider who the quick-fix and gimmicky people are, well, we are looking at them across the way.

Mr. Smith: No, they are over there.

Mr. Riis: Our leader has clearly indicated a new employment opportunity for Canadians which would lead directly to job creation. It includes the lowering of interest rates, but only as one component of that program. There are many other points. I could talk about the housing program which would put people back to work in the forest, construction and service industries. I could talk about the proposed tax cut for low and middle-income Canadians which would help stimulate the economy. I will not deal with some of these as they are now well known. However, I want to focus on perhaps the most important one, that is, ways and means of assisting the manufacturing sector of Canada.

• (1240)

The Liberal Party, again with the support of the Progressive Conservatives, or with the real urging and encouragement of the Progressive Conservatives, feels that the way out of our economic malaise or dilemma is the megaprojects, resource exploitation, the exploitation of non-renewable resources. I must say that while they will provide some temporary relief in terms of an over-all economic program, we feel that this is not the step into the future. We feel that this is simply more of the same. As a matter of fact, it is a kind of thinking which existed in this country back in the nineteenth century, where we were again exporting raw materials, furs, squared timber and fish. It is that same kind of mentality. Surely this is not the way we will deal with the economic challenges facing the country in the 1980s, by simply exploiting, at a faster and more thorough rate, our natural resources which are non-renewable: oil, natural gas and coal.

We feel that the way to long-term job security and stability and the development of a sound economic base in our country is to develop and strengthen the manufacturing sector of our economy. We should not only strengthen it because this is where the jobs are created, but because here is where one of the major problems exists in our balance of payments.

Mr. Huntington: Tell us how.

Mr. Riis: There is a $21 billion deficit in our manufacturing balance of payment.

Mr. Huntington: Tell us how you are going to do it!

Mr. Riis: I will tell you; just be patient. There is a $21 billion deficit in our manufacturing balance of payments. That is $1,000 that we import more than we export for every single man, woman and child in this country. It amounts to $1,000 today but it is growing. Back in 1970, the deficit amounted to $2.5 billion. Today, it is $21 billion and growing. One can rest assured that the present monetary and fiscal policies will worsen this situation.

Mr. Huntington: Tell us what year this is.

Mr. Riis: A profound crisis faces us in the manufacturing sector and it appears that it is being ignored by the government. It is being ignored by the enthusiastic endorsement of the megaprojects given by the Progressive Conservative Party.

Mr. Huntington: Tell us how you will fix it!

Mr. Nystrom: Tories defend Liberals again!

Mr. Riis: If this $21 billion deficit were to be eliminated, 200,000 jobs would be created for the Canadian people.

Mr. Huntington: With what?

Mr. Riis: I will tell hon. members that this would be good news for people in my part of the country, one of the most prosperous parts of the country, which now experiences unemployment rates in excess of 20 per cent.

Mr. Huntington: Why?

Mr. Benjamin: Because of free enterprise.

Mr. Riis: The hon. member to my right asks why. It is because of the present economic structure of our country, because of the present monetary policy of this government and because of the present fiscal policy.

Mr. Nystrom: MacEachenomics!

Mr. Riis: I hope that is enough reason. What can we do in terms of turning around this deficit?

Mr. Evans: What about mining? Shut that down, too?

Mr. Riis: One of the obvious things to do would be to focus on certain key areas of the economy and establish production agreements in key sectors with the multinationals. Production, whether aimed at the export or the domestic market, must equal the sales in this country. The multinationals must increase their production in Canada and their sourcing of parts and components from Canadian producers. In other words, if the multinationals want to make profits in Canada, then they must provide jobs in Canada. It is not an unreasonable request. Look at what the other western industrialized nations require of foreign investors. They require exactly the same thing. It is not as though we are asking for something new or different. We are simply asking that the Canadian government deal with foreign investors like all the other governments of the western

industrialized nation essentially do. We can do the same, for example, in certain sectors such as the transportation area, the auto industry, the telecommunications industry and the aerospace industry.

Let me speak for only a moment or two in my remaining time about the mining industry. In my own constituency, as well as in neighbouring constituencies in central British Columbia, we are about to experience an historic event. Cominco will temporarily lay off 7,000 workers in the next few weeks.

Mr. Benjamin: There is the CPR again.

Mr. Riis: Within the next few weeks, 7,000 workers will be temporarily laid off for the first time in our history. In my own neighbouring area, the Highland Valley, some of the major copper-producing mines in Canada are planning similar temporary lay-offs. Hundreds and hundreds of men will be laid off in the next few weeks. When one looks at the mining sector, it is interesting to note that Canada is the third largest mining producer in the world, yet we import a major portion of our mining equipment and supplies. For example, 15 years ago half of the equipment used in underground mining was imported from beyond the Canadian border. Today, not half is imported but, rather, 75 per cent of mining equipment used underground is imported. That is the kind of progress we have made in the last 15 years.

Mr. Huntington: Why is that?

Mr. Riis: If the hon. member has a question, perhaps I can answer him later, if he wants me to articulate my response in a more clearly defined way.

Mr. Nystrom: Branch plant economy.

Mr. Riis: If we are able to take the initiative and reduce the deficit, when it comes to mining equipment imports we could create in excess of 13,000 jobs in this country just in this one sector alone. Again, I would ask the question as to how much mining equipment a country like Sweden imports, another mining leader in the world. Quite unlike our country, one can rest assured that the imports in Sweden are non-existent when compared with our own.

I think it becomes very clear, as we look at the structure of our economy, that major structural changes are required. At the moment, we have two approaches to economic development which are historic in nature. One is the exploitation and the export of natural resources. This is becoming more and more difficult with the passage of time, as we must now compete with other resource-exporting countries which quite often, because of a number of factors, are able to export more competitively. The other area, of course, is manufacturing. We have always had a weak manufacturing sector as a result of the branch plant economy which has been encouraged and nurtured over the years by the Progressive Conservative and Liberal governments.

Mr. Baker (Nepean-Carleton): Oh, come off it!

Mr. Riis: We have a weak manufacturing sector which is becoming weaker.

Mr. Huntington: Deliberately misleading!

Mr. Benjamin: Do you want to withdraw that now or later?

Mr. Riis: We do not succeed in either of these two alternatives. The challenge before us is to link our potential comparative advantage in the secondary, tertiary and quaternary sectors with our historically comparative advantage in the resource sector. It is this link, this marriage, which must now begin to take place. We are not adequately bridging this particular gap by rushing ahead and putting all our hopes into the megaproject option. This linkage between these two sectors is now perhaps more important than it has ever been. It is time we started building on our strengths and that we know our strengths. All of us in this chamber could very quickly identify the half dozen areas we should be building on, but we find that we are not building on any of them; rather, we are building on areas with a long-shot option, such as the megaprojects. We must begin to combat inflation, not with the present monetary policy, but with a program of intervention which will result in increased productivity in this country.

Mr. Huntington: What is this program of intervention?

Mr. Riis: Canada has this opportunity which virtually no other nation in the world has. It is one that we must now begin quickly to develop and exploit. This will occur if the government has the courage to admit that the monetary policy now being pursued has been a failure and that, after seven years, it has not wrestled inflation to the ground. We have an opportunity that other countries do not have and the time is not too late to act. In fact, we can act now and take advantage of this opportunity. We should see it as an opportunity as opposed to a problem. Then the long road to confidence building in this country will begin.

Some hon. Members: Hear, hear!

• (1250)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I read the motion of the New Democratic Party and I listened to the comments made by the hon. member from Kamloops-Shuswap (Mr. Riis), and I feel that, in a sense, the wording of the motion says it all. It illustrates very clearly that the New Democratic Party does not understand the nature of the problem facing the country. The motion attributes all our problems to high interest rates which, in their view, lead to all sorts of other evils. In the wording of the motion there is absolutely no reference to the underlying cause of high interest rates and high unemployment. There is absolutely no reference whatsoever to inflation. The hon. member in his speech did, I must admit, as I listened intently, make a passing reference to inflation and stated that it could be solved by increasing productivity.

All of us understand the importance of productivity, but the hon. member's single-minded reliance on productivity

increases as a solution to inflation reminds us all rather dramatically of the supply side of economics that is being promoted as a single way of solving our problems. It is not that simple. If the New Democratic Party motion had said that high inflation is the factor leading to high interest rates and to high unemployment, then it would make much more sense. As long as the members of the New Democratic Party believe that the underlying root of our problem is high interest rates, then they will never be able to offer any solution. They fail to understand that high interest rates are the symptom of underlying inflation, not only in the Canadian economy but in the economy of the United States and of the industrialized countries of the world.

I have noticed for months now that the New Democratic Party has really very little concern for inflation.

Mr. Nystrom: Come on!

Mr. MacEachen: They have no deep understanding of the dangers of inflation. They offer no solution, no policy options to combat, reduce or contain high prices and inflation. Mr. Speaker, their policy options, if adopted, would lead ultimately to even higher prices and more inflation, and then even higher interest rates, and then to even fewer jobs. That is the procession which they are advocating.

I know it is very easy and admittedly popular to denounce high interest rates. Who likes high interest rates?

Mr. Nystrom: Allan MacEachen.

Mr. MacEachen: We all dislike them. But if we are going to get rid of high interest rates, we are not going to get rid of them by directing that the Bank of Canada arbitrarily reduce interest rates. That is the worst possible solution, if the intention is to reduce inflation and high interest rates. There might result some short-term advantage by flooding this system with money and pressing down interest rates, but there would be a resurgence of inflation, not only in reality but in expectations, and ultimately there would be higher interest rates.

That is why I find the approach of the New Democratic Party always puzzling. I know they want more jobs, as we do; I know that they want more growth, as we do; but why do they follow this wrong-headed policy that they advocate and that no industrialized country in the world would adopt as being reasonably acceptable?

The hon. member mentioned France. I was going to mention France. I have a certain interest in the affections of the member for Oshawa (Mr. Broadbent) because from time to time he refers to Helmut Schmidt and then recently, since the election of President Mitterrand, he refers to him. They all belong to the international socialist club.

When it comes to implementation of fiscal and monetary policy, tell me how the monetary and fiscal policy of West Germany differs in kind, or how the monetary and fiscal policy of Mr. Delors, the finance minister of France, differs in kind. The hon. member needs only to look today at the report in *The Globe and Mail* as to what has happened in France. There they were forced to raise their key lending rate from 15.7 per cent to 18 per cent. That is the key lending rate, which will be followed by other short-term rates. Why? Because they are subject to the same influence that Canada encounters. And they have responded how? By increasing their short-term interest rates from 15.7 per cent to 18 per cent.

The hon. members opposite, in presenting this proposal, are really out of step even with their pals whom they join in the international socialist club, who understand the reality that inflation is deep-seated, it is dug in. It is going to take one very determined effort to get inflation out of our system, it is going to be very painful, and it is not going to be easy.

There are no overnight and easy solutions. If there were, we would adopt them and we would follow an easy, rather than a difficult and painful policy of reducing inflation, if there were easy policies that could be adopted. The New Democratic Party consistently, in their questions, in their policy speeches, have shoved inflation to one side and have gone off to advocate all sorts of policies which, if adopted, would add to inflation and therby permit a resurgence of interest rates to even higher levels. That is my basic objection to the New Democratic Party approach.

Some hon. Members: Hear, hear!

Mr. MacEachen: Mr. Speaker, I do not underestimate the seriousness of high prices in Canada and the effects that high prices have on consumers. When I realize, as I do today, that the purchasing power of the consumer dollar, compared to 1971, stands at 40 cents, then I am deepened in my resolve to do what is necessary to bring down inflation and high prices.

[*Translation*]

Mr. Deputy Speaker: Order, please! It being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the House took recess.

[*English*]

AFTER RECESS

The House resumed at 2 p.m.

Mr. Deputy Speaker: When the House rose at one o'clock, the Minister of Finance (Mr. MacEachen) had the floor. The hon. member for Etobicoke Centre (Mr. Wilson).

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, I am rather interested to see on an NDP opposition day that we have a large gap in the House. I do not know where the hon. members are, but we look forward to having them read our remarks in *Hansard*.

Mr. Deans: The largest gap is between your ears.

Mr. Wilson: The NDP House leader is getting a little surly these days.

During the remarks the NDP finance critic made on his motion, he said that we should not return to the policies followed in the nineteenth century of exporting our non-renewable resources, such as fish, furs and squared timber. I would like to refer the hon. member to one of the more basic laws of economics. It is known as the law of procreation. I am delighted to see that the member is with us today. I would like to refer to the law of procreation. It is when two little fishes get together and produce another fish. Fish, furs and lumber are renewable resources.

I wish to refer to the NDP motion because parts of it are very accurate. I read from the Order Paper:

In view of the fact that the Bank of Canada's high interest rate policy has been a major factor leading to unacceptably high levels of unemployment, unacceptably high levels of bankruptcy, and unprecedented low levels of consumer and investor confidence—

I agree with that part.

—this House calls upon the government to demand that the Bank of Canada reduce interest rates—

And to introduce new policies.

The gist of that motion is that the Bank of Canada is at fault. I ask the hon. member to reconsider that motion because his plea should not be to the Bank of Canada. His plea should be to the Minister of Finance (Mr. MacEachen). That is where the problem lies. That is the answer the NDP should be looking for.

There is no question that in this country we must have lower interest rates. We must have an interest rate policy which allows companies to grow and does not burden individual Canadians with the tremendously high interest rates we have today.

Many members have come into contact with individuals who have had to renew their mortgages and must find an additional $200, $300 or $400 a month and sometimes more in a pretty strained personal budget. This is forcing them to disrupt their budget to find the money for their mortgage renewal. It is one of the basic reasons the economy is as slow as it is today. When individuals have to find that money, they must take it from somewhere else, and they take it from current spending.

Many Canadians will have to renew their mortgages within the next two, three or four months. They are beginning to cut back on their spending and set money aside. That is one reason the retail sector in our economy is as weak as it is. There just is not enough money to go around. There is not enough to pay those high interest rates and also buy the normal goods they would buy from the stores today.

• (1410)

The small business community is now enduring probably the worst period in 20, 30 or 40 years. Many companies are just hanging by threads. I am sorry the Minister of Finance did not refer at more length to his own budget, because in that budget the Minister of Finance removed the small business development bond and replaced it with a small business bail-out bond. He took away one of the few sources of strength and one of the few sources of support for the small business community in this period of high interest rates. The program of last year, the small business development bond, cost the government, in terms of the support the bond provided, about $150 million. The new program, the Small Business Bond—no longer the small business development bond—costs the government some $10 million. All that additional burden must now be borne by the small business community which must pay high interest rates.

We are in a vicious circle. Farmers and fishermen are caught up in the same circle. Many of them have had to go bankrupt, and the inadequate responses in the budget have increased the number of bankruptcies in the past couple of months. We have a poor economy. The problem is compounded by the high interest rates we have today. This leads to more bankruptcies, which leads to a poorer economy. Yet interest rates stay as high as they are. There has to be a reason, and I will come to that reason in a few minutes.

The New Democratic Party quite rightly observes that there are two ways to fight inflation. The NDP points out that one of those ways is to strangle the economy, and that is what this government is doing.

Mr. Riis: Shame.

Mr. Wilson: It is strangling the economy and squeezing the life blood out of the economy by taking more money from the economy by means of incredible tax increases. In a time of recession 31 per cent is the rate of increase of revenues in this current fiscal year, and next year revenues will increase by 50 per cent. That is taken right out of the hide of the economy. In addition to that the government is imposing a high interest rate policy.

The second approach to which the New Democratic Party referred is to improve productivity. Members of the New Democratic Party are correct on this, and I am glad they have finally understood the importance of productivity, because they have not been speaking that way in recent years. Up until now they have not understood. Having listened to the policies the finance critic for the New Democratic Party has been espousing, I do not think members of the New Democratic Party understand how to translate the word "productivity" into practice, but that would truly bring about less inflation in this country. There is no question that productivity is the right idea, but the approach of the NDP just would not work.

Members of the New Democratic Party are looking for the quick fix. They are looking for the easy solution. They are looking for the nostrum which will solve all the problems, and it sounds good, but it just does not work.

They have talked in the past—and I heard the finance critic on the news this morning—about the policy they propose of suddenly dropping rates for mortgages to 12 per cent. Their policy is to wave the wand and say to the banks that they must pay for that out of their high earnings. They are saying the rate must be dropped immediately to 12 per cent. However, what happens when that wand is waved? What happens to the mortgage market? The mortgage market is not the property of the banks only. There are credit unions, caisses populaires,

trust companies, pension funds and insurance companies. It is a very broad market. The major player in that market is the banks, but they have only about 30 per cent or 35 per cent of that market. What happens when that major player drops its rate from 17 per cent or 18 per cent down to 12 per cent? If the other players want to stay in that market, they have to meet that rate. What happens when a credit union, which is paying 15 per cent or 16 per cent on the savings it attracts from different people in the economy, lends money out at 12 per cent because the NDP waved the wand and said the rate will be 12 per cent? I have asked representatives of some credit unions about this. I have asked representatives of trust companies. They have said they must either go broke or get right out of that market. I have asked representatives of pension funds and life insurance companies this question, and they have said they cannot ask pensioners and widows and orphans who need these life insurance funds to subsidize the market. I was told the government should be doing that. These institutions would pull out of that market.

The NDP approach just would not work because we would lose much of the savings which go into the mortgage market. There would be less savings available for mortgages to create jobs in the housing industry. For a long time members of the New Democratic Party have been saying we must create jobs in the housing industry and that they would do it their way, but that way just would not work.

Mr. Riis: What are you going to do?

Mr. Wilson: It is cruel of them to hold out these easy solutions.

Mr. Peterson: What about yours?

Mr. Wilson: Members of the New Democratic Party have the "quick fix" solution which will make people feel they have the answer, but I think the finance critic knows he does not have the answer.

Mr. Peterson: You have none.

Mr. Riis: What is your answer?

Mr. Wilson: That is why he is making a lot of noise now. That is why he does not like to hear me say this.

Mr. Riis: I want to hear what your answer is, Mike.

Mr. Wilson: Like all the policies of the New Democratic Party, this one would not work and, if anything, would lead to more spending and more regulation, and more regulation and more spending would lead to more inflation. That would be the result of the New Democratic Party policies.

Mr. Riis: What is the budget in Saskatchewan like, by the way?

Mr. McKenzie: The NDP wants exchange controls.

Mr. Wilson: Let us look at a prime example. The Minister of Finance touched on this in his remarks. The socialists were elected in France last year. They had the great socialist dream. They were going to turn things around and prove to the rest of the world that they had the right answers. What has happend? Let me give a few examples. Inflation in France is 14 per cent. Unemployment has increased a full 21 per cent this year over last year.

Mr. Smith: Right.

Mr. Wilson: The private sector in that country is sagging, with the result that the government has moved in with huge spending programs. These will require a lot of government borrowing, which will squeeze out the private sector even further. How is the private sector responding to this? It is being scared out of the country. It is being frightened away. The money is going to Switerland, Germany and the States. Then the government there slapped on exchange controls because the value of the French franc dropped about 10 per cent. That is the result of socialist policies and the socialist dream.

Mr. Riis: What is your answer, Mike?

Mr. Wilson: If we examine some of the policies France has been following, we see a very good comparison with what another member of Socialist International, the Canadian Liberal government, has been following.

Mr. Smith: Rubbish.

Mr. Wilson: We have seen the same kinds of policies and run-away government spending.

Mr. Chénier: Shame on you.

Mr. Wilson: We have seen the high unemployment and the high interest rates France has. That is the sort of thing we have been following in this country.

Mr. Peterson: You don't know anything.

Mr. Wilson: The socialist dream has not come true in Canada, it has not come true in France and it will not come true in any other countries of the world.

Mr. Riis: What is your answer, Mike?

Mr. Wilson: That is the nature of socialist policies.

Mr. Chénier: Give us some answers.

Mr. Wilson: I can see that the two members of Socialist International do not like to hear what we have to say.

Mr. Smith: Rubbish.

Mr. Wilson: I would like to remind hon. members opposite and members of the little red rump to my left that it is the motion of hon. members to my left that we are debating. I am pointing out the shortcomings of that motion, and I do not think they like to hear them.

Mr. Riis: You have no solutions.

Mr. Wilson: I do not think they like what they hear.

Mr. Riis: You have a lot of criticism, but we notice you don't have solutions.

Mr. Wilson: I recommend to the New Democratic Party and the other member of Socialist International, the Liberal government, that they watch closely what happens in France because that is where they will find their answers. That is where they will find the answers to the socialist dream.

• (1420)

The finance critic for the New Democratic Party made a lot of loose statements today about how to get more productivity, how to get more investment, how to reduce unemployment. But none of his statements hung together. They were all part of the "quick fix" solution that party pulls out of the sky which says "This is the way it will be." When people study those solutions they will know they do not hold water. It is immoral and cruel for that party to play this charade on Canadians who are suffering so deeply from the emotional strees and physical hardship caused by high unemployment levels and high interest rates today.

Let us consider what is happening in this country today and see why the problem is not that of the Bank of Canada but the problem of the Government of Canada. The problem has been brought about by the Government of Canada, Mr. Speaker. I would ask hon. members opposite why since the middle of last summer there has been a shortfall in the monetary aggregate, where money supply in this country today is at its lowest level since August, 1980? I would remind hon. members that money supply is the life-blood of the economy. If there is no money the economy does not grow; if there is growth in the money supply, the economy grows. Today the money supply is at the lowest level it has been since August, 1980.

Why has that happened, Mr. Speaker? Why has the government followed a policy of allowing the Bank of Canada to keep the money supply as low as it is today? Why do we have a policy which has interest rates so much higher in this country than they are in the United States?

The hon. member for Kamloops-Shuswap (Mr. Riis) referred to an outflow of capital, interest and dividends amounting to about $5.5 billion. I should like him to turn his attention to another outflow of capital, Mr. Speaker, the outflow of moneys that individual Canadians and Canadian companies have built up over the years and which they are now taking out of the country. We have to ask why that money is being taken out of the country. Why do they feel it is put to better use in other countries of the world like the United States, Australia, the Far East and Europe? The capital outflow in the last 18 months amounts to about six times the rate it was throughout the whole of the 1970s. It has not stopped. The Canadian dollar is still under pressure; it is still bumping along at the lowest level it has been for the past 40 or 50 years. There is a reason for that, Mr. Speaker, and I shall deal with it in a minute.

The government has been forced to maintain the dollar even at that low level through a high interest rate policy which is creating hardship for Canadians all across the country, not just for those who have some money and wonder where to put it. Canadians who are looking for a job or those who have to roll over a mortgage are all affected. The interest rate policy in this country today is not a monetary policy, it is a foreign exchange policy. It is helping to draw in capital from other countries to replace the valuable capital that is leaving the country for other reasons.

I refer to this as our triangular policy trap. The first side of the triangle is a policy which says that we must maintain the level of the dollar at between 82 cents and 85 cents U.S. The second side of the triangle says that we are going to scare money out of the country through the anti-investment policies of the budget, through the restrictive attitude toward foreign investment and the confiscation elements of the national energy policy. On the third side of the triangle is the high interest rate policy which says that any time the Canadian dollar goes below 82 cents U.S. we should jack up interest rates so that it will not go down any further.

We cannot have all three policies, Mr. Speaker. We cannot have a policy which forces money out of the country and also have low interest rates if we want to maintain the level of the Canadian dollar. That just does not work. Members of the government and members of the New Democratic Party just have not learned that simple fact of economics. Something must break if that policy triangle is in place. In this party we believe it is important that the second side of the triangle in the Canadian policy trap be changed. We must alter those policies that are frightening money out of the country. Before we get to the interest rate side of the argument, let us look at what is happening today.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted to him has expired. He may continue with the unanimous consent of the House.

Some hon. Members: Agreed.

Mr. Deputy Speaker: There appears to be unanimous consent.

Mr. Wilson: Mr. Speaker, do I have 20 minutes or 30 minutes?

Mr. Deputy Speaker: According to the rule the mover of the motion has 30 minutes and the member speaking immediately in response thereto has 30 minutes as well. All other hon. members have 20 minutes.

Some hon. Members: Take five.

Mr. Wilson: Mr. Speaker, I appreciate the generosity of hon. members opposite and I shall try to be more gentle with them in the next five minutes.

Mr. Benjamin: You will be forever.

Mr. Wilson: The hon. member who just said that I will be forever is the last in the House who should say that.

The type of money that has been frightened away by these policies is aggressive money, Mr. Speaker, the entrepreneurial money, the capital that creates jobs and has made the country grow. The money coming in is seeking a home with high interest rates, a high return on a bank account or government bond—something that is reasonably safe. It is not creative money; it is passive money. It is what I call widows and orphans' money. We are losing the money that built this country and in return we are getting money looking for a high interest rate which will leave immediately interest rates fall.

We are losing the money that creates jobs and that is bad at a time when 1,100,000 people are unemployed. The approach that the Conservative Party has espoused for some time is that we should shift policies in this country in order to attract that money back. Let me remind you, Mr. Speaker, that the money going out is not all foreign money going home; it is Canadian money that does not like what is happening in the country.

We must reverse some of the disastrous parts of the National Energy Program and some of the disastrous elements of the budget as well as changing some elements of the Foreign Investment Review Agency which is frightening money away. In this party we have always said that we should have that screening agency, but there is a means of administering it that will allow foreigners to feel welcome here and make them want to invest in the country. We should help them understand the policy objectives of the country so that they will invest here. We should encourage them because that will create a better country for all. That is the direction we should go today. We should create a healthy environment to encourage the private enterprise sector of the economy. We should have a positive Government of Canada policy and not the massive intervention and regulation that has been the hallmark of the government's policy and which would be increased substantially if the suggestions made today by the New Democratic Party were in force.

The New Democratic Party does not understand the subject, Mr. Speaker. That has been made clear in the statements made today by its finance critic. The Liberal government has shown by its policies that it does not understand. Many of the problems we are facing today stem from policies which have been followed for the last ten or 15 years. These have led us to high unemployment, high interest rates, and a record outflow of capital. This is what must be changed.

• (1430)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I am happy to participate in this debate.

Mr. Bosley: Stand up.

Mr. Smith: I see the hon. member for Don Valley West (Mr. Bosley) still has his lungs. I am pleased to participate in the debate on the NDP motion. At first I thought I might hear some solutions and wind up enlightened, but I regret to say that after listening to the NDP today I have not heard any enlightenment or solutions. The most perceptive, succinct and to-the-point comments we have heard today have been those of the Minister of Finance (Mr. MacEachen).

The NDP motion criticizes the high interest rate situation in Canada, leading to high levels of unemployment and bankruptcy and low levels of consumer and investor confidence. Members of that party approach the situation with a magic wand. They seem to think they can push a button and solve all the problems—the quick fix approach. But when it came to solutions, we heard a few mutterings about increased productivity and that was about all. We did not hear any analysis or prognosis of the real problem in the country—inflation.

After listening to the comments of the hon. member for Kamloops-Shuswap (Mr. Riis) today, one is left with the impression that every morning the Minister of Finance and the Governor of the Bank of Canada have a bowl of nails and say to each other, "What mean things can we do to the Canadian public today?" That is the impression with which one is left. If one listens, one arrives at the conclusion that members of the NDP do not like high interest rates. Is that not enlightening? I have not met anyone who likes high interest rates, except perhaps a few very wealthy people who have a lot of money to lend.

What were the solutions? We heard a bit about increasing productivity, but we did not really hear what the hon. member meant by it. Did he mean that the same number of workers should produce more goods which they cannot sell? I do not really know what he meant. Without hearing a little more about what he had in mind, I do not see any solutions there. At no point did he address the problems which would result if in fact the government were to tell the Bank of Canada to lower artificially interest rates in the country. It would be nice, but does the hon. member think such a policy would do Canadians a favour?

It seems to me that he forgot one basic principle: in order for someone to borrow money, someone has to lend it. As a general rule people want to lend money where they can obtain the highest rate of return. The hon. member seemed to forget the fact that human nature, being what it is, would probably result in people sending their money out of the country if they could obtain a higher rate of return somewhere else. Did he talk about that? No, he did not. Does he think that it would not happen? Does he think, if interest rates are five percentage points higher in the United States than in Canada, that Canadians will not send their money out of the country?

Mr. Benjamin: Don't let them.

Mr. Smith: The hon. member for Regina West (Mr. Benjamin) will have an opportunity to speak, and I will not interrupt him. Does the hon. member for Kamloops-Shuswap honestly think, if Canadians can obtain a 5 per cent higher rate in the United States, that they will not send their money there? What happens when money starts flowing out of the country? Did he address that problem? No, he did not address it. Would there be a drop in the value of the dollar?

Mr. Riis: What about the people who invest in Japan?

Mr. Smith: I did not interrupt the hon. member.

Mr. Benjamin: Who cares?

Mr. Smith: Now they say "Who cares?" What would happen to the inflation rate in Canada if we had to pay a much higher price for the goods we import? Statistically it is a fact that every time we lose three points on the United States dollar, inflation rises 1 per cent in Canada. What happens if there is a drop of about eight or nine cents in the value of the Canadian dollar? We would immediately be faced with a 15 per cent or higher annual inflation rate. Does the hon. member think that would be doing a favour to Canadians on fixed incomes? Did he address that? No, he did not, because as usual the NDP approaches the situation in a naïve manner; with the magic wand and the push-button approach, they have the answers!

Of course, there is one way to stop Canadians from taking money out of the country to obtain higher interest rates somewhere else. We could put on exchange controls. Is the hon. member advocating that? Is his party advocating that? I am not really sure that I heard that. I listened carefully to what the hon. member for Kamloops-Shuswap said, but I do not recall his specifically saying that. Of course, if we are to have exchange controls, we would have to hire an army of public servants to administer them.

Mr. Benjamin: No!

Mr. Smith: Would they be administered equitably and fairly? I fully anticipate that within a day or two someone in an NDP constituency would be pleading on behalf of someone whose mother had arthritis, needed to live in Arizona, and wanted to take money out, after having worked hard in Canada to save it to buy a house there. Of course, the Governor of the Bank of Canada and the Minister of Finance, after having had their regular daily bowl of nails, would say, "Oh, no, we will not allow that".

The simple fact of the matter is that there is not an easy way to impose exchange controls which would treat Canadians fairly. Do they want to remove Canada from being one of the major western industrial countries, one of the group of seven, and to sink us down to the tier of second-rate countries with no confidence in their currencies who in order to keep money in their countries have put on exchange controls? Is that the route they want to go? It sounds as if it is, but that is not the route the government wants to take. Once exchange controls are announced, a further drop in the dollar results; everyone is scared off from bringing money into the country if they think they will not be able to get it out. Did hon. members address that problem? They did not even talk about it.

What if we kept money in the country by somehow subsidizing interest rates? The hon. member did not even talk about it, but I am sure we can all figure out what it will do to the deficit. If anyone thinks that is the solution, I suggest it is not. Members of the NDP said that we should have lower interest rates. They said we should not worry about money leaving the country, the increased cost of imports, exchange controls or the inflationary spiral. In addition, of course, we have the NDP policy of spend, spend, spend; abandon caution on the deficit; let the dollar sink to a very low level. We never have to worry about who will pay for it when NDP members are talking.

Mr. Benjamin: Rubbish!

Mr. Smith: The Liberal government believes in a balanced approach. We believe the primary target we must address is inflation. It was one of the main targets of the last budget.

Mr. Huntington: Then why don't you start doing it?

Mr. Smith: Another target was to reduce the deficit. When we do that anyway and revenues are increased we immediately hear a great hue and cry from the Tories opposite who seem to think that it should be done without any pain to anyone.

What about the Tories? At least when members of the NDP are talking we get a consistent message—"Do not worry, spend all you want; do not worry about who will pay for it; stop worrying about the dropping dollar and the deficit—spend, spend, spend"! With the Tories we never really know. One day we have the hon. member for York-Peel (Mr. Stevens) rising and, when the slasher gets going, we hear a real, honest, genuine blue Tory saying, "Cut spending, do not spend any more"! But as soon as the government does anything to reduce spending in a reasonable and conscientious way, such as eliminating some very costly VIA Rail routes, they object to it. The Tories want you to reduce spending, but actually they do not want you to do it. They want you to do it in theory but not in practice. Therefore, when we make a move, as we did on some of the very costly and inefficient VIA Rail routes, the Tories yell and scream. When we suggest that the post office should operate on a user-pay basis and we increase the postal rates, these same people yell and scream. They say "You have to reduce spending. You have to reduce the deficit, but don't actually do it. We want to talk theory but not specifics." When we say that we are not going to be able to maintain the same level of transfer payments, boy, do all the flares go out then! All the crying towels come out for the provinces.

• (1440)

Mr. Baker (Nepean-Carleton): And the grenades start flying.

Mr. Smith: The Tories want to talk theory but they do not want to be specific. The next day you can have the red Tories on their feet and you will hear a completely different story. Maybe the hon. member for Rosedale (Mr. Crombie) will speak or perhaps the hon. member for Kingston and the Islands (Miss MacDonald). The message then is spend, spend, spend! You need a score card to tell whether or not their members have a blue shirt on, a green shirt, or whatever colour it is they wear. The red Tories say "Let us spend more on pensions. Let us give more money to the provinces. Let us

spend more money on direct job creation, and do not worry about who will pay the bills."

What have we heard today? I must admit that I was waiting in anticipation to see whether the hon. member for Etobicoke Centre (Mr. Wilson) would have on his red shirt today or whether he would have on his blue shirt. For a moment, when he started talking about the money supply, I thought he had on an old Social Credit shirt. But I kept listening and I heard a speech that was very heavy on diagnosis, but when it came to prescribing any surgery, I heard nothing.

Mr. Fennell: You don't listen to us anyway.

Mr. Smith: It wasn't too long ago that the hon. member for Etobicoke Centre spoke to the Canadian Club. He basically agreed with the government's policy on restraint. You have to go through the speech quite closely to find out that the hon. member was not differing with the position of the Minister of Finance in his policy of restraint, but he could not quite bring himself to say something complimentary about the minister. The bottom line was that the hon. member was talking restraint, and I suggest that is really what we heard here today.

Coming back to the NDP motion, which is really what we are dealing with, I submit we have a motion that is perhaps well intentioned, I will give them that. I think the hon. member for Kamloops-Shuswap is well intentioned. But I say this, and I say it very kindly; the motion was naive and simplistic. The hon. member did not address any of the following problems: money leaving the country; exchange controls; the dropping dollar and the loss of confidence in the currency of this country. None of those things seems to bother the NDP.

What does this government do when it looks at the problems that face the country? I suggest this government and this party believe in a balanced approach. We do not belong to Socialist International, contrary to what my hon. friend from Etobicoke Centre suggests. This party and this government believe in social justice but within a free enterprise system. We on this side of the House believe in the work ethic. We on this side of the House believe in incentive. But we are also the party of the government of this country that has brought in the social programs of which we are proud. We on this side of the House believe in unemployment insurance. We believe in old age pensions. We believe in medicare. We believe in universal programs. That, I suggest, is what really boils down to a social justice fabric within a free enterprise system. We have a balanced approach. We are trying to fight inflation on the one hand, while on the other hand we have programs that address themselves to those who are truly in need. Take mortgage rates, for example.

Mr. Baker (Nepean-Carleton): You take them.

Mr. Smith: What has happened? We brought in a bill several weeks ago—

Mr. Fennell: Big deal!

Mr. Smith: —that would provide money for those in dire straits whose interest rates constituted more than 30 per cent of the entire family income. What happened? We heard eight days of debate on second reading from the other side, only to have members opposite vote for it.

An hon. Member: Do more.

Mr. Smith: How did we get the vote? We had to use time allocation to get it and then they voted for second reading. That is unbelievable. Has that bill gone through yet? Of course not, because hon. members opposite have been on strike for the last couple of weeks and we have not been able to move it along.

Mr. Fennell: You cancelled the committees.

Mr. Smith: What about those people who live on farms and need to have more money put into the farm credit bill that we are trying to get through? Can we deal with that? We have not been able to deal with that because hon. members opposite have been away.

Another example of a balanced approach is the job retraining programs which the Minister of Employment and Immigration (Mr. Axworthy) recently announced. I think all of these things indicate what I would suggest amounts to a balanced approach by a government that wants to fight inflation, but, on the other hand, one which is able to come up with programs to help those who are in dire straits, such as those who are having problems renewing mortgages.

Those are the things we need to hear in this House. We need a useful debate. A useful debate would put a little more emphasis on solutions. What we have had from the other side today is diagnosis; when it comes down to prescribing surgery, we heard a few mutterings about increasing production. I suggest the most responsible, perceptive and honest statement that has been made in this House today was made by the Minister of Finance. I support him fully, and that is why I am happy to stand up and participate in this debate.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, one thing we should do is congratulate the New Democratic Party for introducing this motion. At least it got the House into discussing something of great concern to the country. I will go further and congratulate the hon. member for Kamloops-Shuswap (Mr. Riis) for coming out with what I believe to be two truths. One is that inflation is the interest rate. Interest rates are a large component part of the whole. That is a truth that has to be stated in this House over and over again because we have some nitwits in the Department of Finance and in the Bank of Canada who actually believe that interest rates are a tool of monetary policy. There is no such thing.

The second truth the hon. member mentioned was the concept of productivity. Sure enough, he did not go into details, but he is on the right track. Whenever there is a large number of unemployed and unused plant capacity and you spend money to put people to work, you fight inflation. I will

not go into that in detail but I think the hon. member deserves those few remarks.

On the other hand, by his remarks he opened himself up to attack by the Minister of Finance (Mr. MacEachen) when he said that he did not understand the system. The Minister of Finance did not go any further, but at least it indicates that the speech of the hon. member for Kamloops-Shuswap (Mr. Riis) had got through into the hides of the government benches. Naturally there are differences between the parties on many things. But if we can agree in this House that interest rates are the chief issue of the day because people instinctively know they are the one thing that is bringing this economy down and is the biggest component of inflation, we would come a long way in concentrating our efforts on fighting inflation. Inflation is interest rates, and vice versa. It is all the same thing.

Let me cite a few figures. In 1979, the PC caucus got their prime minister to refer the subject of interest rates to the Standing Committee on Finance, Trade and Economic Affairs, whereby that committee could question the Governor of the Bank of Canada and the Minister of Finance and make them produce figures to show whether their policies were right or whether they had evidence that their policies were working. When these so-called knowledgeable men, including the Governor of the Bank of Canada, could not produce evidence that their policies were working from 1975 on, interest rates did not move upwards for four months until we elected a subservient government which bowed its head to these men of great wisdom. And interest rates have risen and stayed high ever since. When the people have a chance to speak to their elected representatives, the "unwashed" who do not know too much about all the ins and outs of this fine theory, we get sound input which has more common sense than you can get from all the experts.

• (1450)

I said a moment ago that we have to take a look at the figures. I have put them on the record many times. It used to be that we considered inflationary forces to arise mostly from government expenditures, and it was for many years quantitatively the main pressure on prices to move upwards. However, today interest rates lead the race many times over. At any given moment over $500 billion are out under fixed rates, and if you use an average interest rate of 15 per cent, then there is an additional $75 billion annual cost to the economy to carry this interest load. That means that prices rise. The cost to government of servicing our debt is upwards of $13 billion a year. So you can see that interest rates are a much bigger factor in the forcing up of prices.

I do not have the figure on the rise in land costs in the last five years, but I know it is huge. Nor do I have the figure on labour costs, except I know that in the last couple of years they have tended not to grow as fast as inflation. So I would say in all fairness, using the quantitative approach rather than the subjective slogans we are using, that we can say with some conviction that we are right when we say interest rates are the biggest part of the inflationary pressures today in Canada. If you want to fight inflation, the first target has to be interest rates, and that is why I think the House should pay credit to the NDP for bringing in this motion. It gives us a chance to discuss it.

Now, as for the Bank of Canada, I join with the hon. member for Etobicoke Centre (Mr. Wilson) in saying do not try to pin the tail of this donkey on to the Governor of the Bank of Canada. He is able, sincere and wants desperately to be a good central banker, but he is going through a period of great change in economic theory. Economists have admitted that they do not know where they have been, where they are or where they are going. All these fellows are naturally feeling for what the right thing is, and in the meantime they try to hang on to the obsolete dictums they have and then they get into trouble. But the hon. member for Etobocoke Centre was right when he said the heart of this belief in a high interest rate policy lies right in the Department of Finance and that is why the former parliamentary secretary to the Minister of Finance knows exactly where the trouble lies. He has got up here and poured out his credibility while trying to say the Department of Finance speaks for God and is always perfect and right. Back off, my friend!

Mr. Smith: Wilson agrees with it.

Mr. Hamilton (Qu'Appelle-Moose Mountain): What the Governor of the Bank of Canada should do is stop this weekly bank rate announcement. It is nonsense. No one borrows from the bank, so why should he set a bank rate? It is just a psychological indication of what the bank governor thinks the interest rate should be. But he knows, and you can read it in all his statements, that he is mainly concerned with trying to stabilize the value of our dollar by the use of interest rates. It is not concern over the money supply, it is an attempt to stabilize the exchange rate.

Secondly, the bank should stop interfering as much as it does with the exchange rate. Concentrating on the exchange rate is not solid management of the currency.

Mr. Smith: Look at our reserves, they have not changed for years.

Mr. Hamilton (Qu'Appelle-Moose Mountain): It is being done by the use of the interest rate technique.

Thirdly, the bank should stick to its primary business, which I think members of all parties would support, and that is, it should control the money supply, hold it in tune with the growth of the economy. If the central bank withdrew from this silly fiddling around with interest rates and concentrated instead on their main function, that of controlling the money supply, I think they would get themselves out of the firing line and we could concentrate our fire on those people in the Department of Finance who take such rigid stands which are not proven necessary by the facts.

Many countries of the world have the same problems as those facing Canada today, and they are wondering what they

can do. If you look back over history, Mr. Speaker, you will find that the one country more than any other which is wondering out loud what they should do is the United States. You would never know that from reading the Canadian press or listening to Canadian radio or television. That is because they know, as do we in this House, that we are all pretty stupid when it comes to discussing monetary and fiscal matters. They do not want to get up and make asses of themselves, as we have to in this House by talking about things we do not know too much about. However, we have a duty to talk about them, so I say that we better take a look at possible solutions. I direct these remarks to the new parliamentary secretary because he wants possible solutions to think about, and I am going to give him one.

A long time ago in this House there was a member of the CCF party called Colin Cameron. He is no longer with us, but he did address this problem about 20 years ago and suggested that with growing world trade all countries would have to broaden the base of their reserves. He made the suggestion, which I think was unique and worth while, that we should add to our reserves the special drawing rights of the World Bank to give us a broader base in order to withstand the raids on our currency. In memory of this ex-colleague of ours, I want to bring that subject up again. If our purpose is to stabilize world exchange rates, not only should we consider adding the SDRs to our reserves along with the strong currencies of Japan, Switzerland, West Germany and perhaps still the United States, but I think we should take a look at an old idea and see if it would not be worth while here in Canada. I am referring to the present debate in the United States over whether they should make the American dollar convertible into gold, as it was 50 years ago. All western nations agreed to get off the Gold Standard back in the 1930s. Now that we are all under such great pressure with the instability of our currency, maybe the debate going on in the United States should be brought to the Canadian arena. I would like to know what the effect, would be in Canada of making the Canadian dollar convertible to gold, particularly since the Americans are converting their currency. I would like to know what it does to stabilize the dollar. I would like to know what it does to reduce and stabilize interest rates. I can tell what is likely to happen; but I also have a deep conviction that I do not know for sure. However, maybe if we talked it out publicly, and maybe if we all made ourselves look a little silly and stupid, we would serve our country well by having that debate.

• (1500)

I am not necessarily recommending that we debate it here in the House. As we will obviously need witnesses, it would be a very difficult place to discuss monetary and fiscal policy. I would think that it should probably be discussed in a special committee with two or three parties, because that is probably all we could find who would have the time and the will to go through this detailed examination. However, we could bring in the experts, the top officials from the Department of Finance. They are not evil men. We could bring in the Governor of the Bank of Canada, as he is not an evil man. We could question him and bring these matters forward. I am sure, as we found out in the committee three years ago, that these men will respond and give us a little more information on which we can base our judgment. I would like to know all these things before the emergency is upon us if the Americans convert in May or June.

Therefore, what I have said is only one point in the scenario on how we could put forward some alternatives to the government besides following this horrible, harmful policy of high interest rates. That does not mean that we can forget the fiscal side. On the fiscal side, as the House knows, we will be working with the suggestions from the Conservative benches made last year concerning the various pieces of legislation, trying to apply them so that we can get around the harmful effects of this interest rate policy followed by the Bank of Canada and the Department of Finance. We want the Farm Credit Corporation to be effective. Thank heavens some civil servants stuck a clause in the amendment to the Farm Credit Act, Bill C-88, which allows the Farm Credit Corporation to borrow money from sources other than the Consolidated Revenue Fund. This means it can go to private individuals. This section states it can borrow money by any means, and "any means" opens up whole new vistas. Maybe the Farm Credit Corporation can be set up almost as a bank or credit union as a way of borrowing money at 7 per cent or 8 per cent from the public and lending it out at the same rates. Everyone knows how it is done. It is done through the small business development bond program to make money. It is done through the income averaging technique, and there are others. In the debate, on the housing bill, Bill C-89, I proposed that we should do in the housing field what we have done, on second reading and in committee, in the Farm Credit Corporation; that is, to give home owners equality with the farmers. I would like to apply that by restoring the real principle of the small business development bond to small business. I would like to provide that for export businesses. Large companies can look after themselves by the equity route. However, we in the House have some responsibility on the fiscal side to back up what the governor is doing. I do not necessarily want to tell the Governor of the Bank of Canada that he must arbitrarily lower his rates unless I know a little more about what will happen and how he will do it. However, while he and we are trying to make up our minds on that, there is no reason why we cannot go forward on the fiscal side. Therefore, in conclusion, my advice is very simple. I am advising the Governor of the Bank of Canada to quit fooling around with interest rates as a monetary tool, to look on money as simply a commodity, and to let the market decide what the interest rate will be. I have a suspicion it will be a lot lower.

Then, on the fiscal side, my second conclusion is that we should get busy and do something in this House. We should understand what we are doing for farmers, small businessmen, exporters, and those who live in city homes. I would like to add the mining industries and all the other production industries as well. If we work together on this, step by step, I think we will be serving our country well. But, above all, as of this particular

moment, I most strongly recommend that we begin openly to debate, and also encourage the media openly to debate, what we will do about this world exchange situation and whether we should consider making our Canadian dollar convertible to gold, along with special drawing rights.

Some hon. Members: Hear, hear!

Mr. David Berger (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, it gives me great pleasure to participate in the debate this afternoon on the important matter of interest rates and economic policy. It is important to get across to the Canadian public the message that the government is doing something, contrary to the impressions created by hon. members of the opposition. As the Parliamentary Secretary to the Minister of State for Small Businesses, I would like to outline briefly some of the efforts that the government is undertaking to help small businesses in this country. First of all, it is important to note that Canada's one million small businesses represent 97 per cent of the total number of firms in the country. They provide 42 per cent of jobs in the private sector employment and 30 per cent of the contribution of business to GNP, and are a key to regional growth innovation. They are also 97 per cent Canadian owned.

I would like to enumerate some of the measures of the government which are geared to small business: first, there is the Small Businesses Loans Act which provides a federal guarantee to financial institutions in respect of small business loans toward the purchase or reconstruction of business facilities and equipment. As Your Honour is probably aware, the loans under this program are fixed at 1 per cent above the prime rate and are therefore not fixed at two, three or four points above the prime rate, a circumstance which small businesses must often face. Second, there is the small business bond program which was a measure proposed in the November 12 budget. This program enables small businesses in severe financial difficulty to reduce their interest expense by up to 50 per cent. It is a successor to the small business development bond announced in 1979. In my province of Quebec, Quebec firms accounted for some 12 per cent by volume of the loans issued under this program, and 11 per cent of all such bonds were issued to the end of 1981.

• (1510)

Mr. Speaker, there has been much criticism of this program, saying that the banks have been reluctant to lend under it or that businesses are unaware of the program. I would like to point out that under the initial program, in which close to $2 billion of loans were let out, some 13 per cent, or $260 million, was lent to businesses that were in financial difficulty. This meant that the program in its initial form worked, and it worked for the benefit of businesses that were in financial difficulty.

That money is provided in the budget and therefore it is perhaps a matter for businesses to acquaint themselves with this program and require that their bankers exercise the imagination necessary to extend loans under this program.

Earlier today I had the opportunity of participating in a radio program in Montreal, by telephone. One of the guests at this program was the representative of the Canadian Federation of Independent Businesses of Quebec. He indicated that a survey of his members showed that some 40 per cent were unaware of this particular program. Mr. Speaker, that might indicate that some work would have to be done in informing their members. I think that organization, the CFIB, could play an important role in informing their members about the program and ensuring that the program does work.

I indicated also that the government would obviously be interested in listening to any suggestions that they might have to make as to how we can make that particular program more effective.

Mr. Speaker, another program that is of aid to small and medium-sized businesses is the enterprise development program. This is designed to assist firms, including small and medium-sized businesses, undertaking relatively high risk innovation or adjustment projects that can be expected to yield attractive rates of return on the total investment. That, because of the high risk nature, takes a number of years to show results.

Under this particular program, in the year 1980-81, some 304 projects were accepted in Quebec, or 43.4 per cent of the total number of projects under that program, for an authorized total amount of $73 million or 22.3 per cent of the loans or the grants authorized under that particular program.

I would also like to mention the Federal Business Development Bank, which provides financial and management services almost exclusively to small businesses and particularly those who do not have other sources of financing available to them on reasonable terms and conditions. This kind of financing includes loans, loan guarantees, and equity financing. The Federal Business Development Bank in 1981, again for the province of Quebec, has authorized loans totalling $113 million to some 1,253 businesses. It has undertaken in 1981 13 equity investments for a total of $4,304,000.

Mr. Speaker, there is another program which I would like to mention, the program for export market development. In 1980-81 Quebec firms received almost 28 per cent of PEMD assistance, that is some $4.8 million. There were 477 applications approved in the province of Quebec.

I would like also to mention another program, one of the Department of Regional Economic Expansion, that of industrial and development assistance. A substantial provision of federal assistance for regional development comes under this program, RIDA, and subsidiary units.

Mr. Huntington: Mr. Speaker, on a point of order, I have been called to order many times by your good self in this House for not speaking to the point. I am wondering if the parliamentary secretary would tell us what these printed and well known government programs have to do with the debate that is on here today.

Mr. Berger: Mr. Speaker, I would be glad to do so. The motion refers to employment. It refers to a "new employment option" for Canada, and I think it is totally fitting therefore to mention a number of programs the government has put into place to increase employment or to generate employment in Canada and particularly, as I mentioned earlier, in my province of Quebec.

I also would like to mention the Canadian Industrial Renewal Board, which was set up by the government last year as a complement to the textile and clothing policy. That program was announced last June 19. The objective of this policy is to try to continue the efforts of the government to ensure that the textile and clothing sector will become as competitive as possible in world markets.

The government has announced the reallocation of more than $250 million over five years to this effect. This new program will assist the modernization of viable firms—and I would like to stress the words "viable firms"—in the textile and clothing industries, establish new employment in communities affected by the closure of plants, and help displaced workers take advantage of new job opportunities that might be created.

Parallel to this adjustment program, the government committed itself to renegotiating protection measures for the textile and clothing industry to give them time to restructure.

I would like also to remind members of the House that the Prime Minister (Mr. Trudeau) on October 26 of last year announced the formation of this board to be chaired by Mr. Paul Desmarais, president of Power Corporation. This agency, with headquarters in Montreal, has been in operation for approximately five or six months only and has reached the stage where it is going to be extending loans in the very near future and grants to companies that wish to modernize.

Another initiative of the government is the industrial labour adjustment program, ILAP. Recently we debated in this House a bill designed to provide pre-retirement benefits for people in certain designated sectors, such as the clothing and textile areas, light appliances, and in certain designated communities across the country. This bill was given third reading several weeks ago. This bill will provide retirement benefits to workers between the ages of 55 and 65 equivalent to benefits under the Unemployment Insurance Act. It will permit workers in these industries to take early retirement. Industries undergoing particularly difficult times will be able to restructure. It will permit the government to establish new industries with as little difficulty as possible for the more elderly people.

• (1520)

After outlining some of the initiatives the government is undertaking to help Canadian industry, I wish to address the matter of interest rates. As everyone knows, high interest rates have created problems for businesses and individuals, not only in Canada but in many other countries. We must ask ourselves what is the problem. Is the problem interest rates or inflation, as the Minister of Finance (Mr. MacEachen), the Department of Finance and the Bank of Canada have indicated?

Several months ago the former parliamentary secretary to the Minister of Finance circulated a study by the Federal Reserve Bank of St. Louis, which had been done in November 1981, entitled "What really happened to interest rates, the longer run analysis". Very conclusive evidence is introduced in this study to show that interest rates in the period from 1967 to 1980 were related to the rate of inflation. It stated quite unequivocally that the rise in the average rate of inflation fully explains the average increases in these nominal interest rates. I suppose many similar studies have been done which have explained this connection.

Anyone with any kind of logic should know that if the rate of inflation is 11 per cent or 12 per cent, no one would lend money at an amount less that the rate of inflation. Anyone would want a return of 1 per cent, 2 per cent or 3 per cent on top of the rate of inflation. Therefore, it is evident that the way to bring down interest rates is to reduce the rate of inflation.

The Minister of Finance has been much criticized by members of the opposition and other critics who would like to see an easy solution to this problem. He received some support earlier this week. I wonder whether members opposite paid any attention to that.

At a speech given earlier in Toronto this week, Jacques de Larosière, managing director of the International Monetary Fund, came out with a vehement defence in support of the government's monetary and fiscal policies. On point after point de Larosière supported the policy of the Government of Canada.

In the March 16 edition of the Montreal *Gazette*, there is a column by Jack McArthur, who is not known to be a great defender of the government's policies. He noted that stagflation, high inflation and economic stagnation, is rampant throughout the world. He said this:

> In other words, Canada can't escape it by itself, however frantically it shuffles policies. It was a reminder that not all problems can be blamed on a single government.

That is quite an admission. Our friends opposite and our friends in Quebec have the tendency of blaming all the problems in the world on a single government. When you see the admission of a journalist that not all problems can be blamed on a single government in this country, it is almost overwhelming.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member but his allotted time has expired.

Hon. Ron Huntington (Capilano): Mr. Speaker, I will begin by congratulating the New Democratic Party on having brought this motion forward on the second day. I will follow that opening remark by saying I do not agree with the impact of the motion. I just agree with the principle of it. The approach to it is abhorrent and it goes in the wrong direction.

One of the troubles I have as I enter this debate is that we in the political arena are always trying to score points. Politics takes precedence and priority over the addressing of solutions to the dilemma we face, particularly in the western democratic

industrialized countries. We are always after the political point. We never get together to debate resolutions.

Last fall I had the opportunity to attend a western world conference in the United Kingdom at which the problems facing the western world as a result of low growth expectations were debated. I found myself among some very learned people from the world of economics. However, they were using the conference as a debating society to score points one against the other, getting a long way away from addressing the fundamental issue.

Interest rates do everything the NDP say they do. They are a dilemma that we must face in our free society. Are the causes of interest rates not the political system, the political rhetoric and the promises given to the public in order to maintain and sustain political power? The cause of the inflation factor we are dealing with today is the attitude that governments have encouraged to develop in the land as we move from cradle to grave care in a welfare state. Inflation developed as a result of the wealth and high anticipation levels that were created as we came out of the post-war boom. Everyone wanted a big fridge, a big car, a television set in the bedroom, and these amenities were something to which we thought we were entitled. People worked hard and extra long hours in order to save enough to buy a piece of property and have a higher than average standard of living. However, once that happens, a great levelling starts to take place in the form of social taxation policies. We saw that come into being in Canada with the white paper in 1969, and then in 1971-72 we moved into a socialized taxation policy and dilemma which has delivered us to the dilemma of this hour and day in Canada.

• (1530)

At one time we had the third highest standard of living in the world. Today we are coasting down past and through the thirteenth place. We have allowed nations like Japan and Germany, with their work ethics, frugality and the old fashioned qualities which we at one time had in this land, to surpass us in standard of living and the ability to create work and to serve the markets of the world.

We have moved into a taxation system which wants to structure, wants to control and wants to deliver all power to the bureaucrats. The bureaucrats today feel that even those tax points which have been delivered at large into the community, the wealth-creating community, are theirs. We even have the dangerous concept, showing through government literature and the papers it presents to the House, of tax on an imputed rent basis.

We then come through this taxation experiment from 1972 until November 12, 1981, in which we see a budget finally submitted that is going to cross all the "t's" and dot all the "i's" and put the periods on that social experiment to which we have been trying to adjust.

November 12 let the Canadian innovator, the Canadian entrepreneur, the Canadian manager, the Canadian wealth-creator and the explorer, know that we were finally at the point of being a totally controlled economy and that we had gone way beyond the 50-50 private sector-public sector mix which had been the rhetoric of the last decade. It destroyed the decision-making base of Canada, and it has removed any incentive for a person to create or manage a payroll in Canada unless he is part of a Crown corporation or a multinational corporation which is large enough to move and sway with the shocks which keep coming through the Liberal government's monetary and fiscal policy that is with us in Canada today.

One of the forces most damaging to the inflation factor we are dealing with today has been the nationalization program of this government. The nationalization program, or Canadianization program, has put, I would say, at least $20 billion of demand and call on our foreign exchange reserve account. When we start to increase a nationalization program in the energy sector, which has yet to produce one new barrel of oil—as a matter of fact, there is negative delivery of our exploration potential—and when we start to get into that kind of situation, we are indeed in trouble. All of the savings, the energy and the tax resource of this land are now being delivered to the principle of ownership, when creating jobs and work and development is what we in Canada really need, for we have denied a whole generation coming out of our schools the right to dignity and to self-reliance and the right to work as a result of these nationalization and socialization policies which were finally delivered upon us on November 12, 1981.

How are we going to back out of this dilemma? We have heard all kinds of calls from the government side for our answers. We are not the government. The government is in place with all the resources, all the expertise and all the muscle and might of the Government of Canada to come up with the answers. Hon. members opposite have delivered their idea of what the answers should be. The New Democratic Party supports them in much of what they have been doing because the NDP essentially is seeking the same goals the Liberal government is seeking. Those are centralization of control over all the resources and assets of this country and the acquisition of as much of the means of producing goods and services as the government can acquire, and it is the rate of that acquisition that is delivering us almost into a depression today. When we have one and a quarter million people of a work force as small as Canada's out of work and when we couple that with the percentage of people who are out of work in Europe, we are delivering ourselves into an extremely serious political situation.

Is there a way out? I think there is, but we will have to do some new thinking. We will have to get it through the process of debate, and we will have to apply our minds to it.

In offering a couple of solutions I am not speaking for my party, I am speaking as an individual member of the House. I think there are a couple of things we can do to address the dilemma we have today.

First, the interest rate dilemma of the people of Canada and the Governor of the Bank of Canada is due to the movement of the liquid flows of capital from this country to other countries seeking a higher interest rate haven. However, as a result of the nationalization programs of the Liberal government since

February of 1980 we have created an unbelievable demand call on our foreign exchange reserves. This works against the acquisition of shares from foreign owners and against the acquisition of resource companies which were at work in creating payrolls in this country. When we buy that foreign ownership, we do ourselves a disservice and we place upon ourselves a tremendous demand for our dollar to fall and for our interest rates to climb in order to maintain a balance in the international account. As a result of that program, we have created in the last two years some $20 billion of demand on that international reserve account.

How can we quiet down the liquidity as capital moves from one country to the other through that account? I would say we do not have to put on foreign exchange controls. There is a very simple way to do it. We had in place a 15 per cent withholding tax on interest paid to foreign account owners. If we want to take the liquidity off that movement and give ourselves some relief in terms of interest rates, I think we should look seriously at applying that withholding tax again and increasing it probably to the 30 per cent range for anything less than a 60-month call at point of inception. In that way I think we probably could take a very large percentage of the liquidity of call and the demand of call off that international reserve account, and we would find we could then start to move our interest rates downward.

I do not think we can realistically move our interest rates in this country below the inflation rate, although there are some economists and one or two of the more progressive thinkers in the world of international banking who say it is possible, as has been done in Switzerland, actually to manage our own domestic interest rate if we do control and protect our monetary system.

We in this country have prostituted our monetary system. We have printed more money than the growth of the economy called for and, as a result, we have weakened the purchasing power of our medium of exchange. I go back to my early schooling—and that is a long way back—and I still remember the warning in those days. We were warned—at least I was warned in school—that the fiat money system is something which will not work over the long term because political forces in a democracy cannot be trusted. I am not blaming the Liberal government entirely for this. I just think it is the bidding game we have on the attitudes and minds of the Canadian public which causes politicians to promise more than the work force of the nation can truly afford. When we do that, we weaken our monetary system, to the point now where I have heard the call again, and I am surprised to hear it from my colleague, the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). He is calling again for a fine metal or a gold standard measure in order to return our medium of exchange to some form of honest measurement rather than let it remain at the whim of the politician serving and bidding and catering to the unrealistic anticipation levels of Canadians at large. It is this attitude and expectation level we have to address, and I think the monetarist policies are addressing that because the expectation levels are coming down to the very dangerous level where even the right to private property, home and building is being attacked.

• (1540)

I will probably be booed and jeered by members on the Liberal side for saying that the November 12 budget is a deliberately designed attack on the individual's right to own property in the Canadian system. I consider that to be a very serious thing. It is a resolution which is being brought about mainly because there is no sense of outrage in the country and very little of it in the House, except for what happened two weeks ago. It is that lack of outrage that has taken us away from the standard of excellence which we used to meet with such great pride.

I listened to the Minister of Finance (Mr. MacEachen) say for two years that we could solve the problem of inflation in this country through increased productivity. Mr. Speaker, productivity cannot be increased under the present taxation system.

An hon. Member: Oh, oh!

Mr. Huntington: Mr. Speaker, the hon. member should open his mind; it is absolutely locked. Productivity cannot be improved in this land nor can we address the $20 billion deficit in our international trading account in fully manufactured goods, under the present taxation system. My party knows my views on this subject and does not necessarily support what I am about to say.

As the hon. member for Ottawa Centre (Mr. Evans) the former parliamentary secretary to the Minister of Finance, knows, the Ottawa Board of Trade financed a research project under an economist, Mr. John Ferguson, who at least was creative. He found that we cannot move ahead in this country and address the world competitive marketplace and deliver our Canadian productive system into that marketplace by continuing to tax profits.

This country needs $1,400 billion of capital between now and the turn of the century if it is not to go back to the wigwam. Sometimes it seems that is where we are headed. If we are to move ahead as an industrial society and address our distribution problems, then we must generate our own capital rather than borrowing from other countries. We will have to stop this excessive taxation of profits and stop legislating a taxation and fiscal policy that is a disincentive to those who have the ability to create and manage payrolls.

Because there are no incentives in this country today, people are inclined to sit on their money and draw high interest. Those who are prepared to risk their money on innovation, to risk capitalizing ventures and modernizing ventures in the marketplace, face too much government regulation and too much trouble. In my own business I have been waiting for nine months for the Department of Industry, Trade and Commerce to agree or disagree with five items so that we can move ahead to cause growth and increase productivity, while reducing the wages cost in our program. We are delivering ourselves to that kind of dilemma because the bureaucracy will not be able to

handle the decisions that have to be made on a daily and hourly basis across the land.

If profits are not taxed, there must be a tax on something. If we were to turn our minds to the taxation of net costs in the industrial sector, we would find that all of a sudden the government would deliver an incentive to remove all the waste and fluff from the productive system. I plead with the House to get a study group together to look into this kind of approach to taxation. It might even create a labour shortage, Mr. Speaker. I can foresee that within the next four or five years there could be a shortage of labour in the country if costs were taxed. This would make us competitive in the marketplace. I do not want this to be confused with the value added tax that exists in Europe. I do not think we should follow that route because it means the taxation of costs and profits. We should start out fresh. That would give us an advantage over all the other industrialized nations of the world.

We could then start doing the things that we want to do—reduce government deficits and control the economy. I should like to see the managers in government receive an incentive for reducing their costs. If we could do this, we would develop a feeling of wellbeing and begin to achieve the standards of excellence which would again give us a standing in the world marketplace.

In all sincerity, Mr. Speaker, I believe we will go down the chute as long as we leave the existing taxation base in place. If we want total government control over all means of producing goods and services, then all we need to do is to let the November 12 budget go through. It would be a victory for those who have been working all their lives to make Canada a socialist state.

I want to warn the people of Canada, however, that the egalitarian way is not the Canadian way and it is not the magic that has attracted so many people from other nations to this once great country. There is a way out, Mr. Speaker. We can have these debates and play games of trying to appeal to small business and a lot of other things, but if there is a true desire to resolve our problems with interest rates we should give an incentive to reduce the outflow of capital and we should stop the nonsense of taxing profits at a time when we need unlimited capital, if we are to own our own country. We could then bring our dollar back closer to par. If we could reduce the cost of production, we would control marketplaces all over the world.

That is my plea and my appeal to the NDP, to the government and to my colleagues in this debate on the opposition motion, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. John Evans (Ottawa Centre): Mr. Speaker, it is a pleasure for me to speak on this motion proposed by the New Democratic Party. I have serious difficulty with the motion, as you might expect, because I think it indicates a degree of naivete about how the economy operates, how the motivating forces in our society are causing events to happen, growth to occur, jobs to be created, the standard of living to rise and prosperity to move forward in this country. It is a naivete that does not understand the causes of inflation nor the debilitating effects of inflation on investment, which, after all, is the engine of economic growth and job creation. It does not understand the historical causes of the problems we face today, nor does it understand what is possible in a world economy.

There are some very serious and far-reaching problems with the proposals put forward in the motion, Mr. Speaker. The problem of interest rates faces almost all western industrialized countries. Earlier in the debate we heard the Minister of Finance (Mr. MacEachen) speak about the situation in France. The French government thought it had some innovative and creative ideas about how it could divorce itself from the world economy but instead, the French franc took a serious battering in the money markets and interest rates have had to be raised by more than 2.5 per cent over a short period.

We are a world economy, Mr. Speaker; we are an integrated world economic system. We have to face that reality. We cannot divorce ourselves from it as a trading nation. This country is probably the most heavily dependent on foreign trade of any nation in the world. We are great traders and we are a great trading nation. We know that 30 per cent of our gross national product comes from international trade and 25 per cent of the gross national product is represented by trade with the United States alone. We should certainly look at ways to diversify trade. In 1976 the Prime Minister (Mr. Trudeau) put forward a proposal which was roundly condemned and soundly damned by hon. members opposite. It was called the "third option". It was an attempt to divorce or diversify ourselves over time from a heavy dependence upon the United States as a major trading partner, and to move more into a trading relationship with Europe and the Pacific rim countries. It would be a great boon to British Columbia if we tried to improve our trading position with other countries in the world. We were told that it could not be done and that we were turning our backs on our traditional trading partner. It seems to me that we missed an opportunity, but the opportunity is still there. We can diversify our trading patterns, and we should be moving in that direction. The Minister of State for International Trade (Mr. Lumley) is travelling all over the world trying to improve our trading position with other countries so that we can sell more Canadian goods and services.

• (1550)

We must look at the question of interest rates which are debilitating and tearing apart our economic fabric. We must deal with the entire cause of high interest rates. We cannot deal with our economic difficulties by looking at the symptoms of the difficulties. We must go to the heart of the problem. The heart of the problem has been referred to repeatedly both inside and outside the House by everyone who knows anything about what they are talking. The root cause of the problem is inflation. If we do not bring down inflation, we will not solve the problems of unemployment, low productivity and slow economic growth. Inflation is beneath all those problems. It shortens time horizons so that people do not make long-term investment decisions and do not offer five year- mortgages. We

have seen it happen. All one has to do is to open one's eyes and look at the historical situation—what happened in the last five years and what the government is trying to do right now. It is trying to bring down inflation.

The proposal put forward today by the NDP flies in the face of reality. We will not have low interest rates because someone says, "Tomorrow there will be low interest rates." The world does not work that way.

Mr. Riis: Who says that?

Mr. Evans: We will not have low interest rates by decree. I hear the hon. member for Kamloops-Shuswap (Mr. Riis) asking, "Who says that?" In part, the opposition motion reads:

—this House calls upon the government to demand that the Bank of Canada reduce interest rates—

It reads "demand"—do it, wave the wand, that is how it is done! The world does not work that way. One thing hon. members in the corner seem to forget is that there are more savers than borrowers in society. Contrary to what they believe, there are more people who save money than who borrow it. Every time we hear cries from the corner, they are "subsidize borrowers". Do they know whom they are asking to subsidize those borrowers? They are asking little people who are saving for retirement, for example the lady who is now saving slowly but surely to accumulate enough money to live decently in retirement. Those are the people who will subsidize the borrowers.

The marketplace sets interest rates worldwide.

Mr. Riis: It is the Bank of Canada.

Mr. Evans: I hear the hon. member for Kamloops-Shuswap referring to the illogical jump which would be taken by someone who thinks there is a magic wand solution to the problem of high interest rates.

Mr. Riis: Governor Bouey sets interest rates.

Mr. Evans: Governor Bouey does not set interest rates any more than the hon. member or I do. The market sets interest rates. It is what the public demands to be paid on their savings. It is what people who are saving money or putting money aside are demanding in the form of a rate of return for not consuming today and saving to consume some time in the future.

I believe the hon. member for La Prairie (Mr. Deniger) indicated earlier that many studies of this nature were conducted. They looked at the relationship between money supply growth, inflation and interest rates. No economist in this country or in other countries questions the fact that a rising money supply at a rate higher than the growth rate or the real output of the economy is what causes inflation over the long term. There are arguments concerning the effect of slowing or increasing the rate of money growth on reducing or increasing inflation and the lags in the system, but no one argues the facts that if the money supply is allowed to grow too fast, the result is inflation or, if it is allowed to grow slower, inflation will be beaten. The only questions are how long it will take and how much output loss and unemployment will result in the process of slowing down inflation.

There can be no doubt that if we slow down the growth rate in the money supply, we slow down the rate of price increase. Also there can be no doubt that if, at the same time as we are trying to slow down the growth rate in the money supply to remove inflation from the system, we run bigger and bigger federal deficits, the output loss and unemployment will be higher than otherwise. That is the logic of the policy of fiscal restraint applied at the same time as the policy of monetary restraint. We can remove inflation from the system faster and with less pain if we follow fiscal restraint at the same time as we follow monetary restraint. In other words, if we are restraining the growth of government spending at the same time as we are restraining the increase in the money supply and the available purchasing power, inflation can be wrung out of the system. These are the facts—monetary restraint coupled with fiscal restraint.

The budget which was brought down in November implements fiscal restraints to complement monetary restraint. We must reduce inflation. We must follow responsible, realistic, workable policies which will reduce inflation. By doing so, we will change confidence levels in society. This will mean that there will be greater confidence, which will lead to renewed investment, which will lead to faster economic growth, which will lead to higher levels of productivity, which will lead to higher wages and higher levels of employment. This is the manner in which the system must operate. We must start with the fundamentals and work from them in order to achieve the objective we want. We cannot start with the objectives and attempt to find policies out of the blue, such as the ones suggested by the New Democratic Party, to move us somehow from a difficult situation to the desired result overnight with the snap of a finger or a wave of a wand.

Basically, it is dishonest to build up in Canadians expectations and hopes day after day. The leader of the NDP repeatedly indicates that his party has a five-part solution. He says that if we do those five things, our problems will disappear overnight. It is dishonest and cruel because it builds expectations. Members of the NDP indicate that if they were in government they would solve all the problems—Canadians would be back on easy street, with prosperity around the corner, money coming out their ears, and mortgage rates at 2 per cent. Time and time again we hear the pie in the sky of the NDP. It is absolute nonsense. We have to deal with difficult problems and difficult economic challenges by applying realistic and sometimes difficult solutions. It is not an easy free lunch world, and the sooner that group in the corner over there gets it straight that there is no such thing as a free lunch, the sooner we will be able to come to grips with our real problems and get ourselves back on track again. That is the reality.

• (1600)

Mr. Riis: Check the budget in Saskatchewan.

Mr. Evans: I hear talk about the budget in Saskatchewan.

Mr. Riis: It is balanced.

Mr. Evans: It is balanced with resource revenues that only two provinces in this country have. That budget is balanced with those resource revenues. That is where the revenue is coming from, and it is coming out of every other province's pocket and balancing the budget in Saskatchewan. Isn't that wonderful? But what about Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland, Quebec, Ontario and Manitoba?

An hon. Member: Conservative governments.

Mr. Althouse: Most of the money does not come from oil in Saskatchewan. Check the record.

Mr. Evans: It is amazing to live in naivete.

Mr. Wilson: You should know it well.

Mr. Huntington: You are part of it.

Mr. Evans: One of the real problems which we faced at the time of the last budget—and we have to go back a period of time to look at the history underlying our problems and those of western governments, the United States, Britain, Germany and France, on which I think the hon. member for Capilano (Mr. Huntington) put his finger—is the way the tax system operates, the kind of burden that taxation puts on creativity, growth and productivity in our society, the United States society and western European society, because what it is doing is pulling things down.

Mr. Wilson: What about the 31 per cent tax increase?

Mr. Evans: Look at what happened during the late 1960s and early 1970s. That is when the United States tried to finance a war by printing money instead of increasing taxes.

Mr. Wilson: What are you financing with the 31 per cent increase?

Mr. Evans: That is precisely what happened in that period. Inflationary pressure built up in the United States and in Canada. At the same time, because we did not have an indexed tax system at that time—the United States still does not have one—increasing inflation and incomes that went up nominally with inflation but greater and greater pressures on the economy and the effective tax burden on Canadians went up. In 1967 the effective tax burden on Canadians was about 6 per cent. It went from 6 per cent to 16 per cent over a three-year period from 1967 to 1971, and perhaps 1972. A massive increase in tax burden took place. Governments here and elsewhere, knowing there was a serious problem, that inflation was growing and was starting to get out of control, took action to try to stop inflation and at the same time tried to offset the negative effects of taxation that were perceived to be too high. It was perceived not only by governments but by people. Investment was falling off. People were becoming displeased with the idea of paying higher and higher taxes.

From 1973-1974 on, we did many things. We had tax cuts year after year, budget after budget. We had cuts in taxation. We had indexation. We had all kinds of incentives put in the system. We had incentives to save and incentives to invest. That was the standard approach used by all western countries to try to overcome these fundamental problems of heavy taxation, inflation and reduced incentives. We found during that period, the last six, seven or eight years, both here and elsewhere, that the kinds of incentives we used were not producing benefits to Canadians, who were, after all, picking up the tax burden for government services in some other way if not being paid by those who were taking advantage of legitimate incentives, but the economic benefits coming back to the taxpayers, to society, from those incentives were less than the cost. Any businessman—and there are businessmen on this side and on the other side of the House—would be loath to invest dollars year after year in a venture where the returns were less than the dollar coming back, in other words, getting back less as the investor. Here the investor is a taxpayer. No one in his right mind would do that. Why does the opposition think that the government should go on year after year doing that? What the budget did was to take a fundamentally new tack, a new approach. It was to remove some of those incentives that were not working, achieving benefits, or giving back results. They were to be offset by reducing tax rates.

I have heard from the other side that this is a socialistic budget. What socialist has ever cut marginal tax rates? Socialists turn things around and raise marginal tax rates. They do not cut marginal tax rates. What socialist would cut marginal tax rates? That is anti-business.

In our society we have an extremely effective indexing system in all areas except in the capital and the corporate sector. The people who are really hammered by inflation are those in the corporate sector and the capital sector. If this were anti-business, why would the government care at all about inflation? Most people are not indexed against inflation. The capital sector is not. The sector that invests is not. That is why inflation is important if we are going to have growth, job creation and a good future in this country.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, it is unfortunate that the hon. member for Ottawa Centre (Mr. Evans) had to be so negative in his tone. When he talked about the Saskatchewan budget being balanced because of resource revenue, I want to remind him that during the 1940s and 1950s when our province was very poor, Tommy Douglas had a balanced budget most of the time. It is also very unfortunate that the hon. member for Ottawa Centre said—and I think I have his words written down correctly—that we have a balanced budget because the money in Saskatchewan comes out of the pockets of every other province in this country. It is that kind of negative statement that creates a feeling of disunity and a feeling of negativism across the country toward the federal government and the party across the way. I just wish that the hon. member across the way could be as thoughtful and as positive and offer as much optimism in his speech as

did the hon. member for Kamloops-Shuswap (Mr. Riis), and as did the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), a Progressive Conservative member. If more Members of Parliament would do that instead of playing little partisan games, then perhaps the respect of the people of Canada for this institution would be much higher.

Some hon. Members: Hear, hear!

Mr. Nystrom: This afternoon I want to raise a couple of important issues that I believe should be changed. We should be taking a close look at them. We all know about the structural problems that we have. The hon. member for Kamloops-Shuswap and others have mentioned the 8 per cent unemployment rate, the 11.5 per cent inflation rate and the very high interest rates. Structurally, we have an economy that is based on a branch plant mentality. We have branch plants of foreign-based transnational corporations in Canada that are basically producing many of the goods and services that we have.

If Samuel de Champlain were alive today, I suppose he would be very happy because back in 1608 when he established the first colonies in Quebec they were established to ship beaver pelts and furs to France from Canada. I suppose he would be very happy to know that we have graduated from beaver pelts to gas, oil, timber and coal. However, we are still exporting raw materials basically unfinished and importing finished goods from other parts of the world.

We have no leadership. We have no vision. We have Liberal members across the way criticizing us because we are talking about some hope and some optimism. We have an economy that is basically a tag-along-economy, tagging along with the United States and other parts of the world, literally shadowing the United States. In 1980, we began to see the consequences of this when we saw our unemployment rise and we witnessed $5.5 billion flowing out of Canada in dividends and profits to shareholders in other parts of the world. What I suggest, Mr. Speaker, is that we need a new Canada, we need a new vision of what we can do in this country. We have to give people some hope that we can rebuild and restructure our country in the way that the Japanese, the French and the Germans did after World War II when those countries were totally and absolutely destroyed. They rose from the ruins to build great industrial states which are stronger in terms of their economy today than Canada, the greatest country in the world in terms of resources, of educated people, and of the future. We are falling further and further behind. I think it is time our nation became a nation. It is time that Canada became Canadian. It is time we asserted our sovereignty, Canadianized our economy and put Canadians in control of their own destiny. It is time we allowed ordinary working people to make decisions over their own lives.

• (1610)

Because of time limitations, Mr. Speaker, I only want to refer today to one area where I think we need some really fundamental structural changes, the area of trade. I do so for the fundamental reason that about 30 per cent of our GNP is tied to trade. That means an awful lot in terms of the national economy and in terms of jobs, and in western Canada, where both I and the hon. member for Kamloops-Shuswap come from it is even higher than 30 per cent.

We have in this country, Mr. Speaker, a very small domestic market. Indeed, of the seven greatest trading nations in the world, we have the smallest domestic market. Since that is so, we must be a trading nation and we must become more competitive and more specialized in what we are doing. If you look at what has happened over the last few years in Canada, I would suggest to the House that I think we have become the boy scouts of international trade. As a result, we have become the doormat for many countries around the world. Look at what the Japanese said to the Minister of State for Trade (Mr. Lumley) in Tokyo just yesterday when he went there confident of negotiating a new deal under which we would restrict, to a certain degree, the importing of Japanese cars and we would have a new arrangment worked out. The Japanese have said no, and the minister's mission to Japan was a total failure.

In 1969, Mr. Speaker, Canada had 6 per cent of world trade; we now have 3.9 per cent. In 1972 we had 4 per cent of world trade in manufacturing; in 1979 we had 2.8 per cent. We had a deficit in 1970 in finished products of $2.5 billion; in 1981 it was $21 billion. My friend, the hon. member for Kamloops-Shuswap, referred to mining equipment and machinery. In 1980 our deficit there was $5.7 billion. In 1980 we had a deficit in automobiles, trucks, parts and aircraft of $4.2 billion. These statistics tell us that something is fundamentally wrong. I want to be very honest and say it is not exclusively the fault of the federal government. The government is the leader, the supreme court of the land, and I think it has to be number one in terms of responsibility. However, this also reflects on provincial governments, on our business community, indeed on our nation as a whole. Therefore, I think we will have to make sure that trade becomes a bigger priority in our country if we are to survive.

As I said, Mr. Speaker, 30 per cent of our GNP is tied to trade. That is evenly split between goods and services. If you look at some of the other leading nations of the world, you will find that they are much less dependent on trade. The United States and Japan depend on trade for only about 10 per cent or 15 per cent of their GNP at most. This is why I am concerned about the growing wave of protectionism in our world, because if that happens, as it did in the 1930s, we will be hit harder than almost any other country because we trade more than almost any other country. In addition, more of our trade is with the industrial world. In fact, less than 10 per cent of our trade is with the developing world. We trade very little with the Bangladeshs or Chinas of the world. We trade mainly with the United States, the European Common Market and Japan. However, the European Common Market, for example, has about 20 per cent of its trade with the developing world, the United States has more than one third and the Japanese have about one half. So what happens when the industrial giants start becoming more protectionist? What happens when the

United States says that they have to protect their own producers, their own auto workers, their steelworkers, and their aircraft workers? Well, because we trade into that market, we will be the first nation to suffer the consequences of having an undiversified economy, one that is not owned and controlled by Canadians. We are going to be the first ones hurt.

So, Mr. Speaker, I say the time has come where we must make some pretty significant structural changes. We must say to Canadians that we can do better; we can do as the Japanese, Germans and French did after the Second World War. We can build a country to put Canadians to work, a country which will have enough money, security and productivity to clothe, house and provide good medical care for all of its citizens. We could build that future on our great resource base if we only processed and refined more of those resources before they leave this country and, Mr. Speaker, we can do that. We could build that great country of Canada if we started doing more manufacturing and processing in this country.

Mr. Wilson: You bring a tear to my eye.

Mr. Nystrom: We have an interjection here from the official finance critic of the Conservative Party. I am not sure if he was on the special committee on the National Trading Corporation or not—

Mr. Wilson: Not me.

Mr. Nystrom: —But there was a special committee and this is what they had to say about manufacturing:

> Your committee believes there is a potential for exporting roughly $10-14 billion worth of additional manufactured goods and capital projects, a figure that could mean increasing our exports by 15 per cent over present levels. Eight to twelve billion dollars worth of potential appears to lie with exporters who can be pushed to improve their export performance and with companies not now exporting who can be encouraged to become exporters. A further $1.5 billion to $2.5 billion in potential exports exists in the world market for capital projects. Canadian industry has the expertise and the experience to tackle larger capital projects in telecommunications, transportation, energy, pulp and paper, mining and civil works, such as highways and bridges.

That report, Mr. Speaker, says we can increase our manufacturing exports by some $10 billion to $14 billion with a little imagination and courage. I believe we should put our minds to doing just that. However, this afternoon, instead, we have the Minister of Finance (Mr. MacEachen) using his entire time in the House to attack and poke fun at my friend, the hon. member for Kamloops-Shuswap, for having the courage to come before this House and talk with an air of optimism and hope for the 1980s and 1990s. No wonder Canadians find this institution to be less and less relevant all the time.

I want to mention just one other problem in the area of trade which our country is going to have to address very quickly, and that is the whole area of high technology, the technological revolution. It is a revolution. I want to say to my fellow hon. members that it is here on us now. It is a massive revolution, and it will revolutionize the world. It is important that this House take a look at what is happening and make sure that that revolution becomes a people's revolution, and that we as Canadians control the computers, the robots and the microchips so that they not control us. It is important that we realize what is happening in the world because it is moving very quickly. When I look around us, I see that as a nation we are putting less money and research into development than the Italians and only slightly more than the Egyptians or people in Iceland or Ireland. Last year, for example, the federal government put some $93 million into high technology. The Japanese put about $2 billion into high technology.

• (1620)

In this country we have immensely high unemployment, yet we have a crying shortage of labour in specialized trade. To show this need I can take one into any part of Canada, including my province, where there is a shortage of specialized workers. Here in Ottawa one can go into the riding of the hon. member for Nepean-Carleton (Mr. Baker) and see some of the computer shops and industries where there is a crying need for people with skills.

Mr. Baker (Nepean-Carleton): Hear, hear!

Mr. Nystrom: However, in this country we are putting very few people into the technical schools and into electrical engineering colleges. Japan has five times our population. In 1981, they had 40 times as many people in electrical engineering schools. Therefore, what will happen? In ten or 20 years, who will build the hardware? Who will build the computers? Who will build the modern airplanes and farm machinery which require the new technology? Will it be the Japanese or will it be Canadians? Will it be the Americans, the French or the Canadians? I think the evidence is there that we are missing a boat. The Japanese, with half the population of the Americans, now have twice as many robots as the Americans. People in the industry say that by 1990 there will be a deficit of some $10 billion in computers alone in this country. With evidence like this, we will have to show some leadership in this House to ensure that we realize that this revolution is here, that we as Canadians will control it, that workers in our plants are being affected, such as people in the textile and footwear industry in Spadina who are involved in decision-making as to how this new technology will affect them.

We must be concerned about safety in the work place. We must discover whether there is low-level radiation is some cases, or whether some new video machines are dangerous to the health or difficult on the eyes. We have a lot of unanswered questions. It is very important that this government set up a task force or a committee of this House, or perhaps assign some more specific tasks to the minister responsible for technology in order to come up with some really leading and forward-looking suggestions in the whole area of high technology. Then in the future, when we have all of this technology which we will not be able to stop as it is here and coming, it will be humane, it will be there for people, it will help them. It will provide us all with more wealth, productivity and free time that we can use for the general good of our nation as a whole.

The other point I make is that I hope in the future we do not make the mistakes of the past. In the past we thought we could get along with a branch plant economy, that the General Motors of the world, the Exxons of the world, the General Electrics of the world, could establish a few plants in Canada and produce a few goods. However, I hope that as we move into something brand new and different, we as Canadians can have the initiative, the courage and the conviction to establish those industries in our country and to do those things ourselves. We are already good in a number of areas. We are good in telecommunications. For example, we participated in the construction of the space shuttle. We are good in many other areas. We should take the expertise we have, put some more funds into the area, and decide to really be one of the world leaders in this brand new and exciting era. At the same time, we should make sure that we involve the ordinary working people who produce the goods and services in some of the decision-making. In this country we have had much talk and rhetoric for years about political democracy. I think that as we enter this new era it becomes even more important that we start talking and devising plans for economic and industrial democracy so that the ordinary worker, farmer and small businessman has some real input over the direction of his life.

I have only a few minutes left in which to speak, but I believe these are some of the fundamental things we will have to consider in the area of trade. That is not the only area. We must look at many other areas. I hope this Parliament can become more relevant by discussing some of these matters in the future. I hope we can spend less time on name-calling and games-playing back and forth across the floor of the House. If we do that, perhaps we can build a better nation in this country and keep our country together, because more and more Canadians are losing faith in us and in this very nation. This last month in western Canada, for the first time in our history, we had the election of a separatist to the legislature of a province, the province of Alberta. I want to say that I do not think we should over-react. I do not think the press should over-react. However, on the other hand, it is very important that we understand that that separatist was elected because people are fundamentally unhappy with the lack of leadership and vision in this country. I hope we can learn from that that there are options.

There are alternatives. There is a new vision and a new way. I think that the people of Canada are looking at this institution to provide that leadership. We had better do it before it is too late and this country disintegrates.

Some hon. Members: Hear, hear!

Mr. Douglas Fisher (Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance): Mr. Speaker, this is my very first occasion to enter a debate as a parliamentary secretary. I would like to say immediately to the hon. member for Kamloops-Shuswap (Mr. Riis) that I appreciate his motion. I think he has given us a very crucial question. I am indeed honoured to be able to take part in this discussion.

The main point I want to make today is that I believe inflation is the worst disease we have in our economy, and we must concentrate on combatting that disease. The hon. member for Yorkton-Melville (Mr. Nystrom) made a very powerful and emotional statement right at the beginning of his speech in describing the fears of many of our fellow Canadians that our country is falling behind. I say in all honesty that I found the presentations given, both by the hon. member for Yorkton-Melville and by the hon. member for Kamloops-Shuswap, missed the point. We will indeed begin to fall behind if we do not exercise the kind of tough decision-making and self-restraint which our times call for. The very fears to which the hon. member for Yorkton-Melville referred will be self-fulfilling if we follow the course of action he laid out. I believe a clear example of this was given by one of my own constituents who came to see me at a mortgage meeting last fall. My constituents wanted to know why mortgage rates were so high. They complained about that fact. One particular constituent told me that she thought her life would be better as she got older and that it would not get harder. In a way, she was echoing the statement of the hon. member for Yorkton-Melville. She indicated to me that her family has a very high take-home pay. They have a camper truck and they take extensive vacations. They had a very big mortgage, and her husband had recently taken a bath on the stock market. In her judgment, the answer to those difficulties was to lower mortgage rates.

• (1630)

I understand the sentiment that she expressed to me. I understand her desire to have as much as she can and to maintain her living standard as high as she can. But in fact she was unwilling to go through a very simple economic exercise. In her life she simply had to start making a list of her priorities, instead of going after everything that she wants at once. The budget speech says exactly this, right at the beginning of page one, in somewhat less specific or less personal language. I think it is worth quoting here, because it puts the whole problem into perspective. It says:

> We are confronted by severe inflation and extremely high interest rates. Inflation and interest rates at their present levels are bringing economic growth to a standstill and creating grave inequities among Canadians. The impact of high interest rates on home owners, small businesses and farmers is visible and damaging. But high interest rates flow from high inflation and there can be no deep and lasting relief until inflation can be reduced. We cannot hope to insulate ourselves from interest rate policies in other countries unless our inflation rate is lower than theirs.

There is a growing conviction around the world that growth cannot be sustained if inflation is not sharply diminished. That is a very tough question, a very tough challenge, but it is one that we have to meet today.

Turn the coin over. What happens if we begin to do some of the things that were suggested to us in the debate today, if we begin to loosen up, if we ease back from our policy of restraint? Very simply, we will have more money chasing around the country, we will have more inflation, and that

inflation will simply add, as the budget points out, to the very problem that we are attempting to solve.

Further on in the budget speech, at page 9, the minister said:

> Such a retreat . . . would damage our prospects for sustained economic growth in the future. I have been urged by some to worry less about inflation and minister to unemployment and growth. There are siren qualities to these entreaties that could well lead us onto the rocks.

Mr. Speaker, in my riding there seems to be a misunderstanding about the connection between some of these forces that work in the country. I would like to answer some of those misunderstandings. I would like to answer really three or four simple questions from my constituents. They ask me why we cannot lower the dollar. They ask why we cannot have a 75 per cent dollar; if we are stuck with the influence of American rates, why do we not set our rates free and let our dollar drop. Other constituents say that inflation is not important to them, that it is interest rates that are causing them harm, not inflation. There are other constituents again who, like the NDP, are arguing that we should beef up our economy again, put a real emphasis on growth, and get going.

Mr. Speaker, as you well know, our interest rates are tied both to the American interest rates and to our own rate of inflation. We know that if American rates drop drastically and our inflation does not drop, then our interest rates will stay up. We will be keeping them up all on our own. At the same time, if we are able to reduce our inflation, we will have at least some greater ammunition to fight with, if American rates stay high or go even higher. These are true facts, but they both point to the simple fact that Canada is part of a larger world, that that larger world is experiencing great trouble from inflation and high interest rates, and that we ourselves are experiencing that trouble as well.

The C.D. Howe Research Institute brought this fact out in its Policy Review and Outlook, 1982, saying:

> Inflation must be lowered in the short term. Failure to do so, in light of lower U.S. inflation, will result in a rapid loss of international competitiveness of Canadian exports . . . Lowering inflation is also a necessary precondition to ensuring robust economic growth in the longer term.

Mr. Tom Shoyama wrote, in the *Policy Options* magazine, Volume 3, March-April, an interesting article which I recommend to the NDP, entitled "The Economics of Gradual Improvement". He points out there:

> Clearly the overriding and most intractable problem has been the stubbornly high, persistent and seemingly uncontrollable rate of general price inflation.

Further on in the article, he says:

> —there is no doubt that they (interest rates) reflect the persistently high rates of inflation, and the entrenched expectations of continued inflation.

A little further on again he says:

> —the recent peaks (of interest rates) have represented quite unprecedented real rates. But the question is how and why it is that there remain borrowers both willing and able to pay these rates . . . The answer clearly lies in the psychology of a deeply entrenched inflation . . .

I think that the member for Ottawa Centre (Mr. Evans) brought to our attention the most important fact, that we in this government have to defend the right not only of borrowers but of savers. We have to defend the rights of the whole economy. Why? We must remember that in this economy our interest rates will always sit above inflation. Over a short time we will find them below inflation, but in the long run borrowers will always pay a profit to lenders, borrowers will always pay an interest rate above the cost of living. Money must earn a profit, as the hon. member from Ottawa Centre pointed out. Money must have a rate of return above the cost of living.

Mr. Speaker, in my riding mortgages a few years ago were available for less than 12 per cent. It is common now to find mortgages that are being renewed from a 10 per cent rate up to 16 per cent, 17 per cent, 18 per cent. When those very low rates were made a few years ago, the lenders very quickly discovered that they were losing money, that they were locked into five-year mortgages at 10 per cent—and the cost of living went past that rate. Not only did it stay even with the mortgages but it went past them. In effect, therefore, the home owner was getting a real break from the lender. Today that point has turned over. The lender has learned his lesson from that. Today mortgages are available, only for a much shorter term. I understand that there is only one bank now that offers five-year mortgages. They are not only shorter, but they are much more expensive. People renewing their mortgages are finding that they are going from a situation where they had a profit at the expense of the lender to a situation, a more traditional one, where the lender again is earning a return on his money. It is obviously in the interest of both the lender and the borrower, it is obviously in both their interests, to get the rate down. The lender will still make a proper and traditional profit, the borrower will have his money available at a much cheaper rate. Both of them will profit if the rate comes down; and the rate will come down only if the cost of living comes down, if the inflation rate comes down.

The second part of this issue is the great influence of American rates on our own experience. Of course, recently, American rates have been very, very volatile. The hon. member for Etobicoke Centre (Mr. Wilson) indicated that he thought that American rates were lower than ours. In fact, American rates are much higher. The prime rate in both countries is 16.5 per cent, but in our country the real rate of interest is around 4.5 to 5 per cent, whereas in the United States the real rate of interest is 6 per cent. There is no sign that American rates are going to relax. There is every sign that these rates are going to react on ours and that lenders will be influenced by the high level of U.S. rates.

• (1640)

Our friends in the NDP indicated earlier that they thought that exchange rates would work. The hon. member for Don Valley East (Mr. Smith) made a very telling point when he told the story about a mother living in Arizona wanting more money out of someone in Canada so that the NDP member would soon be coming to the government asking for an exception on behalf of his mother. That is exactly what would happen politically. Economically though, such a scheme simply would not work.

I refer anyone who is interested in a somewhat impartial way in this to read the article "Can we have made-in-Canada

interest rates?" by R. B. Bryce in the February 1982 *Choice* Magazine. Mr. Bryce points out:

> Canada has a highly developed capital market, open to capital markets elsewhere in the world without any, serious restraints . . . it is particularly closely related to the huge and open capital market in the United States.

If we were to set up exchange controls as some so quickly and easily suggest, the leaks and sieves would become obvious immediately. It is simply too easy for Canadian investors and lenders to go into the United States and take advantage of rates there. We have seen it time and again over the past two years. Whenever our own rates fall slightly lower than the American rate, pressure begins to develop on the Canadian dollar. We must never make the mistake of assuming, as Mr Bryce points out, that exchange controls can be offered in an easy or flippant fashion. The country is simply too integrated with the general North American capital market.

The other answer that many people put forward to answer this close interdependence in the American market is to let our dollar drop, in effect to devaluate our dollar. As I pointed out, people in my riding have asked, why not let the dollar go down to 75 cents, why hold it at 80 cents? There is no magic in the 82-cent figure or 80 or 85. There is equally no magic in the 75 cent number. People who put that idea forward with such great ease forget there is no guarantee that the Canadian dollar would stop once it hit the desired target of 75 cents. If we then found that out, how would we get it to stop as it continued to drop?

People also forget when they put forward this option that when the Canadian dollar is at 82 cents, it has already gone through this kind of devaluation. We experienced that over the past few years. The supposed benefits we were to experience with our exports are already in place. What we now have to do is to take advantage of those benefits and at the same time stop looking for excuses and stop trying to get another round of devaluation. Instead, we must look at our own economy and solve some of the problems in it.

Some of those solutions are here and in place. I refer my friend from Kamloops-Shuswap to the statement by the Prime Minister (Mr. Trudeau) to the first ministers' conference on February 4. On page 5 of the document which I obtained from his office, he says:

> Experience both here and elsewhere has shown us that you cannot have real, long-term economic development, or generate lasting employment, unless you are first prepared to deal with the problems like inflation which stand in their way.

I want to emphasize the next point made by the Prime Minister:

> There is no avoiding the requirements of self-discipline.

That is the point in our economy today, not the search for quick answers such as a lower dollar or exchange controls or some other externally applied solution. Today we heard some of the answers put forward by the NDP. They were well thought out. The difference I have with them is in timing. We are not going to change our economy in the basic structural way that they indicate quickly enough to be able to answer the immediate problems of home owners or businessmen in my riding or in theirs. Indeed, it becomes somewhat of a self delusion to look only at those answers. By looking at them, we begin to see magic solutions instead of the kind of self-discipline that the Prime Minister has described.

If we are going to attack inflation, we will follow the kind of answers given to us by my predecessor, the hon. member for Ottawa Centre in his earlier speech. I welcome the kind of advice we have heard from the NDP on this matter, that we must continue to look for ways to cushion the most vulnerable people without destroying that sense of self-discipline and that sense of creating economic priorities. We need to create those priorities. We also need to find ways to protect the most vulnerable people.

We again saw a difference between their party and ours today when the leader of the New Democratic Party (Mr. Broadbent) asked the Minister of Housing (Mr. Cosgrove) what he would do about current mortgage rates. The leader of the NDP wanted a policy that would apply to everyone. The Minister of Housing repeatedly stressed to him the importance of targeting, setting priorities and helping the most vulnerable.

The Minister of Housing is right. We should provide a sensitive program to help people genuinely in need and not give in to the temptation to provide a universal mortgage program. We heard from the hon. member for Laurier (Mr. Berger) today.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his allotted time has expired. Nevertheless, he may continue if there is unanimous consent.

Some hon. Members: Agreed.

Mr. Fisher: I just want to make a couple of quick points. We heard from the hon. member for Laurier today about some of the activities being carried out to help small businesses and to assist in job creation. Those are important points. They too target through programs like ILAP, or some of the efforts undertaken in the forestry industry and so on. Those are targeted, not universal projects. Today the country cannot afford vast, universal projects.

We are looking for the middle of the road. We are looking for long-term strength, self-discipline and creating confidence to show we are genuinely serious in our fights against inflation.

As the hon. member for Ottawa Centre said, we need both monetary and fiscal restraint. We need solid answers and self-discipline rather than the sort of magic we heard about earlier. Moving though those magic ideas are, they are no longer appropriate in a tough world where we cannot have everything, where we must make a list and set priorities.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, in the very few minutes remaining to me, I want to congratulate the new Parliamentary Secretary to the Minister of Finance (Mr. Fisher) on his excellent maiden speech in that capacity. He has a very difficult job. I certainly would not want the job of supporting the present Minister of Finance (Mr. MacEachen). In all likelihood he is going to end up burned out, washed up,

just like the hon. member for Ottawa Centre (Mr. Evans) whom he so recently replaced.

• (1650)

To get back to the motion before us today, I have read it through with some interest. It is divided into two parts. The first part concerns itself with interest rates, and the second concerns itself with what is billed as a new employment option. I do not really know what that is supposed to mean. I suspect it is one of those terms such as "the just society," "made-in-Canada oil prices," "blended oil prices," or something like "the national energy policy."

Mr. Althouse: "Short-term pain for long-term gain".

Mr. Nickerson: It is a handy little catch phrase, and hon. members can go around the country giving speeches and saying, "What we want is a new employment option". However, they are not really obliged to say what that means. We all remember "the just society" and what happened to that. We remember "blended oil prices" and what that really meant. We remember the "made-in-Canada oil prices." What that really means is that we are moving up to 75 per cent of the world price. It is a catch phrase which does not mean anything. I hope that at some time our socialist friends will explain exactly what they mean and what the implications will be for Canadians. I doubt very much if they ever will—and I hope they do not—but in the very unlikely event the NDP is ever saddled with forming a government, Canadians will want to know in detail beforehand what members of the New Democratic Party mean. And Canadians do not want to get caught in a new "blended oil price".

Getting back to the main topic today, that of interest rates, in the past few days two differing views as to what should be done about interest rates have been explained to us. One view is that of the Liberal Party, and the second is that of the New Democratic Party. The New Democratic Party's suggestions have been criticized this afternoon by the former parliamentary secretary to the Minister of Finance as being naive. I think I would go even further than that and describe them as childish in their simplicity. The idea is that the Minister of Finance can pick up the telephone and tell the Governor of the Bank of Canada to reduce interest rates, and that will have solved the problem. Perhaps great speeches on this subject can be made in Saskatoon or Regina, but it is not really a viable option. We must consider the consequences.

Mr. Riis: What is your option?

Mr. Nickerson: I am going to get around to what my option is.

Mr. Riis: You have only seven minutes left.

Mr. Nickerson: I will tell the hon. member what my option is, but let me first deal with the consequences of doing this, unless it is thought all the way through. Money will end up being drained from the country. That will be the first consequence, unless something else can be done at the same time. Exchange controls would have to be imposed.

Mr. Riis: Is that the best you guys can do?

Mr. Nickerson: The people of Canada would have to be told they cannot go to Disneyland for their holidays.

Mr. Riis: Offer a solution.

Mr. Nickerson: There is no point in saying that if we are going to have exchange controls we can put the burden on the banks and big companies. That would not work either. It is the little guy who would be saddled with exchange controls, if we were to take the naive and simplistic view of the NDP.

Mr. Riis: Six minutes left.

Mr. Nickerson: On the other hand we have the Liberal presentation. What the Liberals do is to throw up their hands in disgust and say there is nothing they can do about this, it is a worldwide problem, it is caused by the United States of America, it is in every other country of the world, there is nothing they can do about it and all they can do is keep our interest rates several percentage points higher than those of other countries in order to attract money into this country.

I do not think either of those views make a great deal of sense. It is true that Canada is tied into the international finance system and that we do not have a fantastic amount of leeway. We cannot have interest rates of 2.5 per cent or 3 per cent in this country when they are 15 per cent in the United States. We cannot go that far but, in my opinion, if we play our cards right there is a fair amount of leeway. We can have reduced rates in this country. We have seen them in Switzerland and Japan, and we could have them without recourse to exchange controls.

Mr. Riis: How?

Mr. Nickerson: As one of the hon. members who spoke previously said, we probably cannot reduce interest rates significantly below the rate of inflation. That would be unfair to lenders, especially in view of the high tax rates on interest in effect today. However, we have to make Canada a good place to invest.

Mr. Riis: How do you do that?

Mr. Nickerson: We have to make people want to put money into Canada, whether they be Canadian citizens or citizens of other countries.

Mr. Riis: That is your preference, isn't it, citizens of other countries?

Mr. Nickerson: If people wanted to put money into Canada and if Canadians wanted to invest in their own country—and if they could do that with confidence, which they certainly cannot do right now—that would automatically bring interest rates down. It is a matter of supply and demand. If people are to put money in, there will have to be lower interest rates than

those in effect at present. People would accept such rates. Right now we have to accept excessively high interest rates in Canada in order to attract money which does not really want to come here but would really rather go some place else.

Mr. Riis: Do you support high interest rates?

Mr. Nickerson: There are many, many Canadians who do not invest in their own country because of a lack of confidence. They lack confidence for good reason, and they prefer to send their money abroad. That is what many people are doing, and that is why we have to have high interest rates. We have to have them to keep money here.

Mr. Riis: That is what you advocate, right? You advocate high interest rates and the continuation of the policy?

Mr. Nickerson: I wish the gentleman to my left would not keep making unnecessary remarks, because he knows full well—

Mr. Riis: Three minutes left.

Mr. Nickerson: —that the policy of the Conservative Party is to maintain relatively low interest rates. He saw that when we were in office. The highest interest rate during our term was 14 per cent, and look what we have now.

Mr. Riis: You raised them four times in nine months.

Mr. Nickerson: Another thing we can do to decrease interest rates for the farmer in this country who has to borrow, and for the home owner who has to renew his mortgage, is to decrease the amount of government borrowing.

Mr. Evans: Hear, hear!

Mr. Nickerson: How can the home owner compete for limited funds with the Government of Canada or the government of a province? He cannot. The Government of Canada obviously has an A-1 credit rating. It is borrowing money at interest rates lower than those generally obtainable on the market, and a person who has to renew his mortgage obviously has to compete against the government and bid higher for the limited funds available. The soundness of government borrowing also has an influence on rates government has to pay and, as a consequence, the rates other people, businesses and home owners have to pay.

We can see that the majority of funds borrowed by governments in Canada—because it is not just the federal government which is to blame—are used for current account purposes. It is used for paying interest on existing debt. They are not being used for the purposes of building capital assets in the country, and when a lender sees that that is the use to which his funds are being put, he will have certain reservations about the ability of the borrower to pay back that money at some point in time. The risk factor is increased, so the rate of interest is increased, and the rate for those people who are in competition with the government for the borrowing of funds also increases.

The Acting Speaker (Mr. Ethier): Order, please. It being 5 p.m., it is my duty to inform the House that pursuant to Standing Order 58(11) proceedings on the motion have expired.

[*Translation*]

Therefore, the House stands adjourned until Monday at two o'clock p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, March 22, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

HORTICULTURE

APPLICATION OF FREIGHT RATES—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, as is usual on the first sitting of the House following the first day of spring, I rise to invite all hon. members to enjoy the evidences of spring symbolized by the daffodils from Esquimalt-Saanich available in the lobbies, and to seek their support in favour of this motion, which is seconded by the hon. member for Carleton-Charlotte (Mr. McCain):

That this House urge the government, in close consultation with the Horticultural Council of Canada and other producer spokesmen, to ensure that Canadian producers of flowers, vegetables, fruits, fish and other natural products shall not be forever disadvantaged as they now are by the preferential freight rates, particularly air freight rates, accorded by their governments or national airlines to some offshore suppliers of these products to the Canadian market.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GOVERNMENT OF CANADA

ADVERTISING EXPENDITURES—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, earlier this month an article in the American *Wall Street Journal* revealed that last year the Canadian government spent $58 million on advertising itself. This level of expenditure placed the government not only as the number one advertiser in Canada, higher than General Foods, but at the top of a list of all western nations, including the United States, based upon the percentage of each nation's total advertising spending. This leads me to move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That this government immediately cease these costly, self-aggrandizement programs and use the millions of dollars saved to provide urgent and much needed assistance to the thousands of Canadians who have lost or are losing their jobs, their homes, their farms and their businesses.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ASTRA TRUST

DISTRIBUTION OF ASSETS—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, an interim distribution of the assets of the federally incorporated Astra Trust Company is now under way with the federal government receiving almost 92 per cent of the proceeds. In these hard-pressed times when the government is already gleefully taxing away the retirement savings of people, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the government first look after Canadian investors who have lost their savings in this fiasco, rather than scratch and claw its way through the courts to claim a lion's share of the Astra Trust pie.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

ENERGY

ALLEGED CAVALIER ATTITUDE OF MINISTER CONCERNING PROBLEMS RAISED BY QUEBEC LIBERALS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Whereas a resolution proposed by Quebec Liberal delegates at a convention in Trois-Rivières on the week-end, asking the government to make a 25 per cent cut in interest rates for farmers, small businesses and property owners was headed off as a result of action taken by the Minister of Energy, Mines and Resources (Mr. Lalonde) I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

S.O. 43

That this House censure the Minister of Energy, Mines and Resources for his cavalier attitude to problems raised by militant Liberals from Quebec.

Madam Speaker: Order, please! This motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

BANKS AND BANKING

MORTGAGE LENDING PRACTICE—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, some of the banks today are charging compound interest on long-term loans on homes and land. As a result a person, after paying interest for a number of years, finds that he owes almost as much as he owed in the beginning and, in some cases, a little more. This is most unfair and actually is worse than piracy on the high seas. Therefore I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the government investigate this practice immediately with a view to stopping this robbery of our people.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FITNESS AND AMATEUR SPORTS

BASKETBALL TITLES WON BY UNIVERSITY OF VICTORIA—MOTION UNDER S.O. 43

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas on Saturday, March 20, the Victoria Vikings won, for an unprecedented third consecutive time, the Canadian interuniversity athletic union men's basketball title with a 74-60 victory over St. Mary's Huskies of Halifax, and whereas the University of Victoria women's team, the Vikettes, earlier this month also captured, for the third consecutive time, the women's national title, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the House send a message of congratulations to the Victoria Vikings and the Victoria Vikettes and their coaches, Mr. and Mrs. Ken and Kathy Shields.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

FINANCE

CALL FOR REPLACEMENT OF MINISTER—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas the Minister of Finance (Mr. MacEachen) has obdurately maintained that his harsh budgetary and tax measures were necessary to control inflation, and whereas latest figures show that this policy is not working and that inflation continues to run rampant, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the Minister of Finance now recognize the futility of his policies and that, on failing to do so, he be replaced by the Minister of State, the Minister of National Health and Welfare, or the Solicitor General.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

NUCLEAR ARMAMENTS

TESTING OF CRUISE MISSILE—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provision of Standing Order 43. In light of the dramatic escalation of the nuclear arms race; in light, particularly, of the development and planned deployment of the Cruise missile, a new weapon with great sophistication, accuracy, undetectability and potential "first strike" use; in light of the fact that two of our five NATO partners that have been asked to base these missiles within their borders have so far refused to agree; and in light of the need both to suffocate the nuclear arms race and prevent the Soviet Union from seeking a weapon equivalent to the Cruise missile, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House endorse the Prime Minister's strategy of nuclear suffocation as presented to the United Nations in 1978, take note of the refusal of two NATO partners, the Netherlands and Belgium, to have the Cruise missile deployed on their soil, and urge that Canada, in the interest of freezing the nuclear arms race, refuse to allow the testing of this new generation of nuclear weapons on Canadian soil.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE ECONOMY

REQUEST THAT GOVERNMENT DISCUSS INTEREST RATES WITH CANADIANS—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Whereas present interest rates set by the government through the Bank of Canada are creating tremendous problems for Canadians, and especially for farmers, small and medium-sized businesses and home owners and renters; whereas the adoption of a resolution in favour of reducing interest rates, moved by the member for Terrebonne (Mr. Comtois), was rejected by the Minister of Energy, Mines and Resources (Mr. Lalonde) last Saturday at a convention of the Quebec wing of the Liberal Party of Canada, I move, seconded by the hon. member for Joliette (Mr. La Salle):

That the Minister of Energy, Mines and Resources and the entire cabinet spend some time with Canadians across the country to see for themselves the disastrous effects of their high interest rate policy.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

RAILWAYS

NECESSITY FOR COMMUTER RAIL SERVICE IN LOWER MAINLAND OF BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I rise under the provisions of Standing Order 43. There is an urgent need for commuter rail service to begin in the B.C. lower mainland as soon as possible. One impediment to establishing this important transportation alternative is the reported demand by CPR for $30 million to be used for track upgrading. Since the upgraded trackage will be used more for freight than for commuter trains, I move, seconded by the hon. member for New Westminster-Coquitlam (Miss Jewett):

That the Minister of Transport advise the CPR that he condemns this latest attempt by CP to hold Canadians up to ransom, and further that the minister direct the railway to permit commuter access at a cost no greater than that charged to VIA under the CTC costing regulations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

IMPUTED RENTAL INCOME—MOTION UNDER S.O. 43

Mr. Bill Wright (Calgary North): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The proposed budget of the Minister of Finance (Mr. MacEachen) is a cruel hoax perpetrated on the Canadian people. Nowhere is this more evident than the outrageous suggestion by this finance minister that home owners may be taxed on the imputed rental value of their own homes. I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the government withdraw immediately this Damoclean sword hanging over the heads of Canadian home owners.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FREEDOM OF SPEECH

APPLICATION OF STANDARDS TO MINISTERS AND PUBLIC SERVANTS—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. My motion concerns that most basic of freedoms, freedom of speech in Canada. The Liberal government has a double standard, one for the Joyals, the Bégins, and the Kaplans, and another for the Neil Frasers. Cabinet ministers enjoy selective immunity while public servants are punished for their candidness. Therefore I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the government be reprimanded for violating its own charter of rights in denying Neil Fraser his most basic freedom while allowing its own members off the hook, at the same time retaining their jobs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

AUTOMOTIVE INDUSTRY

LAY-OFFS IN PARTS MANUFACTURING—GOVERNMENT ACTION

Hon. Bill Jarvis (Perth): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce who will be aware that, according to figures published today, 38 per cent of employees in the Canadian auto parts industry are unemployed. This industry is not experiencing a recession for its workers; it is a new depression. What exactly does the minister propose to do about this economic and social disgrace?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we have already taken a number of substantial steps to help deal with the situation even though the problem is linked with the fact that some 80 per cent of our production is exported to the United States, and they are in a major recession.

However, just a few weeks ago we instituted a new program to provide $25 million over the next two years to the auto parts industry to help firms take advantage of new productive opportunities. We have also taken steps to restructure and help continue in operation companies like Chrysler, and Ford in Oakville, which provide important outlets for the production of independent Canadian auto parts manufacturers. So we have taken important steps, and we are going to be taking other steps in the future.

CANADIAN SHARE OF UNITED STATES MARKET

Hon. Bill Jarvis (Perth): Madam Speaker, I draw to the minister's attention that the result of these steps so far has been that 38 out of every 100 auto parts workers are out of a job. Fifteen years ago Canada accounted for 75 per cent of American imports of auto parts; today that that figure is 38 per cent. Under the auto pact our share of the U.S. market has been cut in half and the result, of course, is the human and economic misery which is the by-product of thousands of lost jobs. Is the Minister of Industry, Trade and Commerce content that these jobs be lost permanently and, if not, precisely what does he propose to do to recapture a reasonable share of that market?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): I am glad my hon. friend has confirmed the importance of the United States market to Canadian auto parts and vehicles, and I want to repeat that there is no question that the severe recession in the United States and the resulting downturn in the market for automobiles has hurt the opportunities for employment of Canadian auto parts workers. We certainly want to see their economy recover, but certainly their economic policy is not something under our control.

An hon. Member: Thank God.

Mr. Broadbent: That is why they are doing well.

Mr. Gray: But we are continuing to work to make sure that, through the auto pact, we continue to have fair access to that market. We are going to continue our consultations with the United States authorities to deal with problem areas we have seen emerge under that pact, so that we continue to have our present and hopefully increasing access to that key market for Canadian auto parts companies and workers.

EFFECT OF CHANGE IN CAPITAL COST ALLOWANCE

Hon. Bill Jarvis (Perth): Madam Speaker, conditions in the United States have absolutely nothing whatsoever to do with the percentage of that market that Canadians get. That the pie is reduced has nothing to do with the share of the pie that Canadians get.

Let me go to the new automobile manufacturing industry where thousands of jobs have also been lost in places like Windsor, Stratford, and dozens of other communities across Canada, as a direct result of the change in the capital cost allowance provisions in last November's budget. Can the minister explain, if he knew beforehand, why he would permit this provision to be included, knowing full well that it will dramatically reduce the number of new car sales in an industry which is more depressed now than it ever has been since World War II, and if he did not know beforehand, does he now support that provision which is costing thousands of Canadians their jobs in order to provide this government with additional tax revenues? In other words, Madam speaker, is he content to justify this federal tax grab on the backs of thousands of unemployed Canadian auto workers?

• (1420)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I do not accept the premise of my hon. friend's question. We on this side have voted—and the majority of the House has voted—to support the budgetary proposals of the Minister of Finance.

I know something more important when it comes to the reality of new investment in the industry, and that is that last week the president of Chrysler Corporation announced that Chrysler was beginning an expansion program for its plants in Windsor, leading to an investment of about half a billion dollars. This is as a result of the action taken by this government in its restructuring agreement with Chrysler.

Just a few weeks earlier, through an initiative by this government, Volkswagen announced it was opening a plant at Barrie and, in addition, sourcing $150 million of parts from independent Canadian parts producers, aimed at bringing some 1,500 new jobs to that important sector. My hon. friend is spinning around. We are taking concrete action in support of maintaining and creating jobs for Canadian auto workers.

Mr. Jarvis: Tell that to the unemployed, Herb.

REQUEST FOR RENEGOTIATION OF CANADA-UNITED STATES AUTO PACT

Mr. Joe Reid (St. Catharines): Madam Speaker, my question is directed to the same minister. I want to assure him that hon. members on all sides of the House know the importance of the American market, but our share should be bigger.

During the last 17 years since the auto pact was signed we have built up a $20 billion surplus in vehicle assembly, but also an incredible $35 billion deficit in automotive parts, and that is where most jobs are. Studies undertaken by the province of Ontario have indicated that if Canada had a fair share of both the parts and the assembly business in the automotive trade, our fair share would result in an additional 25,000 jobs. An additional 25,000 workers would now be employed. Is the minister sufficiently committed to Canadian jobs for Canadians that he will negotiate a fair share clause in the auto trade agreement?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, there has been a substantial increase in employment in the auto parts sector in Canada since the auto pact began. If I am not mistaken, there has been about a doubling of employment in that sector since 1965 when the pact went into operation. At the same time, there is no doubt that while there has been a tremendous increase in investment and production in the Canadian auto parts sector since the pact began, as well as a tremendous increase in exports of auto parts, this deficit situation my hon. friend has mentioned definitely exists, and that is why we have begun consultations with American authorities about problem areas we see connected with the auto pact, and why we intend to continue these consultations actively to bring about solutions in problem areas such as the deficit on auto parts.

QUERY RESPECTING MINISTER'S POSITION

Mr. Joe Reid (St. Catharines): Madam Speaker, I wonder how I can tell the additional 1,100 persons who were laid off in St. Catharines this morning that the minister has increased employment in the automotive industry. The minister knows that the automotive parts industry is in difficulty because of the policy of his government respecting the importation of motor vehicles and the $15 billion deficit in the auto trade agreement. Is the minister prepared to stand idly by and watch the automobile business disappear just as the electronic business disappeared, and let imports come into this country without even so much as a single Canadian bolt in them?

Mr. Taylor: All he will do is talk about it.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, in spite of the lay-offs about which the hon. member is talking I think it is a fact that the over-all number of people working in the auto parts sector in Canada is substantially higher than the number working in that sector when the auto pact began. At the same time, in recent months and years we have taken a number of substantive steps aimed at strengthening employment opportunities in the auto parts sector.

I have mentioned the Volkswagen agreement. I have mentioned the programs to strengthen Chrysler and Ford in Oakville. I have mentioned the $25 million auto parts investment program. I have also just mentioned our discussions with the Americans. My colleague, the Minister of State for International Trade, has also been carrying on discussions with the Japanese. Those discussions obviously must be actively pursued, but we are certainly committed to maintaining and continuing efforts to have strong employment levels in the auto parts sector. I think we have taken very strong action in the past, and we will continue to do so in the future.

* * *

TRADE

NEGOTIATIONS WITH JAPANESE GOVERNMENT ON EXPORTATION OF AUTOMOBILES TO CANADA

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Secretary of State for External Affairs, but before asking it I would like to say that the Minister of Industry, Trade and Commerce should know very well that in spite of his rhetoric our imbalance in trade in automotive parts is worse now than it was before the auto pact came into being.

• (1425)

I would like to ask the Secretary of State for External Affairs this question, following the statement made in Japan by the minister of trade, prior to the weekend, that he was not concerned even though his proposal for increasing Canadian content in Japanese-produced vehicles was turned down flat, and seeing that the import agreement negotiated between Canada and Japan terminates within a week, and that it did not bother the Minister of State for International Trade that nothing was put in its place. Considering this, and considering that the Japanese increased their sales in the Canadian market, obtaining a 54 per cent increase in one year, is the minister himself more concerned than the Minister of State for International Trade, and can he give us one concrete achievement that was negotiated with the Japanese last week?

Mr. Deans: Or even last year?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the Minister of State responsible for international trade and I take exactly the same position.

Some hon. Members: Oh, oh!

Mr. MacGuigan: Obviously, it is precisely because we are concerned about the content of the possible arrangement with the Japanese that we have not come to an agreement at this point. We regard the negotiations as continuing, and they will be continuing soon with officials, and probably subsequently again with ministers.

We do not regard the date of April 1 as being of great importance. You will recall that last year the agreement for the year beginning April 1 was reached only in June. Since the Japanese are not disputing whether or not there will be an agreement but what the contents of the agreement will be, we do not deem it to be a matter of great concern whether we reach the agreement by April 1 or not. We are confident that when an agreement is reached it will begin on April 1, and since it will be a year-long agreement, the shipping of automobiles in the early months will, of course, be taken into account in the over-all figures for the year.

CANADIAN CONTENT IN IMPORTS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I remind the minister that the agreement we got last year was supposed to achieve a 4 per cent reduction in imports from Japan, and as a result of the brilliant negotiations conducted by the Liberals it resulted in a 54 per cent increase.

We are a little concerned on this side of the House, I can tell the minister. Can he tell us why it is the case that Brazil has a 95 per cent Brazilian content requirement for foreign automotive companies; that Mexico has a 50 per cent Mexican content requirement for automotive companies; that Australia has an 85 per cent Australian content requirement for companies operating there; and why it is that these countries which are concerned about their industrial future can obtain these objectives when the Canadian government obtains absolutely nothing?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I am sure the hon. member would not really ask me to comment—

An hon. Member: Why not?

Mr. MacGuigan: —to comment on the policies of other countries.

An hon. Member: Poland?

Mr. MacGuigan: It is true that we have—

An hon. Member: You do it every other time.

Mr. MacGuigan: It is true that we have not reached agreement with the Japanese up to this point for the next year. The reason we have not is precisely that we are not satisfied with the kind of arrangement which is available and we are negotiating for a better arrangement. I want to assure the hon. member that we will make the best arrangement which is possible with the Japanese, and I would also remind him of the fact that we have a favourable balance of trade with Japan.

JAPANESE TARIFF ON CANADIAN LUMBER EXPORTS

Mr. Edward Broadbent (Oshawa): Madam Speaker, the more than 30,000 laid-off automotive workers will find a lot of reassurance in that answer from the minister.

Some hon. Members: Oh, oh!

Mr. Broadbent: I would like to switch to a different part of the country also involved in the trade negotiations that are going on in Japan. Right now in British Columbia there are 30 per cent of the workers in the lumber business who are unemployed. Many of them could be at work producing finished lumber for export, in part going to Japan, if it were not for a Japanese 10 per cent tariff which in effect keeps it from coming into the country. How can the government account for its failure in this area? Why could it not get that 10 per cent barrier removed entirely, or substantially reduced, so that some of these British Columbia workers could be put back to work? Finally, when is the government going to come to grips with producing a manufacturing strategy for Canada instead of perpetuating its resource sell-out strategy?

• (1430)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I thank the hon. member for making my case. The fact is that our negotiations with Japan do not concern only the automotive industry, although that is a very important part of our negotiations with the Japanese. They concern other products such as the white woods of British Columbia, which he mentions. My colleague was negotiating on those subjects as well with the Japanese.

Mr. Broadbent: He lost that as well.

Mr. MacGuigan: We have not lost anything. We are negotiating with the Japanese.

* * *

INDIAN AFFAIRS

STATUS OF INDIAN WOMEN MARRYING NON-NATIVES

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question is for the Minister of National Health and Welfare. She has lost so much weight lately, I am not sure she is in the House.

Some hon. Members: Hear, hear!

Mr. Greenaway: My question concerns the situation where Indian women marry non-natives and lose their status. I notice in the March 12 edition of the Vancouver *Province* that the minister had been speaking to the Women's Network in Vancouver. I will read part of one sentence where she said:

—the fact that no Indian woman has lost her status rights by marrying a non-Indian since she was first appointed a minister in 1976.

I thought that was a rather interesting statement. We telephoned the Department of Indian Affairs. In the four years from 1976 to 1979, 1,792 women in Canada lost their status for this very reason. Can the minister clarify this statement for us?

Hon. Monique Bégin (Minister of National Health and Welfare): With pleasure, Madam Speaker, because it is a very

important matter. The hon. member has made innuendoes that are not acceptable, beginning with a false quotation which I would like him to check and correct. What I said and repeat to the House, and it can be confirmed by my women colleagues in cabinet in particular, is that in the past five or six years the members of the special committee of council, which is the committee that must approve in order that such loss of status can be enforced, has not approved them while I was a member. I understand it is continuing to do the same. In fact 41 women have been reinstated in the recent past as far as their status is concerned. The hon. member should state the complete situation.

REQUEST FOR CLARIFICATION OF MINISTER'S SPEECH

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I anticipated that the minister would probably say I had not given her the facts. I have a copy of the speech she gave on March 5. I quote from page 9:

> Well, I will tell you that since 1976, when I was first appointed minister . . . no Indian woman has lost her status as an Indian.

That is her speech. The same thing was reported in the paper. The minister is telling me I do not have the facts. Last year she told me I did not have the facts when I told her there was tuberculosis in northern Quebec. There is still tuberculosis in northern Quebec. I would ask her to clarify the statement once more for the House.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I must say that the hon. member's questions are among the most dangerous ones I have ever heard in the House, because of their distortion of the facts. Last year, the hon. member did not say there were cases of tuberculosis, because everyone was aware of this, and we are trying to deal with it. He said that people had died. He is not playing fair ball, and today, he is still distorting the facts. I am going to repeat what I said before. I could even send him a tape. I repeat, for his sake, that the special committee of council and the cabinet committee that has to approve the procedures to which he is referring and which are carried out in the department, did not approve them.

* * *

[*English*]

TRADE

SALES OF LUMBER TO UNITED STATES

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, my question is for the Minister of Regional Economic Expansion. Whereas employees in over three quarters of the lumber mills in the Atlantic provinces are out of work because of the loss of Canadian and American markets, and in view of the recent upturn in housing starts in the United States, what measures is the minister taking to promote sales of Canadian lumber in the United States and Canada? Specifically, has he recommended a reduction in the federal sales tax on building materials as it relates to lumber, to the Minister of Finance?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I do not think it would be appropriate for me to comment here on the range of comments or advice I may give from time to time to the Minister of Finance or that he may give to me from time to time.

The hon. member raises an important point when he says there has been some upturn in housing in the United States. This is a factor that should lead to some improvement in the situation involving sawmills in his province and elsewhere in Canada. In the light of this upturn, our trade commissioners and our offices across the United States will continue and hopefully intensify their efforts to make sure that the good qualities of Canadian lumber are kept in mind by American home builders. I am sure this is the case not only with our efforts in the United States but in other important markets as well.

* * *

REGIONAL ECONOMIC EXPANSION

LOCATION OF INDUSTRIES IN ATLANTIC PROVINCES

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, I thank the minister for his answer. I suggest to the minister that the range and value of the federal instruments used to promote an economic catch-up have obviously not been equal to the task. I would urge him to explore some further measures along the lines I have suggested to the Minister of Finance.

The Department of Regional Economic Expansion is currently engaged in an expensive media advertising campaign to pat itself on the back for the past glories of DREE before it was dismantled. Instead of using the campaign for self-praise, will the minister use the campaign to encourage industries to locate in the Atlantic provinces, promote the purposes of his programs, and advise Canadian firms across Canada, not just in the Atlantic provinces, how they can obtain incentives and of the real benefits to locating in this most attractive part of Canada?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, my hon. friend's question and the premises in it explain why this relatively limited information program is required. DREE has not been dismantled. It is very much in business providing its very worth-while programs to Atlantic Canada and similar regions across our country. Instead of being dismantled, it will eventually be integrated with the Department of Industry, Trade and Commerce to form a larger, even stronger and more active department of regional industrial expansion.

One of the objectives of this information program is to remind those who have made use of the department's service,

and others who may make use of it, of the very strong incentives available and of the very important success stories that have already come to a number of firms in Atlantic Canada because of these programs. Therefore, they should think further of making use of these incentives for the kinds of purposes mentioned by my hon. friend.

REQUEST FOR ASSISTANCE FOR COMPANIES IN NOVA SCOTIA

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I have already sent a letter to the minister regarding two important maritime companies. This was over a month ago, and the minister has not yet answered. Now that he has been made aware of the need for rail car orders for Hawker Siddeley in Trenton, N.S. and orders for rails from the CNR for the Sydney Steel Corporation, what are the prospects for immediate help for these two important corporations which are so important to the Nova Scotia economy and to the communities concerned? I know that CN has given its usual 88,000-tonne order to SYSCO, but this is just a continuation of past ordering practice. What new incentives of the type the minister talks about is he prepared to give to these two companies which have already had so much assistance from the taxpayers?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, if my recollection is correct, the bids from the steel car manufacturing companies in Canada, including the Hawker Siddeley company, were received by the Department of Transport around March 8. They are being actively evaluated with the assistance of my officials. I would anticipate that the results would certainly be to recognize the very good capacities for manufacturing in the firms my hon. friend mentioned.

* * *

SHIPBUILDING

MEASURES TO CANADIANIZE INDUSTRY

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, the minister must also be concerned about the fact that PetroCan is in the process of chartering offshore supply vessels built by the Hyundai shipyards in Korea while east coast shipyards need a great deal of help. What steps is the minister going to take in connection with his important portfolio, and in connection with his cabinet colleagues, to Canadianize not just the energy sector of our economy but also a little bit of our shipbuilding capacity?

• (1440)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, Petro-Canada, if I am not mistaken, has recently placed a contract for a supply vessel with the Saint John shipyard in New Brunswick, and as part of our industrial benefits policy we want to make sure that all companies, including Crown companies, are aware of the importance of providing a full and fair opportunity to Canadian suppliers on a competitive basis, including Canadian shipyards.

We are reviewing a number of options at the present time to make this existing policy which we announced at the end of August even more effective, and the point raised by the hon. member is certainly very much part of our concern and part of our ongoing policy.

* * *

BANK OF CANADA

MONETARY POLICY ADVOCATED BY GOVERNOR

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, last Friday the Governor of the Bank of Canada handed down his sentence to the people of Canada by indicating that he was not prepared to relent from his tight-money and high interest rate policy. This policy has been in effect since 1975, and the Governor himself has acknowledged that inflation remains at the same level today as it did in 1975.

Will the Minister of Finance continue to allow the Governor of the Bank of Canada to tighten the screws even further into the Canadian economy as a result of his present monetary policy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I had an opportunity on Friday to deal more extensively with the view of the hon. member which has been so frequently expressed by members of his party, that inflation really is not a matter which should be taken into account and causes no cost to the economy. That view which is so frequently expressed by the members of the New Democratic Party—

Mr. Deans: That is quite untrue.

Mr. MacEachen: —puts us miles apart. Therefore I do not know how it would be possible for me, if that is the view of the New Democratic Party, to justify to him the necessity of controlling the money supply in circumstances of an anti-inflationary program.

Mr. Riis: That accusation is absolutely untrue. This party has never taken that position.

MINISTER'S POSITION ON POLICY

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, the minister knows that we are deep into a recession and falling deeper all the time as a result of the present monetary policy. How many Canadians must be unemployed, how many businesses must go bankrupt, how many personal bankruptcies must be filed, how many businesses must go into receivership, how many farms must go into bankruptcy, how many cattlemen will have to sell their herds at fire sale prices—what is the minister's bottom line before he admits that this policy is inappropriate, and when will he start listening to the people of Canada and not to the Governor of the Bank of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the members of the New Democratic Party had an opportunity on Friday to lay before the country their policy to fight inflation.

An hon. Member: Give us the bottom line.

Mr. MacEachen: The fact of the matter is that they have no concern about inflation. They do not care about inflation.

Mr. Deans: That is not true.

Mr. MacEachen: They are prepared to see prices rise even further, because every policy that they recommend would lead to higher prices, more inflation, and higher interest rates.

Mr. Deans: No. Lower inflation.

Mr. MacEachen: That would be the result of their policy. It is time that the people of Canada understood how careless the NDP is about high prices. They do not care about that phenomenon in our economy.

Some hon. Members: Hear, hear!

* * *

TOURISM

IMPACT OF MERGER OF TRAVEL AGENCIES

Miss Aideen Nicholson (Trinity): Madam Speaker, my question is for the Minister of State responsible for Small Businesses and Tourism. In view of the announcement of the merger of Sunflight Vacations Ltd. and Skylark Holidays Ltd., a step which will create a company more than three times larger than any other company in the industry, with control of more than 50 per cent of the Canadian travel industry, is the minister concerned about the impact both on smaller competitors and on the consumer, and has he referred the matter to his colleague, the Minister of Consumer and Corporate Affairs?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I have read about this in various press reports in Canadian newspapers. I share the hon. member's concern for maintaining the competitive value of this industry for the sake of the Canadian consumer, and I have already raised the matter with my colleague, the Minister of Consumer and Corporate Affairs.

* * *

[*English*]

AGRICULTURE

OUTBREAK OF FOOT AND MOUTH DISEASE IN DENMARK

Mr. Bert Hargrave (Medicine Hat): Madam Speaker, my question is for the Minister of Agriculture. The Minister of Agriculture will be aware of an outbreak of foot and mouth disease on an island off the coast of Denmark. He will also be aware of the serious concern of the entire cattle and sheep industry about even the thought of that disease. He will also remember, as I do, the outbreak of foot and mouth disease in Regina in 1952. I would ask the minister, therefore, what steps he and his health of animals branch are taking to protect the cattle and sheep industry from any possible outbreak of this disease in our country as a result of the ongoing export of Common Market surplus frozen beef supplies presently coming into Canada from Denmark?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, we are very concerned about this disease and its outbreak in Denmark. They do not know how it happened. It has been confined to one herd, and not even to the total herd in that farming enterprise. Those animals have been destroyed and every precaution possible has been taken. We have banned all meat products brought into Canada, either frozen or fresh, that are in store. Our records show that none have come to Canada for two months.

If the hon. member has any other evidence, I would like to have it because we are very concerned about what this could do. According to the rules under international trade, I believe they will need to be free of the disease for two years from the time that they discovered this disease in their country before they can export to us again. They follow the same pattern we do with other trading partners. I am told that they believe that this is a reasonable pattern to follow.

It is a disastrous occurrence for Denmark because they depend on the export of agricultural products for their livelihood and the export generally of swine—over three quarters of their production. So, it can be economically disastrous for their country. We sympathize with them because, even as cautious as Denmark or any country can be, it just proves the fact that this can happen.

DANISH BEEF EXPORTS TO CANADA

Mr. Bert Hargrave (Medicine Hat): Madam Speaker, my supplementary question is to the same minister. I am sure that the minister is aware that there are several million pounds of European Common Market surplus export beef coming from Denmark presently in storage in Canada. What are we doing in Canada with that supply since it is a possible contamination source, and in view of the fact that foot and mouth disease cannot be detected in beef supplies? This is a serious situation. Can the minister say what our policy has been on it, and if he has been in touch with corresponding officers in the United States about this matter?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I do not know if they have been in touch with the United States concerning this situation but we have issued an order that all beef and any fresh beef product, whether beef or pork from Denmark, be detained wherever it is in Canada and not allowed to be distributed.

Oral Questions

INDIAN AFFAIRS

STATUS OF INDIAN WOMEN MARRYING NON-NATIVES

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development and it is supplementary to that asked by my colleague from Cariboo-Chilcotin. The minister knows that there is a requirement for the cabinet to approve the disenfranchisement of Indian women, in other words, the removal from the Indian rolls of women who, by reason of marriage, no longer have status in their reserve. The minister also heard his colleague say that there has not been such cabinet approval since she and her colleague have sat in cabinet since 1976. I would simply ask the minister how he can explain that his department has disenfranchised, not including 1980 figures, 1,792 women since 1976 without cabinet approval.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, 1976 is going back a few years. Needless to say, the hon. member must have pursued this with the same zeal with my predecessor, the minister in the Conservative government. Having said that, I think the hon. member is well aware of the provisions of that particuliar act of Parliament called the Indian Act which indicates quite clearly that a status Indian woman who marries a non-Indian male loses her status under the Indian Act. There is in addition another discriminatory provision in the Indian Act with respect to the double motherhood clause, as the hon. member is aware.

• (1450)

There is also provision in the Indian Act that allows the minister to exempt application of this particular section but, according to legal opinions, it is only to be exercised very rarely. That is the law that Parliament has approved. I can only assume that the hon. member wishes any minister to obey the laws of Parliament until such time as they are changed. That is the situation as it stands.

I think the best possible way to correct this is the way that I have gone about it. I have sent a notice to every Indian chief and band council in the country saying that if they will give me a band council resolution asking me to use my powers of exemption under the Indian Act not to apply the provision of the Indian Act that results in an Indian woman losing her status, I will obey that direction, so that I could not be accused of arbitrarily flouting the law.

Of course the bottom line solution to the whole question, as the hon. member is well aware, is to amend the Indian Act so that this discriminatory feature can be done away with once and for all.

REQUEST THAT MINISTER TAKE LEGISLATIVE ACTION TO PROTECT INDIAN WOMEN

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, the minister knows full well that I do not need a lecture on what the Indian Act says about this particular problem. The lecture is required by his colleague in cabinet who said that there has not been any disenfranchisement since 1976. In 1980, 1979, 1978, 1977 and 1976 there have been over 2,000.

May I ask the minister how it is possible for his department to proceed with removing Indian women from the rolls without cabinet approval? His colleague said that she is sitting in cabinet and that there has not been any disenfranchisement throughout the country.

What is the minister going to do about this? The time to do something was when the Constitution was passed. What is he going to do now in terms of legislative action, instead of writing to Indian chiefs? How much response has he had from the Indian chiefs? What is he doing in terms of legislative action to remove and redress this incredible disgrace that our country has placed on his shoulders?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, this contrived outrage by the hon. member—

Some hon. Members: Oh, oh!

Mr. Lewis: She made the speech.

Mr. Munro (Hamilton East): —is really something to behold. There was and is a section in the constitutional provisions which are on the verge of being patriated, that does away with this discrimination once and for all.

Mr. Oberle: Nonsense; it does not. You have sold them out. That is what you have done.

Mr. Munro (Hamilton East): As I recall, it was that very Constitution containing that provision that every member of the opposition—

Mr. Oberle: You sold them out.

Mr. Munro (Hamilton East): —opposed, week after week. Perhaps the hon. member would like to face every Indian woman who is going to lose her status and explain why he sat there and opposed the Constitution for so many months.

Some hon. Members: Hear, hear!

RESPONSE MADE BY MINISTER OF NATIONAL HEALTH AND WELFARE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question for the Minister of Indian Affairs and Northern Development. Was the Minister of National Health and Welfare speaking for the government when she responded to my colleague, the hon. member for Cariboo-Chilcotin?

Miss Bégin: He doesn't know.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I would have to read the provisions. I would have to read her speech. I have not read the speech but I will read it and I will be pleased to answer the Leader of the Opposition tomorrow. I do not think it is unreasonable to say that we do not all zealously go around reading each other's speeches. I assume that my colleagues can make a speech, speaking for government authority, and I am assuming that my colleague the Minister of National Health and Welfare did so.

There is a refinement, however, that perhaps the Leader of the Opposition should consider. I will check the legality of it, but if my memory serves me right, when a minister does exercise those unique powers of exemption under the Indian Act—which in fact frustrates the application of the Indian Act, which is the discriminatory part—then I believe a special order in council procedure is required. I will check that. It may be that this is what my colleague is referring to.

May I conclude by saying that not only is my colleague, the Minister of National Health and Welfare, particularly concerned about this discriminatory feature, but she has been one of the foremost spokesmen in the government for doing away with this discrimination once and for all.

Some hon. Members: Hear, hear!

GOVERNMENT POLICY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I was not asking a question about a speech. I was asking whether, when the Minister of National Health and Welfare answered a question posed by the hon. member for Cariboo-Chilcotin in this House today, she was speaking the policy of the government. Can the Minister of Indian Affairs and Northern Development say that?

Miss Bégin: Ask me.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I have already told the opposition, and I am now telling the Leader of the Opposition, what the policy of the government is. Whatever I heard quoted in her speech did not differ from that policy one iota, in my opinion. What I have said is with regard to the fine print in my colleague's speech which was quoted, and knowing the capacity of some hon. members to be rather selective in their quotes, I should like to read the speech and then I will be more than happy to answer the Leader of the Opposition tomorrow.

MINISTER'S STATEMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the government might seek refuge in fine print but the status Indian women have lost their status unnecessarily over the last two years, because this government refused to act, unlike the government I had the honour to lead which was beginning to act in January, 1980.

Some hon. Members: Hear, hear!

Mr. Clark: Indeed, this government is still delaying action that would bring equality to Canadian status Indian women.

Let me ask the Minister of National Health and Welfare if her colleague agrees with her when she indicated in the House today that no Indian woman has lost her status since 1976.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I would be happy to repeat exactly what I hope I said in Vancouver since I do not have the transcript of my speech.

I explained to the Women's Network in Vancouver that there is a role that could be actively played everywhere in government in various instances. I used as an example the occasions when my former colleague, Iona Campagnolo, who sat next to me, and I were women ministers sitting in particular on the special committee of council, and used the limited power, it is true, but we used it positively all the time I sat on that committee, and I sat on it since 1976, although I do not sit on it now. We refused the unanimity needed to approve certain losses of status by Indian women. We did that systematically. That was within our power and we exercised it, knowing full well what we were doing. We did that expressing the wish of this government that Section 12 be repealed, and it will be repealed. My colleague, the minister responsible for the status of women, announced that some time ago in this House, and it is being done and will be done in a human way by consultation with the various bands.

I am pleased to have an opportunity to make a correction of some words. I said 41 women were reinstated in their status but I made a mistake. I meant 41 bands.

Further to that policy of the government, which the Right Hon. Leader of the Opposition knows very well because his colleague, the hon. member for Kingston and The Islands, subscribed fully to the only action the caucus of women of this House of Commons took, and that this government applied. Forty-one bands have already—

Madam Speaker: Order, please. Order, please.

NUMBER OF WOMEN AFFECTED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will the Minister of National Health and Welfare or the Minister of Indian Affairs and Northern Development tell this House how many status Indian women have lost their status since 1976?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I will get the precise figure, but I can almost assure the Leader of the Opposition that fewer women have lost their status as a result of the policy implemented by this government, when we succeeded his government and applied the policy whereby we met the chief and band council to direct us to use our powers of exemption to prevent Indian women from losing their status.

In examining the record of my immediate predecessor, may I say that not one constructive act was undertaken by the previous government to do anything about this discriminatory feature.

• (1500)

Mr. Clark: Ask native women.

* * *

GRAIN

REVIEW OF FEED GRAINS POLICY

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is directed to the Minister of Agriculture, and it relates to feed grains policy. In light of the recent announcement of a partial move away from the corn competitive pricing formula and the introduction of subsidy programs to keep stocks available in central and Atlantic Canada through the Canadian Wheat Board, proving that the open market is unable to supply adequate feed supplies, could the minister tell the House if and when he will be conducting a full review of the feed grains policy? When will he be submitting the entire question of the open marketing of feed grains to a plebiscite of producers, as promised when the program was first introduced in the mid-1970s?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I disagree with some of the things the hon. member has said. First, there has never been a shortage of feed grain on the feed market for those people who use western feed grain, whether it be in British Columbia or in eastern Canada. The hon. member knows full well that central Canada is more than self-sufficient, and that in part of Ontario and part of western Quebec there is a surplus in grain production. Ontario produces surplus production of about 400,000 tonnes at the present time. This does not mean that they may not use some western grain at different times, but this policy is one which will take out the inequity of grain supplied at the Chicago competitive price by the Canadian Wheat Board. There is still a lot of grain being supplied—and he knows it—by the off-board grain sales, by that operation. We said in the press release we made last week that we would continue to review the feed grains policy. We want to be fair and equitable to all concerned.

FARM STORAGE PROGRAM

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I note that the minister did not discuss the question of a plebiscite, which was part of the original proposal. However, in addition to that question, I should like to ask the minister what work, if any, has taken place to pursue the proposals for a farm storage program, following the suggestions of the advisory committees to the Canadian Livestock Feed Board and to the Canadian Wheat Board.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, at the present time, concerning farm storage proposals, I do not believe any further action has been taken. As the hon. member knows, the program has worked fairly well in those areas where there has been a shortage of feed grain.

Concerning the plebiscite, the hon. member also knows that it was not a firm part of the agreement. It was a suggested part of the agreement by some people, but the agreement indicated that we would review it. Naturally, we are reviewing the possibility, but not in the great detail of a plebiscite at this time. He knows that full well also.

* * *

PETITION

MR. COOK—RECONSIDERATION OF BUDGET AND HIGH INTEREST RATE POLICY

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and eighty-fifth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for North Vancouver-Burnaby (Mr. Cook) on Friday, March 19, 1982, and finds that the petition meets the requirements of the Standing Orders as to form.

* * *

STANDING ORDERS

REVISION RESPECTING DISPOSITION OF CERTAIN LEGISLATION

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, we have concluded the negotiations commenced immediately after the vote on the motion of the official opposition to adjourn last Wednesday. I am pleased to report that we have reached a major agreement. May I now seek unanimous consent to move the appropriate motion?

Madam Speaker: Does the House give unanimous consent to the hon. minister to move the motion?

Some hon. Members: Agreed.

[*Translation*]

Mr. Pinard: Madam Speaker, I move, seconded by the hon. member for Yukon (Mr. Nielsen) and by the hon. member for Hamilton Mountain (Mr. Deans):

That the Standing Orders be amended by adding, immediately following Standing Order 75, the following:

75.1(a) The purpose of this Standing Order is to provide for the orderly and timely consideration of the following proposed bills, to be introduced no later than april 8, 1982 and to be finally disposed of no later than June 30, 1982:

1. An act respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act;

2. An act to amend the Petro-Canada Act;

3. An act to amend the Canada Business Corporations Act;

4. An act to amend the Department of Energy, Mines and Resources Act;

5. An act to amend the Petroleum Administration Act and to enact provisions related thereto;

6. An act respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act;

7. An act to amend the National Energy Board Act (No. 3);

8. An act respecting motor vehicle fuel consumption standards.

(b) When the House is considering any of the said bills, Standing Order 31(1) shall not apply and notwithstanding any Standing Order the House shall sit between 6 p.m. and 8 p.m. on Mondays, Tuesdays and Thursdays.

(c) Maximum cumulative totals of time for debate shall be allotted to the various stages of the said bills as follows: a combined total of 35 hours to the second reading stages and a combined total of 35 hours to the report and third reading stages, to be divided among the parties as set out in subsequent paragraphs of this order.

(d) When the cumulative total of time for debate by members of a party has reached the limit set out in this order for that party for a given stage of the said bills, no additional member of that party may be recognized for the purposes of debate at that stage of any of the said bills.

(e) When all parties have exhausted their time allocation for debate at a given stage, or when no more eligible members rise to participate in the debate at that stage, the Speaker shall forthwith put, without further debate, any questions necessary to dispose of that stage of any of the said bills which have not already been disposed of at that stage, and for that purpose any necessary motions, including motions to amend, shall be deemed to have been proposed. For greater clarity, each bill may proceed through its several stages independently, subject to the time limits set out in this order; and a bill may be considered at a subsequent stage notwithstanding that the over-all time limits applicable to an earlier stage have not yet been reached.

(f) Each party shall be entitled to participate in the debate at second reading stage of the said bills for a maximum cumulative total of not more than 21 hours for Progressive Conservative Party members, 7 hours for New Democratic Party members and 7 hours for Liberal Party members.

The Government and the opposition parties shall endeavour to ensure that all the said bills are referred to committee no later than May 1, 1982.

(g) A Standing Committee on Energy Legislation, consisting of 10 Members to be named at a later date, shall be appointed for the purpose of considering the said bills, and the provisions of Standing Orders 65 and 66 shall apply thereto.

(h) Notwithstanding any other Standing Order, each of the said bills shall upon completion of second reading be referred to the Standing Committee on Energy Legislation, and each of the said bills shall, subject to paragraph (k) of this order, be reported or deemed to have been reported to the House, with or without amendments, no later than June 4, 1982.

(i) Each party shall be entitled to participate in the debates at report stage and third reading stage of the said bills for a maximum cumulative total for both stages of not more than 21 hours for Progressive Conservative Party members, 7 hours for New Democratic Party members and 7 hours for Liberal Party members, and each party may apportion this time as between the debates at report stage and third reading stage in such manner as it determines.

(j) In any case, notwithstanding any other Order of the House, but subject to paragraph (k) of this order, at 15 minutes before the ordinary time of adjournment on June 30, 1982, the Speaker shall, if any of the said bills remain to be disposed of, interrupt the proceedings and put all remaining questions necessary for the passage at all remaining stages of any remaining bills, without further debate or amendment.

[*English*]

(k) If Parliament is prorogued before all of the said bills have received the royal assent, in the next ensuing session such of the said bills that have not received the royal assent shall, at the request of a minister of the Crown and following concurrence in any relevant Ways and Means motions, be deemed to have been proceeded with at all stages attained in the previous session and restored to their respective status at the time of prorogation, and any evidence adduced by the Standing Committee on Energy Legislation shall be deemed to have been tabled in the House; and the dates set out in paragraphs (f), (h) and (j) shall be read as if they referred to the fifteenth, thirtieth and fiftieth sitting days respectively of the new session; and any time used in the previous session in debate at any stage of the said bills by members of a party shall be deducted from the time allotted to that party by this order.

• (1510)

(l) This order shall not be construed so as to deprive an independent member of the right to be recognized by the Speaker.

(m) This Standing Order shall expire and be deleted when the said bills have been finally disposed of by Parliament.

I seek unanimous consent, Madam Speaker, for you to dispense with reading the motion again and for it be approved without delay.

Hon. Erik Nielsen (Yukon): Madam Speaker, I know the difficulties that are present in the translation of a very complex order such as this, and while consent is immediate for paragraphs (k), (l) and (m) as read in English by the government House leader, if you will forgive me and if the House will be tolerant, I will read the rest in order in English because I conducted our discussions in good faith on the basis of English and that is what I agreed to. I did not get the correct translation. Indeed, some of it did not come across. Therefore, with the indulgence of the House, what we are agreeing to is this:

That the Standing Orders be amended by adding, immediately following Standing Order 75, the following:

75.1(a) The purpose of this Standing Order is to provide for the orderly and timely consideration of the following proposed bills, to be introduced no later than April 8, 1982 and to be finally disposed of no later than June 30, 1982:

1. An act respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act;

2. An act to amend the Petro-Canada Act;

3. An act to amend the Canada Business Corporations Act;

4. An act to amend the Department of Energy, Mines and Resources Act;

5. An act to amend the Petroleum Administration Act and to enact provisions related thereto;

6. An act respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act;

7. An act to amend the National Energy Board Act (No. 3);

8. An act respecting motor vehicle fuel consumption standards.

(b) When the House is considering any of the said bills, Standing Order 31(1) shall not apply and notwithstanding any Standing Order the House shall sit between 6 p.m. and 8 p.m. on Mondays, Tuesdays and Thursdays.

(c) Maximum cumulative totals of time for debate shall be allotted to the various stages of the said bills as follows: a combined total of 35 hours to the second reading stages and a combined total of 35 hours to the report and third reading stages, to be divided among the parties as set out in subsequent paragraphs of this order.

(d) When the cumulative total of time for debate by members of a party has reached the limit set out in this order for that party for a given stage of the said bills, no additional member of that party may be recognized for the purposes of debate at that stage of any of the said bills.

(e) When all parties have exhausted their time allocation for debate at a given stage, or when no more eligible members rise to participate in the debate at that stage, the Speaker shall forthwith put, without further debate, any

questions necessary to dispose of that stage of any of the said bills which have not already been disposed of at that stage, and for that purpose any necessary motions, including motions to amend, shall be deemed to have been proposed. For greater clarity, each bill may proceed through its several stages independently, subject to the time limits set out in this order; and a bill may be considered at a subsequent stage notwithstanding that the over-all time limits applicable to an earlier stage have not yet been reached.

(f) Each party shall be entitled to participate in the debate at second reading stage of the said bills for a maximum cumulative total of not more than:

21 hours for Progressive Conservative Party members

7 hours for New Democratic Party members

7 hours for Liberal Party members

The government and the opposition parties shall endeavour to ensure that all the said bills are referred to committee no later than May 1, 1982.

(g) A Standing Committee on Energy Legislation, consisting of 10 members to be named at a later date, shall be appointed for the purpose of considering the said bills, and the provisions of Standing Orders 65 and 66 shall apply thereto.

(h) Notwithstanding any other Standing Order, each of the said bills shall upon completion of second reading be referred to the Standing Committee on Energy Legislation, and each of the said bills shall, subject to paragraph (k) of this order, be reported or deemed to have been reported to the House, with or without amendments, no later than June 4, 1982.

(i) Each party shall be entitled to participate in the debates at report stage and third reading stage of the said bills for a maximum cumulative total for both stages of not more than:

21 hours for Progressive Conservative Party members

7 hours for New Democratic Party members

7 hours for Liberal Party members

and each party may apportion this time as between the debates at report stage and third reading stage in such manner as it determines.

(j) In any case, notwithstanding any other order of the House, but subject to paragraph (k) of this order, at 15 minutes before the ordinary time of adjournement on June 30, 1982, the Speaker shall, if any of the said bills remain to be disposed of, interrupt the proceedings and put all remaining questions necessary for the passage at all remaining stages of any remaining bills, without further debate or amendment.

The remaining clauses of the House order, namely, paragraphs (k), (l) and (m), had already been read in English by the government House leader. What he read reflects accurately the agreement which was reached among the House leaders.

Mr. Pinard: Madam Speaker, for the first time in history we were able to have translation in both official languages of a major complicated and long House order. The opposition House leader saw fit, after having listened to it being read in French, to make sure that it reflected our will and our agreement by reading it in English. I do not mind his doing that, but to be consistent I would like to hear the opposition House leader read paragraphs (k), (l) and (m) in French. If he cannot do that, I insist on doing it myself.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Nielsen: Madam Speaker, since my skills are not of a degree to permit me to read those paragraphs in French—I could read them in German but not in French—I will ask my colleague the hon. member for Joliette (Mr. La Salle) to read them in French so that I do not fracture the French language. We will, therefore, hear the hon. member for Joliette read paragraphs (k), (l) and (m) in French.

[*Translation*]

Hon. Roch La Salle (Joliette): It is with great pleasure, Madam Speaker, that I shall respond to the wishes of both sides of the House.

(k) If Parliament is prorogued before all of the said bills have received the royal assent, in the next ensuing session such of the said bills that have not received the royal assent shall, at the request of a minister of the Crown and following concurrence in any relevant Ways and Means motions, be deemed to have been proceeded with at all stages attained in the previous session and restored to their respective status at the time of prorogation, and any evidence adduced by the Standing Committee on Energy Legislation shall be deemed to have been tabled in the House; and the dates set out in paragraphs (f), (h) and (j) shall be read as if they referred to the fifteenth, thirtieth and fiftieth sitting days respectively of the new session; and any time used in the previous session in debate at any stage of the said bills by members of a party shall be deducted from the time allotted to that party by this order.

(l) This Order shall not be construed so as to deprive an independent member of the right to be recognized by the Speaker.

(m) This Standing Order shall expire and be deleted when the said bills have been finally disposed of by Parliament.

[*English*]

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I hope this is not the practice that we are going to follow on every occasion; otherwise there would be no purpose in having instant translation, would there?

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Deans: The Standing Order as read and reread in both official languages is exactly as I anticipated it was going to be presented. We support it.

We hope that it might be possible in the future to get the kind of co-operation that was shown over the course of the last few days by all members doing things similar to this with regard to House orders in dealing both with government and opposition business. You can understand, having seen what happened here, why it took us five days.

Madam Speaker: Does the House give unanimous consent to the motion moved by the President of the Privy Council?

Some hon. Members: Agreed.

Madam Speaker: Carried and so ordered.

Motion agreed to.

* * *

• (1520)

PRIVILEGE

PROPOSED QUESTION OF MR. McKINNON

Madam Speaker: I have notice of a question of privilege by the hon. member for Victoria (Mr. McKinnon). I must tell him that, from reading his notice, my feeling is very clear that he does hot have a question of privilege. Furthermore, it deals with matters having taken place in a standing committee, and

if the hon. member has a grievance and wishes redress he should seek it through the committee, not through the House.

Hon. Erik Nielsen (Yukon): Madam Speaker, I think I understand the nature of the question of privilege the hon. member for Victoria (Mr. McKinnon) intends to raise. While I agree immediately and completely with the Chair that the question of privilege may not now exist, once the committee reports and the evidence is before the House it may well be that at that time the Chair may wish to consider it a valid question of privilege.

Madam Speaker: The hon. member is quite right. If at a later time this grievance is reported to the House, then it can be discussed in the House.

ROUTINE PROCEEDINGS

[*English*]

PUBLIC ACCOUNTS

PRESENTATION OF THIRTEENTH REPORT OF STANDING COMMITTEE

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, I have the honour to present the thirteenth report of the Standing Committee on Public Accounts.

[*Editor's Note: For above report, see today's Votes and Proceedings.*]

* * *

PETITION

MR. HALLIDAY—POLAND—IMPOSITION OF MARTIAL LAW

Mr. Bruce Halliday (Oxford): Madam Speaker, it is my duty and privilege today to table a petition signed by concerned citizens of the constituency of Oxford who decry the Prime Minister's (Mr. Trudeau's) weak and lamentable response to the imposition of martial law in Poland. The petitioners feel that the Prime Minister's statements about Poland have given comfort to the enemies of freedom and have been used for propaganda purposes, to the detriment of the Polish people.

* * *

CANADA AGRICULTURAL PRODUCTS STANDARDS ACT

MEASURE TO AMEND

Hon. E. F. Whelan (Minister of Agriculture) moved for leave to introduce Bill C-98, to amend the Canada Agricultural Products Standards Act.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 676, 2,364, 2,701, 3,481, 3,730, 4,035, and 4,055.

[*Text*]

IGOR GOUZENKO

Question No. 676—**Mr. Cossitt:**

1. With reference to the answer to a question by the hon. member for Leeds-Grenville concerning Igor Gouzenko on May 21, 1975 at page 5981 of *Hansard*, which stated in part "from 1946 to 1962 Mr. Gouzenko was looked after entirely by the Canadian government", is the government aware that Mr. Gouzenko claimed in a press interview with the Toronto *Sunday Star* of April 13, 1980, that he received nothing from the government in the way of support during the years in question and, if so (a) in what way can the government account for this discrepancy (b) were cheques issued payable to Igor Gouzenko or any members of his family and, if so, were they given to the payees?

2. Did an Inspector Chick of the RCMP visit Mr. Gouzenko shortly after the question was answered in the House?

3. To the knowledge of the government, did Inspector Chick tell him that "there'd been a mistake, that politicians talk a lot of baloney" as claimed by Mr. Gouzenko in the Toronto *Sunday Star*?

4. Was the first pension received by Mr. Gouzenko paid in 1962 by the government?

Hon. Bob Kaplan (Solicitor General): 1. The government is aware that Mr. Gouzenko claimed in a press interview with the Toronto *Sunday Star* of April 13, 1980, that he received nothing in the way of support during the years in question.

(a) The discrepancy would appear to have been the consequence of an administrative error. According to the McDonald commission, which investigated the matter of Mr. Gouzenko's finances, a phrase was omitted from the initial RCMP draft reply. This omission substantially altered the meaning of the reply. However, the commissioners have concluded that no intentional design was apparent to mislead as a result of the answer given in the House of Commons in 1975.

(b) No cheques were issued payable to Mr. Gouzenko or his family, nor were government funds allocated for the Gouzenko family during the 1946-62 period.

2. Inspector Chick did not visit Mr. Gouzenko shortly after the question was answered in the House.

3. No, not to the knowledge of the government.

4. The first government pension was granted to Mr. Gouzenko in 1962.

Order Paper Questions

RECIPROCAL STATUS UNDER MINERAL LANDS LEASING ACT

Question No. 2,364—**Mr. Crosby:**

1. Was Canada granted reciprocal status under the Mineral Lands Leasing Act of 1920 in the United States and, if so, for how long has the grant been in force?

2. Was an application made to Mr. James G. Watt, the secretary of the interior of the United States, to withdraw the grant of reciprocal status on the grounds that Canada no longer grants similar privileges to persons or companies resident in the United States?

3. Will Canada's ability to obtain and retain reciprocal status under the act be affected by the provisions of Bill C-48 which enacts the Canada Oil and Gas Act?

4. Did Seagrams Company Limited of Montreal make requests to the Prime Minister or to the government or to any member thereof concerning the possible loss of reciprocal status by Canadians under the act?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. Canada was granted reciprocal status under the U.S. Mineral Lands Leasing Act of 1920 (MLLA) before 1936.

2. On March 26, St. Joe Minerals Corporation petitioned the U.S. secretary of interior to declare Canada a non-reciprocal country under the terms of the MLLA. St. Joe requested "(i) that Canada be declared a non-reciprocal country based on the denial of similar or like privileges to citizens or corporations of this country under FIRA, (ii) if the department of interior cannot order an immediate decision that Canada's current reciprocal status is not valid, then the status should be suspended until the department has an opportunity to evaluate the effect of FIRA and the consequences when the Parliament of Canada passes the Canada Oil and Gas Act, which is discriminatory on its face." This petition will be considered as part of interior's year old study of the MLLA.

3. Canada's reciprocal status under the MLLA will ultimately be determined by the U.S. government. One of the factors which the administration could choose to consider in the course of their review of the MLLA is the bill enacting the Canada Oil and Gas Act.

4. The Department of External Affairs is unaware of any requests concerning possible changes to the MLLA regulations made to the Prime Minister, the government or any of its members by Seagram Company Limited of Montreal.

GIUSEPPE CALAMUSA

Question No. 2,701—**Mr. Cossitt:**

1. Was Mr. Giuseppe Calamusa deported by the Department of Employment and Immigration and, if so, in each case (a) on what date and for what reason (b) did he first illegally enter the country and, if so, by what means?

2. To the knowledge of the government, does he have a criminal record and, if so, what is the record?

3. (a) Did he live in the Hamilton-Niagara Falls area and, if so, at what address (b) what are all his other known addresses in Canada, as far as the department is concerned?

4. (a) On his final illegal re-entry to Canada, did he proceed to the area of Winnipeg, Manitoba (b) was he deported via Emerson, Manitoba and (i) if so, what are all the details (ii) if not, what was the point of deportation?

5. Did he arrive in the United States after being deported from Emerson and was he immediately presented with a ministerial permit from the Minister of Employment and Immigration allowing him to return to Canada forthwith and, if so, on what grounds did the minister take such a step?

6. Did a member of the staff of the Department of Employment and Immigration raise serious objections to the treatment afforded Mr. Calamusa at Emerson and were his objections acted upon and, if not, for what reason?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Employment and Immigration Commission and the Ministry of the Solicitor General as follows:

1. Yes.

(a) Ordered deported 8/4/70 for criminal convictions and because he did not possess an immigrant visa. Ordered deported 11/9/74 for returning without consent. Ordered deported 8/12/76 for returning without consent. Ordered deported 9/5/79 for returning without consent, not in possession of a valid passport, engaging in unauthorized employment, overstaying visitor's status.

(b) No, entered as a visitor 25/3/68.

2. Policy emanating from the Identification of Criminals Act and cabinet directive No. 35 does not permit the RCMP, who maintain the national repository for criminal records, to reveal the existence of a criminal record to a third party. However, this does not preclude anyone from personally obtaining his own criminal record, if one exists, by submitting such a request, along with a set of his fingerprints, to police authorities.

3. (a) He lived in Niagara Falls at 7375 Westfield Drive.

(b) Toronto—815 Coxwell Ave.; 232 Monarch Park Ave.; Winnipeg—6 Southam Street. As far as we know these are the only addresses where he resided.

4. (a) No. The commission was under the impression that Mr. Calamusa and his family were living in Niagara Falls. They subsequently moved to Winnipeg without informing commission officials and the date of their move is unknown.

(b) Yes. He entered the U.S.A. on June 20, 1980, from Emerson, Manitoba.

5. Yes. He was allowed to re-enter Canada at Emerson on a minister's permit on June 20, 1980. The permit was issued for humanitarian and compassionate reasons.

6. The Employment and Immigration Commission has no record of any such objection being raised.

SUMMIT CONFERENCE AT CANCUN, MEXICO

Question No. 3,481—**Mr. Malone:**

1. What was the total number of staff from CBC radio and TV that were on hand during the summit conference on world poverty at Cancun, Mexico?

2. What was the (a) daily per diem (b) highest daily per diem of the staff?

3. What was the total cost of air travel, air freight charges, food and hotel facilities for the staff?

4. Who was the immediate CBC staff personnel representative in charge of determining the size of the staff delegation and/or allotting and approving the budget for travel to Cancun?

5. To the knowledge of the government, what was the size of the (a) CTV staff (b) Global TV staff for the conference?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Canadian Broadcasting Corporation and the Privy Council Office as follows:

1. Fourty-one. These were production staff and reporters assigned to the conference on behalf of five separate services, each with its own distinct and specialized coverage requirements: English radio and television, French radio and television, and Radio-Canada International.

2, 3 and 4. It has not been customary to require the CBC to provide such details of its internal management and administration as the costs related to individual program projects or the names of staff members involved in such projects. The background to this custom is explained in detail in the reply to question No. 2,530, answered November 6, 1975.

5. (a) Six. (b) Three.

OFFICIAL LANGUAGES

Question No. 3,730—**Mr. Herbert:**

What percentage of public servants working in the Department of Veterans Affairs in Quebec indicate English as their first official language?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): The answer is 15 per cent.

MEDICAL DOCTORS

Question No. 4,035—**Mr. Isabelle:**

1. Since 1978, did the Department of National Health and Welfare hire medical doctors from the United Kingdom and, if so (a) how many (b) according to what criteria (c) what is/was their position?

2. Were the doctors British public servants and, if so, in each case, what was his/her (a) position (b) area of specialization?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): 1. No.

2. Not applicable.

WHEAT CONTRIBUTION TO PEOPLE'S REPUBLIC OF CHINA

Question No. 4,055—**Mr. Neil:**

Was a $4 million contribution in wheat made to the People's Republic of China and, if so, what was the price per ton paid to the Canadian Wheat Board?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Canada has supplied two $2 million contributions in wheat to the People's Republic of China. The first contribution was 8,221 metric tons at $231 per metric ton and 426 metric tons at $231 per metric ton. The second contribution was 8,432 metric tons at $237 per metric ton; for a total of 17,079 metric tons.

[*English*]

Mr. Smith: Madam Speaker, I ask that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance) moved that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Madam Speaker, the bill now called deals with fiscal arrangements which will prevail during the next five years. It reflects consultations which have taken place with the provinces beginning in December, 1980, and intensifying after the tabling of the government's proposals on November 12. During that period I met frequently with my provincial counterparts, individually, at federal-provincial conferences of finance ministers, and most recently at the first ministers' conference.

The bill also reflects the fact that for the first time members of this House were given the opportunity to become directly involved in the review of the fiscal arrangements before the legislative stage was reached. This work was done through a parliamentary task force chaired by the hon. member for Gloucester (Mr. Breau). The task force held hearings in every part of the country, met with representatives of all provincial governments, and produced a substantive report last August which has helped us to understand more thoroughly the concerns of the provinces and the people most directly affected by those arrangements. Most provisions of the bill now before us are compatible with the recommendations of the task force.

The bill, Mr. Speaker, is an important one. If passed it will transfer an estimated $105 billion to provinces over the next five years under two major programs: fiscal equalization; and established programs financing. This amount is substantially larger than the comparable figure of $61 billion for these two programs in the five years which are now ending. The bill will also provide our federation with a new equalization formula. This will meet the needs of financially disadvantaged provinces for assistance, and take account of representations they have made as to how my proposal of last November for a new formula could be strengthened. In addition, the bill will

continue this government's strong support for health and post-secondary education. Finally, the bill will meet to some extent the government's own need for fiscal restraint.

As I indicated in the budget, current circumstances require that the federal government apply restraint in all areas. Since transfers to provinces account for approximately 20 per cent of total federal expenditures, they cannot be insulated from our restraint effort. However, the restraint which must apply to federal transfers to provinces should be tempered with equity. I am convinced that the means whereby we propose to moderate the growth of these transfers is equitable. While the changes we propose to established program financing would affect all provinces, except the richest, in more or less the same way, the new equalization system would be particularly beneficial to those with the lowest fiscal capacity.

In arriving at the government's position on fiscal arrangements, we have taken account of the marked shift in the distribution of total government revenues in the past 20 years. Between 1961 and 1981 the federal share of total government revenues declined from over 57 per cent to 49 per cent, while the provincial local share increased from 43 per cent to 51 per cent. The change in the federal government's position is even more striking when intergovernmental transfers are taken into account. When federal transfers to provinces are deducted from federal revenues and considered as provincial revenues, the federal share of the total revenue pie, which was 50 per cent in 1961, drops to 38 per cent in 1981. It is evident that the provinces now spend the largest share of public moneys raised in Canada. What these numbers indicate is that Canada is one of the most fiscally decentralized countries of the western world.

• (1530)

Specifically, the measure before Parliament would do the following: First, it would provide for a substantially changed fiscal equalization formula featuring a representative average standard and a comprehensive measure of fiscal capacity.

Second, it would modify established programs financing arrangements by eliminating the portion of these transfers compensating provinces for termination of the 1972 revenue guarantee and by making established programs financing transfers to all provinces equal per capita, without reducing federal contributions, to health and post-secondary education programs.

Third, it would authorize the federal government to transfer to oil-producing provinces their share of the federal oil export charge for oil exported during the period November 1, 1980, to January, 1982.

Fourth, it provides for special arrangements under which the federal government would make payments to certain provinces equal to the amount of recoveries under the equalization program for the 1980-81 and the 1981-82 fiscal years attributable to the June, 1981 census of population.

Fifth, it extends for an indefinite period the fiscal stabilization program which protects provinces against a reduction in revenues arising from a sharp downturn in economic activity and, therefore, would facilitate their borrowings.

Sixth, it extends for another five years the personal income tax revenue guarantee program which is associated with the income tax collection agreements.

Finally, it provides for technical amendments to sections of the fiscal arrangements act dealing with reciprocal taxation.

The fiscal equalization program is a cornerstone of the Canadian federation, and I now turn to the specific provisions of the bill which give effect to that particular aspect of the Canadian federation. These provisions are in two parts. Part I of the bill modifies the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and, more particularly, the provisions of the act relating to fiscal equalization and established programs financing.

Part II of the bill empowers the Government of Canada to transfer to the oil-producing provinces their share of the oil export charge and to make payments to certain provinces equal to the amount of recoveries under the equalization program for the 1980-81 and 1981-82 fiscal years attributable to the June, 1981, census of population.

Among the most important provisions of the bill are those modifying Part I of the fiscal arrangements act, which sets out the fiscal equalization system. The program seeks to make it possible for all provinces to provide reasonable standards of basic public service to their residents without having to resort to unduly high levels of taxation. It is estimated that under this new system about $29.3 billion of equalization would be paid to six provinces during the next five years compared with $16.5 billion under the present system over the past five-year period.

With the formula provided for in the bill, over-all federal cash outlays over the next five years are projected to be $1.148 billion higher than the original budget estimate. That results from the fact that at the first ministers' conference the initial proposal was enriched by $1.148 billion. All of this amount would go to the six equalization receiving provinces. Some $311 million would be delivered through the fiscal equalization program, and $837 million would be delivered through EPF, which would have higher cash payments as a result of replacing the proposed Ontario standard by the representative average standard.

As I have suggested, the new formula will be based on a representative average standard instead of an Ontario standard as initially proposed last November. It would also apply to a much more comprehensive set of provincial and local revenues than the current formula.

In order to understand why these changes are being made, it is important to appreciate that the equalization program has two fundamental components. The first is the measure of provincial fiscal capacity, that is, the capacity or potential of a province to raise revenues through taxes and levies of various kinds relative to the capacity of other provinces.

Hon. members will recall that I had originally proposed to broaden the measure of fiscal capacity by bringing into the

formula, in addition to the various provincial and local taxes and levies now subject to equalization, all provincial revenues from natural resources which are currently excluded and all local taxes currently excluded, namely, taxes levied for municipal purposes.

The bill now provides for an even broader measure of fiscal capacity. It is proposed to include a further source of local government revenues, namely, receipts from the sales of goods and services. As a result of the broadening of provincial fiscal capacity an additional $16.5 billion of provincial revenues would be equalized under the formula in 1982-83. Broadening the measure of fiscal capacity meets the requests of provinces and, as the hon. member for Mississauga South (Mr. Blenkarn) will recall, the recommendations of other groups, notably the parliamentary task force in which the hon. member participated and also the Economic Council of Canada.

The second basic element or component of the formula is the equalization standard. That is the minimum level to which the potential revenues of all provinces based upon the comparable measure of the fiscal capacity should be raised. We had initially proposed to combine the broadening of the fiscal capacity measure with a shift to an Ontario standard. Of course, that was changed as a result of representations made by the provinces, which argued, for various reasons, that a more representative selection or, indeed, a broader basis was better from their point of view.

The bill also provides for a number of additional features which in certain circumstances would make the new system more advantageous for the provinces than the initial proposal. One of these is a minimal level of payment or "floor" provision which the government is proposing in response to the concerns of certain provinces which feared that their equalization entitlement might drop drastically if they were to experience a sudden upsurge in their resource revenues.

On January 22, I proposed a floor provision whereby beginning with 1983-84 no equalization receiving province could have a total entitlement for a fiscal year that would be less than 85 per cent of its total entitlement for the preceding year. As a result of further provincial representations, particularly from the province of Nova Scotia, the floor provision provided for in the bill is even more generous. The 85 per cent minimum is now increased to 95 per cent for provinces whose per capita fiscal capacity is equal to, or less than, 70 per cent of the national average per capita capacity, and to 90 per cent for provinces whose per capita fiscal capacity is over 70 per cent of the national average per capita fiscal capacity but equal to, or less than, 75 per cent. Putting it more understandably, Mr. Speaker, the minimim payment will be higher for provinces with a lesser fiscal capacity. I believe that is an aspect that hon. members would be inclined to agree with.

• (1540)

In the course of consultations held since the budget, provincial ministers of finance expressed some concern about the initial proposal, that is, bringing all provinces up to the Ontario standard. I had believed that the province of Ontario provided a level of services that was good, that was regarded as good by the people of Canada. I had believed that to bring all provinces at least up to the standard provided in Ontario would be satisfactory. Well, some concern was expressed by the finance ministers. They argued that no single province could be sufficiently representative of the ten provinces to constitute an appropriate standard, and that equalization payments would be unstable with a single province standard since the standard would be influenced by economic developments in one province only. I was confident that we were hitching our wagon, so to speak, to a rising star in the case of the province of Ontario, and that its economic future was bright and prosperous. But others were less confident; they felt they would be more at ease if we could broaden the base.

The provinces were concerned also that such a formula would result in an undesirable treatment of natural resource revenues because of the relatively small natural resource base of Ontario.

In order to meet these concerns, the government has put forward in the bill a more broadly-based standard, taking account of five provinces with over 80 per cent of the total provincial population. Under the new system the fiscal capacity of recipient provinces—the four Atlantic provinces, Quebec and Manitoba—would be raised to the average per capita capacity of provinces collectively considered to be most representative of all ten provinces, namely, Ontario, Quebec, British Columbia, Saskatchewan and Manitoba. These provinces constitute a type of median of the provinces in terms of per capita fiscal capacity. Alberta would be excluded at the top, and the four Atlantic provinces at the bottom. The two exclusions would be closely balanced, since Alberta and the Atlantic region each account for approximately 9.2 per cent of the total provincial population.

Another new feature is the transitional arrangement protecting provinces against too abrupt a change in the level of their equalization as we move from the current system to the new one. In this case, following representations from the provinces, particularly Manitoba, I proposed in January that any province entitled to equalization in 1982-83 be guaranteed an increase in its equalization in that year at least equivalent to its average annual increase in equalization in absolute terms between 1977-78 and 1981-82. The arrangement provided for in the bill extends the transitional protection from one year to three years and builds steps into it so that the minimum equalization entitlement of each province would be higher in the second and third years.

That is a vitally important provision for the province of Manitoba because, as I recollect the numbers, the providing bill's feature will mean, if approved by Parliament, a flow of an additional $165 million into the province of Manitoba.

Finally, as proposed in the budget, the bill provides for a ceiling under which the growth of total equalization payments to all provinces will be constrained by the rate of growth of the gross national product. However, to accommodate the provinces, the ceiling would begin to apply only in 1983-84. Our original proposal was that it should apply in 1982-83. It is

obviously a contingency measure. Our forecasts indicate that it will not likely come into play, but past experiences have shown that it is wise to provide for such a contingency.

There you have it, Mr. Speaker; those are the essential features of the equalization system provided for in the bill. It would achieve the historic purpose of equalization by means of the most comprehensive measure of fiscal capacity ever used since the inception of the program 25 years ago, and of a more stable standard, reflecting economic and fiscal developments in five provinces accounting for about 80 per cent of the country's population and provincial fiscal capacity. Equalization payments would increase by 13.6 per cent in 1982-83 over 1981-82; and the average annual rate of increase of equalization over the five full years would be 11.2 per cent.

I do not understand how the term "cutback" can be applied to this particular program. A rate of growth next year of 13.6 per cent and a five-year rate of growth of 11.2 per cent is, in my view, a reasonable annual rate of growth to the provinces.

It is obvious that the system provided for in the bill is significantly different from the one proposed in the budget, and it is different because the government has tried to accommodate the provinces as much as possible. We have provided the features that I have mentioned at the suggestion and on the representations of the provinces. I am hopeful that the equalization receiving provinces will in the main support our efforts.

Four of the six equalization receiving provinces have formally indicated to me that they find the representative average standard system conceptually superior to the Ontario standard and consequently they are able to support it. I have received written communications to that effect from the Hon. Richard Hatfield, Premier of New Brunswick, the Hon. Joel Matheson, Minister of Finance of Nova Scotia; the Hon. Dr. John Collins, Minister of Finance of Newfoundland; and the Hon. Lloyd MacPhail, Minister of Finance of Prince Edward Island. I have had detailed discussions with each of these ministers on the implications of the equalization formula for the province concerned. I have had negotiations with finance ministers as a group; I have had them individually; and I have had discussions with them by telephone since the first ministers' conference. I believe that we have made an effort, an honest and successful effort, to accommodate the principal concerns of equalization receiving provinces.

• (1550)

I now want to turn to another major component of our fiscal arrangements known as established programs financing, commonly called EPF. These are dealt with in Part VI of the fiscal arrangements act. The transfers made under EPF since 1977 have served two distinct purposes. First, they have funded provincial health care and post-secondary education programs. Second, they have compensated provinces for termination of the 1972 tax reform revenue guarantee.

The bill before us modifies EPF in two ways. The first change stems from our concern for equity. Federal EPF contributions have two elements, the transfer of tax room and a payment in cash. Under the present legislation, the total per capita federal contribution is higher in those provinces where the yield from the tax transfer is higher.

As a result, over the coming years Alberta and British Columbia would benefit substantially more from established programs financing than any other province. This is inequitable since those receiving more are the provinces best able to finance activities. Consequently, the bill modifies the computation of EPF cash transfers so that the per capita value of the total federal contribution to all provinces will be equal.

This change would rectify one aspect of established programs financing which both Quebec and Ontario have criticized in the past. It would also implement once again a major recommendation of the parliamentary task force on fiscal arrangements.

The second modification to EPF proposed in the bill would end that portion of the EPF transfer that has so far compensated for the termination five years ago of the 1972 tax reform revenue guarantee. This element was added to the EPF arrangements in 1977 at the request of the provinces, although the EPF arrangements were essentially designed to provide financial support for public health insurance and post-secondary education. One personal income tax point and the cash equivalent of a second point were added to the arrangements in 1977 by way of compensation.

Provinces have argued in the past that compensation for the revenue guarantee should not be taken into account in computing the federal share of the financing of these programs. It will be argued in the House that, by removing the revenue guarantee, we are undermining our support for post-secondary education and health. I am saying that is not so, because it cannot be defended.

Even the premiers, meeting last summer, when putting together the contributions by the federal government to these important elements of our Canadian society, health and education, explicitly declined to include the revenue guarantee as a portion of the federal contribution to these two sectors. The same view as that expressed by the premiers was adopted by Justice Hall in his 1980 report on health programs, which states that the federal contribution to health programs does not include the two tax points attributable to the revenue guarantee negotiations.

If I had more time, I would add to the list of authorities a number of others, including the president of the Canadian Medical Association who argued in Halifax after the budget that the revenue guarantee was never and was not intended to be a part of the contribution by the federal government to health care. I believe similar statements can be attributed to spokesmen for those interested in post-secondary education.

I state quite firmly that ending the revenue guarantee will not lower the level of federal support for these two programs. In fact, the value of the federal contribution to these programs will continue to grow in line with the gross national product over the 1982-87 period. Removing the revenue guarantee will

simply moderate the growth of the total established programs financing transfer in 1982-83.

I should also add that the effect of removing the revenue guarantee compensation will be partly offset by the increase in provincial income tax revenues arising out of the tax measures announced in the November 12 budget. In 1982-83 alone, the resulting increase in provincial revenues is estimated at $685 million.

I want to say again that following the presentation of the report of the parliamentary task force and hearing the views of the provinces, I made a deliberate effort in the budget through the selection of these tax changes to flow revenues into the provinces in order to mitigate for them the loss of the revenue guarantee. It was a deliberate choice. It was very carefully decided. Mind you, I did not get very much credit or acknowledgement for that. However, it is still a fact that in 1982-83 alone, the resulting increase in provincial revenues as a result of the tax changes made in the November budget will amount to $685 million. That is an important sum of money.

I know that the intention to restrain the rate of growth of transfers to the provinces has been criticized in some quarters. We are not cutting back. We are not refusing growth. Transfers to the provinces will continue to grow, as I have indicated, by 13.6 per cent for equalization in 1982-83, plus 11 per cent for the five-year period for EPF, growing in line with the gross national product, growing as fast as the economy. Therefore, there is no intention to cut back. There is no justification for the use of the word "cut".

It is true that it is not possible to satisfy—I was going to say the wildest expectations, but that might be misunderstood. It is not possible in present circumstances to allow transfers to the provinces to grow at 15 per cent and 20 per cent when it is absolutely essential to apply restraint to all expenditures of the Government of Canada if we are going to control our deficit.

As I have already mentioned, transfers to the provinces account for approximately 20 per cent of total federal expenditures. One fifth of what we spend goes to the provinces. Is it reasonable to decide to moderate the rate of growth for 80 per cent and not moderate the rate of growth for the 20 per cent that goes to the provinces? I argue that it is not reasonable to think we cannot apply some restraint even as we increase the transfers to the provinces.

I could not find any valid reason for continuing the revenue guarantee compensation. The revenue guarantee program was first designed to protect provinces against unforeseen reductions in revenues which might have resulted from the 1972 tax reform. The beginning of the revenue guarantee was in 1972 when we undertook tax reform. It was initially intended to last two years only. It was extended to five years at the request of the provinces and expired at the end of 1976. But then, throughout the consultation that led to the 1977 fiscal arrangements act, the provinces sought compensation for the termination of the program. Although the federal government felt the program had fulfilled its purpose, it offered to enrich the EPF transfer then being negotiated by one personal income tax point and the cash equivalent of another point to settle all outstanding issues. The offer was accepted. I argue that the provinces have now had ten years in which to adjust their tax rates since the 1972 tax reforms. The justification for this particular aspect of our system no longer exists. It no longer has any *raison d'être*.

• (1600)

I should also add that the budget proposals dealt with the program aspects of EPF. The government has proposed that the national standards for health care be clarified and an effective mechanism for their maintenance be developed in consultation with the provinces for incorporation in new federal legislation by March 31, 1983. We also propose that new federal-provincial arrangements for the financing of post-secondary education and human resources development be devised in consultation with the provinces for incorporation into new federal legislation by March 31, 1982.

I recall that the parliamentary task force had a good deal to say about the program aspects of EPF. They did not neglect that area at all. They made some rather helpful proposals in support of the direction in which we are now moving. Having made this proposal to incorporate these changes in new federal legislation by March, 1983, at the first ministers' conference held in February, the Prime Minister (Mr. Trudeau) tabled a proposal that would maintain the EPF transfer unchanged until March, 1984, subject to certain stipulations. This new proposal would allow two full years for consultations and discussion of ways of implementing the national objectives with respect to post-secondary education. My colleague the Secretary of State (Mr. Regan) will be pursuing this matter.

There are other provisions as well modifying the fiscal arrangements act. Other provisions of the bill would extend those parts of the fiscal arrangements act dealing with the fiscal stabilization program, the personal income tax guarantee program, and the reciprocal taxation program.

Part II of the fiscal arrangements act authorizes the government to make fiscal stabilization payments for the period beginning April 1, 1977, and ending March 31, 1982. The bill provides for an extension of that authority for an indefinite period. The purpose of these payments is to protect provinces from sudden year to year losses in revenue as a result of a severe economic downturn in the national economy or, indeed, in their own economies. This provision has been of value to provinces when they borrow in foreign capital markets and we believe its value would be enhanced by making it of indefinite duration.

Part IV of the fiscal arrangements act authorizes the federal government to make revenue guarantee payments in cases of a serious disruption to provincial financial planning resulting from federal tax policy changes during the five-year period ending March 31, 1982. The bill extends the authority to make such payments to March 31, 1987. The purpose of this program is to encourage the maintenance of a common tax system across Canada.

Part VIII of the fiscal arrangements act authorizes the federal government to enter into reciprocal taxation agreements with provinces whereby provinces pay the federal manufacturers' sales tax and the federal government makes payments in respect of sales taxes, gasoline taxes and motor vehicle licence fees as if it were taxable. The bill provides for a few amendments to relevant sections of the act. The government continues to hope that in the interest of tax harmonization, the other four provinces will eventually enter into similar agreements.

The bill also provides for the transfer to oil producing provinces of their share of the federal revenues which accrued from the oil export charge from November 1, 1980, to January 32, 1982. It was originally intended that the provinces' share of export charge revenue, estimated to be approximately $450 million for the above 14-month period, would be transferred under authority contained in the energy security bill, that this transfer would be effective before March 31, 1982, and that 50 per cent of the revenues transferred would be equalized in 1981-82, as is done for other provincial revenues for non-renewable resources. However, it is now evident that sharing payments could not be made under this authority until the 1982-83 fiscal year.

The province of Saskatchewan has asked that some method be found to allow it to receive its share of the oil export charge before March 31, 1982. This is a reasonable request given that the revenues have actually accrued and are being held by the federal government pending the passage of legislation to authorize the sharing. It is in the light of these considerations that we have decided to include in this bill a special provision authorizing the Minister of Energy, Mines and Resources (Mr. Lalonde) to transfer the provincial share of the federal export charge that has accrued in respect of oil produced in Manitoba, Saskatchewan and Alberta from November 1, 1980, to January 31, 1982. The relevant provisions are in Part 11 of the bill.

The bill also authorizes the government to make payments to certain provinces equal to the amount of recoveries under the fiscal equalization program for the 1980-81, and 1981-82 fiscal years attributable to the June, 1981, population census.

It is very important to observe that preliminary data recently issued by Statistics Canada indicate that the estimated population of certain provinces is significantly lower in each of the two years mentioned than the pre-census population estimates used in computing equalization payments for those years. Because population is a key factor in determining a province's equalization entitlement, the equalization payments to all provinces must be recalculated on the basis of census estimates. This means that rather sizeable amounts would normally have to be recovered from provinces whose share of total census population is lower than that used in the pre-census estimates.

These recoveries are quite substantial. They certainly could create very serious problems for the five affected provinces whose fiscal capacity is below average. The fact of the matter is that, based on the revised population data issued by Statistics Canada, for the last two years the five provinces would have had to pay back to the federal treasury an amount of $217 million. I believe it ranges from $70 million in the case of Newfoundland to the amount of $30 million for the province of Manitoba, except for a lesser amount for the province of Prince Edward Island, with Nova Scotia and New Brunswick falling between Newfoundland and Manitoba. Certainly in the case of these provinces, the requirement to pay, which is in the law, would be very serious. As I recollect the figures, $70 million for the province of Newfoundland would be more than serious.

• (1610)

Therefore, following representations from the four Atlantic provinces and Manitoba, the government has agreed to make special payments which would fully offset the recovery of these post-census population adjustments from provinces applying for equalization in 1982-83. This is provided for in Part II of the bill. The payments would be determined by calculating a province's final entitlement to equalization for each of the two years mentioned, with pre-census population substituted for post-census population, and then deducting the amount obtained from the province's final equalization entitlement, which would continue to be based upon census population.

On this particular point I had detailed negotiations with the Premier of New Brunswick and the minister of finance of Newfoundland, as well as some discussions with the ministers from Nova Scotia, Prince Edward Island and Manitoba. I am pleased that I have been given the authority by cabinet to include in the bill a provision that would waive the recovery of these amounts which were owing to the Government of Canada from the equalization receiving provinces.

I believe it is evident from what I have been saying that, since the tabling of the proposals in November, the government has gone a considerable way toward meeting the concerns expressed by the provinces. This is illustrated by the fact that four of the six provinces which will receive equalization have expressed their support for the new equalization formula provided for in the bill. Adoption of this legislation will make it possible for the federal government to contribute an estimated $105 billion for equalization, health care and post-secondary education over the next five years. That $105 billion speaks volumes about the strong role which the Government of Canada will continue to play in providing to Canadians the services that they need and deserve.

I know that members of the House of Commons are equally determined to ensure that equalization is maintained and strengthened. I know they are equally concerned that our support for post-secondary education and health is maintained and strengthened. I believe the sums provided for in the bill will carry out these commitments which we all share, and I hope the House will be able to give this bill careful study, but study that will not prevent the recipient provinces from receiving their payments at the appropriate time.

Some hon. Members: Hear, hear!

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, before I get into my remarks I want to draw your attention to

the minister's mention of $105 billion. He will appreciate that it is only $105 billion if he counts the money the provinces raise in taxes. When the government starts counting money that the provinces raise in taxes as its contribution to established programs and other clearly provincial responsibilities and, through a press release, claims that it is giving the money to the provinces, it creates a rather false impression. I think the minister would probably want to correct the amount of cash he says is being transferred. Perhaps he should talk about the cash being transferred, not about what is supposed to be a nominal tax point average and so on, that the provinces might receive if they happen to levy taxes in accordance with the suggestions in his iniquitous budget of November 12.

The minister suggested that the provinces were going to be well off if they followed his budget. He said they would receive $685 million more this year if they went along with the budget. How would that happen, Mr. Speaker? In the case of the province of Quebec, it would have radically to change the corporate tax structure, as would Ontario and Alberta. Only if they made the massive amendments suggested by the minister would they get that kind of money. The money comes from capital cost allowances.

The November 12 budget tore industry apart in those provinces. It provided that industry and people in business in those provinces would have to settle for half capital cost allowances in the first year. But Mr. Speaker, that is when people need the money to buy assets; it is when business needs stimulus in order to get going. It is only if a government wants to rip business apart or wants to hurt its industry that it will adopt the stupid, idiotic course outlined in the November 12 budget which was declared a political disaster. That is the only way the provinces could come anywhere close to $685 million. That projection is based on an increase in the GNP. We know what has happened to Canada since November 12. We know that the projections in the November 12 budget, as the minister's projections usually are, were fraught with something that the minister must have been smoking.

The budget of November 12 called for equity. The minister said that the budget stood for equity, renewal and restraint. We know what kind of equity it produced—absolutely none. He made sure that people who earn over $53,334 per year pay less income tax and that 54 per cent of those earning under $30,000 pay more income tax. That is the minister's idea of equity.

The minister talked about renewal but made sure that there is no development in business and industry. We have seen people thrown out of their jobs. We have seen bankruptcies and farm foreclosures. We have seen the kinds of things that he promised in renewal. I do not know what kind of renewal it was, but the other day the Solicitor General (Mr. Kaplan) called it a political disaster. I say it was an economic disaster. The minister knows that his budget provided no renewal.

Where is the restraint, Mr. Speaker? The only restraint shown in the budget of November 12 was the restraint on the money being transferred to the provinces—a restraint of nearly $1 billion in the reduction of EPF transfers to the provinces.

Let us go over the figures, Mr. Speaker, and not talk about the man in the moon ideas of the minister. The minister said that the provinces will get more money, but the blue book gives the answer, Mr. Speaker. The blue book shows that for health related matters about $4 billion will be transferred to the provinces this year. Last year roughly $4.3 billion was transferred in nominal dollars, ignoring inflation. The provinces will get $300 million less for health care, for hospitalization, medicare nursing homes for old people and extended health care. It will be $300 million less cash, Mr. Speaker.

For the year ending March 31, 1982, the minister will transfer $1.68 billion for post-secondary education. For the year 1982-83 only $1.5 billion will be transferred, which means a difference of $180 million less in nominal dollars going to the provinces. Yet the minister says more is going to the provinces. The blue book gives a different answer. In total, $480 million less cash will be transferred than was the case a year ago.

• (1620)

The established programs financing arrangements call for the amount of money to be transferred in accordance with the moving average of GNE. If the amount last year was increased on the moving average of GNE, instead of receiving $480 million less, the provinces would have been receiving $450 million more. In total, nearly $1 billion is being taken out of the hands of the provinces or is being taken out of post-secondary education and health care.

Let us not have any more smoke, mirrors or suggestions about what one obtains in taxes according to the budget. Let us not hear any more about how wonderful is the minister or how he is not cutting anything. The facts are that he is cutting $500 million from the cash last year and there should be another $500 million next year because of escalation and the moving GNE. Everyone knows that goods will be more expensive next year than they are this year; the rate of inflation has been 11 per cent to 12 per cent. Of course the minister should be transferring more. He should be transferring $500 million more, but he will be transferring $500 million less. This is what it is all about. This is what the blue book indicates, this is the record. Let us not have any more drivel and nonsense from the minister. The former member for Broadview-Greenwood spoke about smoke and mirrors. The minister provides lots of smoke, lots of mirrors and lots of illusions. This is what it is all about!

Let us talk about how expenses have been curtailed. I thumbed through the blue book and noticed that while the government can restrain medicare, hospitalization expenses by the provinces by $1 billion, it can give the National Film Board $7 million and the National Arts Centre another $3 million; it can increase foreign aid under CIDA from $802 million to $945 million, which is almost another $141 million; it can increase the CBC by $73 million, which is well over 15 per cent. These are the priorities of the government. Restraint

is not one of the priorities of the government. The government's priorities are in its own power. The minister sees money which should go to the provinces to pay for established programs, and he says, "I cannot control those established programs, so let us cut them back; let us have more foreign aid; let us give more money to the CBC and to the Commissioner of Official Languages." We can say something about these departments, but the government restrains what Canadians want in terms of education for their children, education which ensures that the country grows and develops and ensures a supply of engineers and foresters, which we heard in committee were needed to build the country through the 1980s and 1990s.

What about the health care upon which all of us have come to depend? No, the government will spend money on foreign aid, the Commissioner of Official Languages and the CBC. They are important because the government controls them. It will spend less on the things it does not control. We could have restraint across the board, we could have budgetary restraint. I do not think anyone would object to that. I do not think anyone would object to each of us bearing his own share of the load; but let us not say that restraint is when the government transfers less money to the provinces, and that because less money has been transferred somehow expenditures have been restrained. This is not the case and the minister knows it. He knows that his budget costs, on a national accounts basis, will be up from $74 billion this year to $86 billion next year. There is no restraint. His expenses are up right across the board at 13.5 per cent.

The minister talked about the fact that the provinces were receiving too much money and that they had a fiscal balance in their favour. I remind him that the net after transfers by the federal government will amount to 38.3 per cent of the spending power or the taxes collected in the country in 1981. In 1978 it was only 32.3 per cent. In other words, the effect of the minister's actions over the past two years has been to increase the percentage of money spent by the federal government and to decrease proportionately the influence, power or spending of provincial and local governments.

We all know that this does not make much sense. Most of the services we receive are provided by the municipalities. They pick up the garbage, they run local primary and secondary schools, they look after local roads and such. The next most important service in society is education and health care which are supplied by provincial governments. When we look at what the federal government does for us, we wonder whether in truth it provides 38.1 per cent of what we receive from government, or is it to some extent not nearly worth 38.1 per cent?

The outlook is quite different than the minister suggested. According to figures published in the budget, between the current fiscal year and the 1983-84 year, the federal government expects to increase its revenue after transfers by 38.1 per cent and to increase its expenditures after transfers excluding public debt by 31.8 per cent. We must remember that the increase in transfers to other levels of government is rising 38 per cent on taxation and 31 per cent on expenditures, but the expenditure increase to provincial governments is only 13.7 per cent, which is very considerably less than the rate of inflation.

In terms of gross revenue received and relating revenue received to transfers to provinces, in 1978 28.4 per cent of the revenue of the Government of Canada went to other levels of government. Last year it was down to 22 per cent, and very shortly it will be down to 18 per cent. We have had a massive seizure of revenue-raising potential and expenditure plans by the federal government, which is now trying to squeeze even more out of local taxpayers, as it takes a greater and greater share of the national product. This might be appropriate in times of war, but in times of peace it is inappropriate. The fiscal arrangements task force analysed the appropriateness of the level of taxation and the level of government expenditure which should take place. Prior to the Second World War, and for a short time after, provincial expenditures were considerably more than federal ones. Indeed, the natural mean is for provincial and municipal expenditures to be about 70 per cent and for federal expenditures to be about 30 per cent.

• (1630)

I want to deal now with the question of equalization. The minister will know that equalization was thoroughly explored by the task force. For the minister's benefit, we analysed the question of the Ontario standard and threw it out as totally inappropriate. I am pleased that after consultation the minister has thrown it out as being totally inappropriate. We analyzed other forms of breakdown.

However, the minister has come up with a five-province theory. The five-province theme is probably a poor scheme for him. When we were analysing how we should work out an equalization formula, the task force accepted the concept that you have to put all provinces in the pot in terms of determining the representative tax system and in determining what equalization should be.

One of the problems of going to a situation, as in this bill, of using only five provinces for the standard is that you create a phony or unreal situation. There is no evidence that the five provinces now selected, being Quebec, Ontario, Manitoba, Saskatchewan and B.C., are appropriate provinces for a mean average of Canada. Indeed, going back over the question of equalization over the years, we note the only province that has never received equalization is the province of Ontario. If we look at the fiscal capacity of Ontario, it will be noted that the fiscal capacity of Ontario province is deteriorating. Indeed, it would have been a situation under the present act whereby Ontario would have received significant sums of equalization. Under the amendments now proposed, Ontario probably will not receive equalization, but it could. What we have is an equalization situation where we try to spread and create an equal fiscal capacity for all provinces. But to pick out five provinces and say all of a sudden that it is their average that will be used will create a problem in the future.

I say that to the minister because one of the justifications the government has had for its raid on what was previously

provincial sources of revenue—being taxation on natural resources—was that the federal government had to have revenue in order to treat provinces equally. In other words, to create the equalization we have had. But, first, when you take only five provinces as a standard, you lose a great deal of the justification for the taking of those revenues.

Second, when you have only five provinces you do not justify a federal national taxation system. At the moment that system is broken down. At one time the federal government was the tax agent for personal income tax and for corporate tax for all of Canada. Quebec now has its own personal and corporate tax system. Ontario has broken away with its corporate system, as well as Alberta. There is even the possibility of British Columbia setting up its own tax collection system. We are breaking away from this federal taxing system. However, when you use only five provinces for equalization, you create the tendency to break away from a national taxation system.

The formula given will produce a return to the provinces on equalization very much like the kind of formula recommended by the fiscal arrangements task force. That task force recommended—and I am pleased the minister has followed through—that a number of matters should be brought into the pot of provincial revenues to be equalized. Up to this point there have been 29 tax areas that have been equalized. This bill brings in a great many more. It breaks up old oil and new oil, as well as a number of other things not mentioned by the minister. There are municipal revenues from municipal taxation. The bill goes on further to mention municipal licence fees and the like, presumably for the sale of water and hydro by municipal utilities, etc. It takes those revenues or profits into account. That is good. I think had the task force gone on and felt that these were valid arrangements, the task force members would have said: "Good; we think all revenues should be brought in." I think the new equalization arrangement of bringing in new forms of revenue will improve the quality of equalization.

The minister says he is bringing in $16.5 billion of further provincial revenues to be equalized. He says that and sort of leaves the impression with the House—maybe I am mistaken—that somehow he was adding in more money to recipient provinces. That is not the case. Equalization is really a balancing act.

It is done by taking the income that an average province would receive and averaging out how all provinces receive income from a taxation source. We do that now from 32, 33 or 35 taxation sources or whatever it is. We average it out on a per head basis to find out whether a province is above or below average. The result is a balance.

Last year the provinces received $4.285 billion from this form of payment. According to the estimates, the provinces will receive $4.709 billion. The minister tries to give us the impression that this is of great benefit to the provinces, as though he had created a system that would make the provinces vastly more well off. But the minister does not tell us that he now has far greater access to oil and gas revenues than he ever had before. He does not point out that in 1980-1981 the amount of money transferred for equalization was 3.53 billion. Therefore, the increase is not much different than has always existed.

For the past three years equalization payments by the federal government to the provinces have increased by about half a billion per year. The reason for the increase is not the minister's fancy new formula, but because parts of the country do not have the fiscal capacity they should have. Equalization attempts to balance the fiscal capacity on a per capita basis between provinces. It does not take too much from the rich or give too much to the poor; it averages them out. The reason for this increase over the past three years is not the changing formulae; it is because an imbalance has occurred in the community. That imbalance has to be corrected by the federal government in accordance with our new Constitution because we have entrenched equalization in that Constitution. This is not a gift to the provinces; it is not something which the minister has that belongs to the federal government. It is something which the federal government exists to do. It is a question of fiscal balance and the responsibility of the government under the Constitution. It is no more and no less than that.

• (1640)

I wish now, Mr. Speaker, to turn to the question of revenue guarantees. The minister made a great thing about the fact that the revenue guarantee was some sort of protection to the provinces because of an arrangement made after tax reform came in on January 1, 1972. He said that really what we were doing was carrying on that arrangement and, you know, it is now 1982 and that is all past now and we do not need to worry about it. I want to quote what the minister said to the fiscal arrangements task force in his submission on April 23, 1981, in connection with revenue guarantees. On page 83 of his brief he said:

> The latter amount is the cash equivalent of one equalized personal income tax point per capita in 1975-76. This was part of the negotiated settlement. It was intended to provide compensation for termination of the 1972 Revenue Guarantee program and was given to the provinces on the condition that they agreed to integrate the hospital insurance program into the EPF arrangements on April 1, 1977. (The provinces had the option of continuing to receive shared cost entitlements for hospital insurance until July 15, 1980, when the hospital insurance agreements were due to expire.)

That revenue guarantee, Sir, was part of a deal in 1977. It was one equalized tax point in cash which was added to the deal to get the provinces to sign. It was not a revenue guarantee, it was added to a block transfer. How the provinces used that block transfer was nobody's business but theirs. They could use it any way they wanted to. There is nothing in the agreement which demanded the provinces use one iota of it for medicare or post-secondary education. They had a block transfer and they had the responsibility.

Let us now talk about what Donald Macdonald, the then minister of finance, said on third reading of the bill. Reading from page 4264 of *Hansard* for March 23, 1977, he said:

> We started off with the position from the revenue guarantee, which terminated as of the end of 1976, that there was no further obligation to pay. We met the provinces half way on that, split the difference, and settled the compromise. Even

that was finally agreed to by the provinces. Sure they would have liked more. Sure, from the standpoint of our having to go to the federal taxpayer we would have liked to pay less. I think it was Premier Davis who said at the end of the meeting that it was as the result of a compromise between parties. The allegation was made that the final authority rested with the federal government and therefore they had to accept the fact. In a certain sense that is true, but it is also false.

For example, the arrangement with respect to the hospital program could not have been carried out by the federal government without the agreement of the provinces. This was their blocking point with respect to the established programs financing. As I said, they agreed with the principles and they are prepared to come up in this regard.

Sir, clearly there was no arrangement that revenue guarantees were separate, and all we have to do is look at the blue books for 1977, 1978 and 1979. The President of the Treasury Board (Mr. Johnston) is here and he can tell us that nowhere in the blue book last year did it say there was a transfer for revenue guarantees.

What happened was that the block fund determined in the 1976 negotiations was arbitrarily split. Roughly 68 per cent was for health concerns and 32 per cent for post-secondary education. The cash for health concerns was broken down in some fashion and the minister of health wrote a cheque. The cash for post-secondary education was broken down and the minister responsible wrote a cheque. Nowhere did it say "revenue guarantee". Nowhere did it say anything about escalating $20 per year per capita, or whatever, for extended health care. And for the government to come along and say that somehow for all of this period of time the revenue guarantee is something else, is for the Minister of Finance (Mr. MacEachen) to say: "I have been sucking along for five years and now I want to whistle." The trouble, Sir, is that he has too many soda crackers in his mouth to whistle. He will not be believed. Nowhere in the record did he say anything about that.

The whole question of revenue guarantee was thoroughly analysed by the task force, Mr. Speaker. On page 7 of their recommendations they said:

—that the division of the EPF program transfer (that is, the total EPF transfer excluding that portion associated with termination of the revenue guarantee) be allocated to the health and post-secondary components in the proportions established in 1977.

They conclude that:

—by virtue of the internal allocation established by the federal government, fiscal transfers associated with the revenue guarantee must now be considered part of the health care package and/or post-secondary education transfers and should therefore be allocated, in the renewed EPF arrangements, to health and/or post-secondary education, in proportions to be negotiated.

Sir, that should deal with that issue. The minister should forget about that and come clean with us. If he wants to reduce money flowing to the provinces by a billion dollars, then he should come clean with the provinces and say so; but let him not confuse the subject with some spurious statement about revenue guarantees no longer being applicable and with the assertion that that revenue guarantee is in relation to the 1972 change to the Income Tax Act. That is nonsense and the minister knows it. He has admitted it is and he should not come before us now and try to con us more.

• (1650)

I want to deal next with the question of cash and tax transfers and how they work out in relation to post-secondary education and health care. The transfers under the EPF are a mixture of cash and tax points. Up until now each province received 50 per cent of its allocation in cash, and the balance of 50 per cent was made up of tax transfers plus cash. In other words, no matter how well a province did under the tax system—if it did really well, as Alberta has been doing lately—that province got all the money it got out of the tax system and 50 per cent cash. On the other hand, if a province was not doing so well—like Ontario lately—and it was not raising enough revenue through equalized tax points, it got what it raised in taxes plus enough to bring it up to 50 per cent in cash and then another 50 per cent in cash. That is how these transfers were worked out.

Under the bill the minister, as he says, follows the prescription of the task force and says we will treat it all as one; the provinces take the money they get out of the tax points, and whatever money is required to bring them up to the full EPF transfer we make up in cash so that each province is treated equally. Those provinces which have the ability to raise more money on tax points do not receive extra benefits because, after all, as the minister points out, they can afford it. I have some concerns about that in the long run. There is nothing wrong with that in the short run, but I would be concerned if in the long run the amount of federal transfers for these programs diminished to the extent that the amount of cash to some provinces became virtually nil. We might then run into some serious concerns about established programs and federal standards.

The task force spent a great deal of time dealing not with the question of whether there should be revenue guarantees but with the necessity of maintaining transfers for health care and post-secondary education. With respect to health care the task force concluded that the present block-funding arrangements should have stricter conditions and monitoring enforcement mechanisms that would provide effective mechanisms to ensure compliance with national program conditions. They say:

For this purpose, it will be necessary to establish operational program criteria, perhaps monitored by a parliamentary committee or a national health council, with federal payments conditional on compliance with program criteria, but conditional in a flexible manner—

They go on to say:

—that the Minister of National Health and Welfare report to Parliament—

The report concludes that hospital and medical care premiums should perhaps not form part of taxation, and so forth.

There are a number of recommendations in the task force report suggesting that Parliament monitor effects on health care and concerning how money transferred by this Parliament to the provinces is spent. The same generally is the case with respect to post-secondary education. In that regard we recommended that the first ministers' commitment made in 1976 with respect to consultation be honoured. We suggested that there is a federal interest in post-secondary education in terms

of manpower training, that there should be consultation in relation to goals for future higher education and that in particular the council of ministers of education report annually to Parliament about transfers and the appropriateness of federal support programs.

What has happened is that the federal government had some leverage and has now decided that its leverage is not important at all. The federal government has elected to forgo any leverage it had with respect to education and health care. How did that happen? The federal government has taken $1 billion this year from what it would normally have transferred in cash to the provinces. The federal government has decided to cut that back. In so doing it has made it virtually impossible for any of the recommendations of the task force concerning monitoring and splitting block funds into two separate blocks, one for education and one for health care, to be carried out. There can be no monitoring of any federal influence on how educational programs or medical care programs can best be worked out for Canada as a whole. The federal government has abandoned all that completely. When the minister takes this money away, he in effect hangs the Minister of National Health and Welfare (Miss Bégin) out to dry. Perhaps she should be held out to dry.

I want to refer to some questions asked of the Minister of National Health and Welfare by my friend, the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) who is here today. As recorded at page 14610 of *Hansard* for February 3, in answer to the hon. member's question, the minister said:

> Other than that, the member should know, because I think I stated it a few times in answers to him, that we are planning the first of a series of conferences on renewing medicare, at which time I will put to my provincial colleagues the new rules of the game to strengthen medicare. He knows this is not a simple black and white matter where we can suddenly withhold payment and slow down services. I do not see how that would help people who have health problems.
>
> It is true that we are manoeuvring around these various roadblocks—

One of the roadblocks she was talking about is quite clear now. That roadblock happens to be the Minister of Finance. The Minister of National Health and Welfare huffs and puffs, hems and haws and talks about the great things she is going to do in acting on the Hall commission report. She says she is upset about things like balanced billing and extra billing. She says she is all worked up about extra charges in hospitals. She goes about the country talking this way, but she is actually nothing more than a pussycat with no power whatsoever. She has no control or clout. She might as well resign. If the minister thinks she will have any power at all in terms of reviving, improving and changing medicare, she should not worry; if she has been upsetting some members of the medical profession who are opting out, they need not worry because she has no control. She has lost all the control in the cabinet she had; she is down the drain.

According to the same issue of *Hansard* to which I previously referred, the minister went on to say that the cost to her department would be increased in the coming five years by an average of 13.4 per cent. The minister's mathematics are rather strange. This year the amount of money passing from her department to medical care and medical concerns is decreased by 8 per cent. She says there will be a 13.4 per cent increase. The dear minister cannot add or subtract. In view of this bill, I suggest her only recourse is to hand in her resignation. That would be the responsible thing to do. But I am not so sure she will do that. She has already indicated that she does not think that the budget is too good, but she still stays on. Here again she has shown to the House and to the nation her incompetence. She cannot add or subtract, she cannot figure out a percentage. When we see transfers for medical concerns reduced by 8 per cent a year and she says they are going up 13.4 per cent, we know that this minister is finished politically and is without clout.

• (1700)

Mr. Speaker, it is not just that minister that is finished. The former premier of the province of Nova Scotia, that brave province, is now the Secretary of State (Mr. Regan). He claimed, in answer to questions by me, as reported in *Hansard* of February 10, 1982, at page 14855, that there was going to be more funds. He said there was going to be an increase of 12 per cent in each year for the next three years. His parliamentary secretary, speaking in the late show debate, at page 15090 on February 16, 1982, had this to say:

> The Prime Minister (Mr. Trudeau) offered to continue the present EPF program and give it a 12 per cent increase per year until March 1984. The hon. member may want to call an increase of 12 per cent a cut. I cannot rewrite the dictionary.

I do not know what he was talking about. Where is the 12 per cent increase per year, for three years, that the Prime Minister (Mr. Trudeau) was talking about, according to the Secretary of State and the parliamentary secretary? We cannot find that increase. We find a reduction in the cash by 8 per cent this year. We find that the amount goes up by the moving average of the GNE but there is no arrangement in this bill for an extension for post-secondary education, any monitoring of the activities of councils of ministers of education. So we have a Secretary of State who comes to us and he huffs and he puffs and he says that the transfers for education are going to go up by 12 per cent, but they are going down by 8 per cent. He proudly tells a meeting of the Canadian Association of University Teachers that they are going to have no cuts, that they are going to be better off and are going to get more money. He even tells his own university in the city of Halifax that they are going to get more money. He has to look at the blue book where the transfers of post-secondary education are reduced from $1.65 billion last year to $1.5 billion this year. That is his record. On that basis, having made those representations, he has no alternative but to give up his ministry.

Mr. Speaker, the task force committee was made up of four Liberal members, two members from this party, myself and the member from Lethbridge-Foothills (Mr. Thacker), and one from the New Democratic Party, the hon. member from Winnipeg-Birds Hill. The hon. member for Gloucester (Mr. Breau) was chairman. The hon. members from Vaudreuil (Mr. Herbert) and Verchères (Mr. Loiselle), both from the province of Quebec, were there. The hon. member for Scarborough

West (Mr. Weatherhead) was there; he was on the Liberal team.

That team unanimously made a number of recommendations. I wonder how the member for Scarborough West is going to vote on this bill. I remember time after time in the committee meetings across Canada he boasted about the fact that his daughter was at Queen's University. He told students there would be no reduction in post-secondary education transfers. I wonder how that member is going to vote when this issue comes up. I wonder if he is going to vote the same way as he did with respect to the budget, after his comments concerning the budget.

I wonder also how the hon. member for Gloucester will vote. He so proudly talked about his alumni from his alma mater, the University of Moncton. I wonder how he is going to vote when he sees these transfers reduced for post-secondary education.

I really wonder how the hon. members for Vaudreuil and Verchères will vote. They were so proud of the Quebec medicare system. They said that the doctors in Quebec cannot send an extra bill. They said that medicare is free in Quebec and doctors are not entitled to overbill or opt out, and if they do, their patients do not get paid, the additional fees. Oh no, that cannot happen. That is the kind of report that was presented and they stood behind medicare there. They were proud of their system; they were proud of the fact that the province of Quebec, alone among the provinces in Canada, spends more money on post-secondary education, proportionately, than any other province. I am sure they are going to be able to stand up and vote according to their conscience, and according to the way they voted in committee. That is their obligation; their obligation is to point out to the Minister of Finance where he has gone wrong. Somewhere along the line they have an obligation to their colleagues in the committee to stand up for the report of the committee.

We all signed the report, Mr. Speaker. I will quote two paragraphs from that report. In Chapter X, on page 193, we said:

> We hope that the general message of this long and complex report is clear, however. We are agreed that the programs examined in the course of our work are serving vital social needs and merit undiminished support. Over-all funding of these programs should, in our view, be maintained at no less than current levels. In our appraisal of the programs falling within our order of reference, we identified none in which reductions in over-all levels of funding could be undertaken without a serious risk that important program goals and standards would be jeopardized.
>
> We are all agreed, therefore, that federal-provincial negotiations should be directed toward the goal of undiminished funding for both the health and post-secondary sectors supported through EPF and the social security programs financed in part through CAP.

Down further on that same page we say:

> It is our view that there is now, for the most part, no fat left in the system—no fat in post-secondary education, no fat in the health system, no excess spending in social assistance, little redundancy in social services. We accept the representations of those who argued before the task force that serious cuts in program funding would cut into muscle and sinew, not fat. Unless one could presume that federal reductions in funding would automatically be matched by corresponding increases in provincial expenditures—a presumption that may not be considered altogether plausible—then in order to maintain present standards, programs would have to be privately financed to a greater extent than at present. In health, this would mean greater appeal to user charges and more extra-billing; in education, higher fees. In either case, basic national objectives of equity and equality of access would suffer.

This country is going to see the basic qualities of equity and accessibility suffer. We are going to have higher student fees, we are going to have increased provincial taxes. This business of restraint is a transfer of a federal expense to a provincial expense. It would be different if the federal take of taxes in the country were going down, but it is not, it is going up. It is going up by 13.5 per cent. So we are going to have the provinces forced to add in something. We will wind up with people paying for going to operating rooms or for using emergency centres in hospitals. We will wind up with doctors having extra billing and maybe a two-level medicare system.

There is no rationalization here, Mr. Speaker. It may be that our country is not doing as well as it once did. It may be that we are not as affluent as we once were. It may be that we have to restrain ourselves. It may be that the government must cut back on expenditures. But to the public out there, there is no apparent cutback in expense. Our salaries were not cut back, nor was the cost of running the House of Commons, the foreign aid bill or the salaries of senior civil servants. What was cut back was what the public wanted, what people demanded. I read briefly from the representation made to the task force by the Canadian Medical Association:

● (1710)

> The delivery of health care has become interwoven with the fabric of government and intergovernmental financing arrangements. The people of Canada invariably rate health care insurance—medicare—as the most valuable, most appreciated service provided by government. We believe that the public ascribe that connotation to government in the generic sense of the word, not specifically related to either the federal or provincial government.

What we have, then, is a cutting back of that which the federal government somehow does not control, and spending, spending, spending on that which the federal government does control. The time has come when this budget, with these arrangements made in the budget and since negotiated in this bill, should be set aside for perhaps a year or two so that we can reorient our priorities.

I am not saying that we do not need to cut back. As a country we cannot go on spending as though we were earning. We could be earning if we were properly directed, represented and organized financially, but we cannot go on in a willy-nilly fashion. We must set aside this cutback on post-secondary education and health care transfers and analyse where these cutbacks fit in with other things that should be cut back.

Ask somebody whether he would like an increase in the CBC budget and a decrease in the medicare budget. Ask somebody if he would like to see $141 million more go to a CIDA project for foreign aid while at the same time having his kids pay a great deal more for university tuition or not ensuring that the books are in the library and that the university is able to work well. Ask Canadians what their priorities are.

Let us remove those provisions from the bill and go ahead with the equalization arrangements. Let us go ahead with the

other projects, but with respect to established programs financing, EPF, let us get some reason.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Laval (Mr. Roy)—The Economy—Inquiry whether minister will meet provincial ministers to establish program to stimulate economic recovery; the hon. member for Central Nova (Mr. MacKay)—Regional Economic Expansion—Request for measures to assist industries in Nova Scotia; the hon. member for New Westminster-Coquitlam (Miss Jewett)—External Affairs—(a)Canada-United States agreement on testing of Cruise missiles. (b) Request that agreement be tabled.

GOVERNMENT ORDERS

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. MacEachen that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I would like to begin this debate on equalization and established programs financing, or as they are also known, federal-provincial fiscal arrangements, by pointing out that the situation in which Parliament and particularly members of the opposition find themselves in is similar to the situation which led to the event known as "The Bells" over the past few weeks. By this I mean that we have before us a false dilemma.

The finance minister claims that this legislation has to go through by the end of the month. Of course, it creates a lot of pressure when a bill is brought in ten or 12 days before the end of the month when the legislation has to be passed. It is only the equalization aspects of the financial arrangements which expire at the end of March. The established programs financing aspect of the legislation could well continue past March 31, 1982, and be presumably debated for a much lengthier period of time, and it deserves to be debated for a much longer period of time.

It is in the proposals of the government with regard to established programs financing for health care and post-secondary education that I find the most offence. Yet, we are in the situation of being presented with a package and not having the ability or the opportunity to debate it as long as it deserves.

It is appropriate to reflect for a minute on the debate that occurred the last time the established programs financing arrangements were set out by this Parliament in 1977. I have had the opportunity to look through some of the debates at that time. Our party was concerned about the fiscal arrangements coming into place at that time. Tommy Douglas, our spokesman and former leader of the party, expressed the concern of the NDP that the block-funding arrangements would lead to an erosion of health care standards in the country. He said it would lead to the situation spoken about earlier where the federal government would not have leverage over the provinces. The provinces would be given too free a hand as far as standards were concerned.

I hate to be an "I-told-you-so", but the fact is that many of the concerns expressed at that time by Mr. Douglas have turned out to be quite legitimate. I hope the government might learn from history and listen to members of the opposition, particularly the NDP, on this issue because we have a concern about medicare. We have made predictions about Liberal actions in this area in the past and on the whole they have turned out to be remarkably accurate. I ask the Minister of Finance (Mr. MacEachen), his parliamentary secretary and others who will participate in the debate this afternoon to consider that they might be wrong and to consider the predictions I am about to make as to what the present proposals will do to medicare. Consider that they might be as accurate and as legitimate as the concerns expressed by my party five years ago when the government was setting out its proposals for fiscal arrangements.

Our concern about the established programs financing is that there is going to be a cutback in the support for health care and post-secondary education. I would like Liberal backbenchers to listen to me. If they accept the rhetoric of their party and the finance minister on this, they are being deceived.

As the hon. member for Mississauga South (Mr. Blenkarn) pointed out, the revenue guarantee is a fiction. It has had no status since 1977. It is simply a term for an agreement between the federal government and the provinces which expired in 1977. While they were renegotiating the established program financing, the provinces were grumbling that this revenue guarantee agreement had expired and that the federal government was attempting to negotiate an agreement in a completely different area. The federal government told the provinces that it realized they were unhappy about the expiry of the revenue guarantee and would therefore throw in so much more money to sweeten the EPF pot and enhance the

bargain. It asked the provinces if it would go for this proposal and they said they would.

• (1720)

There was an extra amount of money contributed to the established programs financing. It did not have the name "revenue guarantee". It went into a program called established programs financing. Unless I have a complete misunderstanding of linguistics, it seems to me that when you contribute money to a program called established programs financing, it is money for programs.

The fact of the matter is that the Liberal government itself saw the revenue guarantee this way. It went across Canada, particularly at the beginning of 1979, self-righteously quoting the percentage of federal spending on health care and post-secondary education which included the revenue guarantee. They were quoting these figures to the provinces and would indicate to a province that the federal percentage of spending had risen to 56 per cent in "x" province, for example, while the province's expenditure had gone down to 44 per cent and wasn't that terrible. They were pounding the hustings with these figures which they then completely disowned in their budget and now in this particular proposal. For five years those funds attributable to the revenue guarantee, which were thrown in to sweeten the bargain in 1977 were said by the Liberal government to be used for health care and post-secondary education, and they chastised the provinces for not spending that money for that purpose, from one end of the country to the other.

I admit that those provinces which adopted those arguments talked themselves into a corner. The provinces have said the contrary, that the money attributable to the revenue guarantee was not earmarked. They said they did not have to spend it on health care and post-secondary education. In fact, some provinces said that the money which they received through the tax point transfers was not earmarked and they were not accountable for that money. The fact is that the Liberal government said that those funds were to be used for health care and post-secondary education. We supported their position. It was our belief that the money was earmarked for those two particular programs.

The irony of this situation, which I have been trying to articulate since the budget, is that the Minister of Finance is now beginning to sound like the provinces when he says that the money is not for health care and post-secondary education. We refer to this situation as the irony in the task force report on fiscal arrangements. The federal government now appears to have adopted the views of the provinces and the provinces seem to have adopted the views of the federal government.

After seeing this irony and considering the various alternatives of how this money which is attributable to the compensation for the termination of the revenue guarantee can be used, what were the recommendations of the task force? The task force said that by virtue of the federal government's own internal allocation over the years the revenue guarantee should be regarded as money for health care and post-secondary education. The reason for this view was that we did not want to see any reduction in the over-all funding for those programs. In addition, there is the question of consistency and, I submit, of honesty. If the federal government has taken the position for the last five years that the money was provided for health care and post-secondary education, it cannot withdraw that perception whenever it feels it is convenient to do so. We will not let the Minister of Finance get away with that kind of sophistry.

No matter how many times the Minister of National Health and Welfare (Miss Bégin) rises to say that she has obtained a 12 per cent or 13 per cent increase in funding, it is clear that the percentage she is talking about is a percentage of the base without the revenue guarantee. When you take into account that revenue guarantee, the result is approximately a 4.6 per cent increase and really an 8 per cent reduction. Those are the facts.

What will be the consequences of this? Not only will there be less money for these programs, which is a serious consequence in itself, but the political consequences, as I see it, will be even greater. The Minister of Finance is creating a political context, indeed, the political pretext for the provincial governments—at least some of them—to blame the federal government for the erosion of medicare. There are those provinces which are not philosophically wild about medicare. The province of Ontario is one example. The difficult economic times we are experiencing would have been reason enough for some provinces to say they have to find more ways of obtaining private funding for their publically funded health care programs. They are beginning to do so already, but now the federal government has aided and abetted those forces which would like to dismantle the extent to which the medicare system is publically funded.

Once again, this is an irony. The Minister of Finance introduced medicare in the House when he was the Minister of National Health and Welfare. I suggest that he is now creating a political scenario which will eventually lead to the erosion of medicare as a national health care system. There will be those provinces which will, for various reasons, not see their health care standards eroded; but mark my words: the Minister of Finance has created the political pretext for governments such as the Ontario government—which does not want medicare in any event—to introduce more private funding mechanisms while using the federal government as an excuse for doing it.

I wish to make it clear that I do not feel that the provinces were without guilt in the past or will be in the future, but as a member of the House of Commons of Canada, it is my responsibility to point out to the government what it is doing wrong. It is not sufficient for members opposite to blame the provinces, two wrongs do not make a right. As a result of the Liberal government adding to the restraint which has been practised by so many provinces, particularly in health care, since the 1977 agreement, the problems which face medicare have become compounded rather than improved.

In that respect, the confidence with which the Minister of Finance claims that the government's proposals are in tune

with those of the parliamentary task force on federal-provincial arrangements is completely false. The federal government has followed through with some recommendations of the task force, but they are not central to the over-all political and social impact of this particular proposal. For example, the task force recommended that municipal property taxes be included in the equalization scheme. That has been done. The task force recommended that there be an equal per capita entitlement in EPF. That has been done. These are some of the recommendations of the task force which have been adopted, but recommendations such as the one with regard to the revenue guarantee being money used for anything other than health care and post-secondary education have been ignored by the government and there is absolutely no way to read the report otherwise.

With respect to equalization itself, the proposal of the government for the five-province standard has only been in existence for about a month. I believe it was first proposed to the provinces at the first ministers' conference in February. We are expected to pass this particular proposal by the end of the month, however. The provinces have not had a decent chance to look at it nor have we in this House had a decent chance to look at it. The number crunching will go on for weeks in an attempt to figure out who is losing and who is gaining from this new equalization scheme proposed in the bill. It is very complicated, Mr. Speaker. The complication of the census figures, the relationship between the EPF equalized tax points, the budget tax changes, what the provinces will collect as a result of those changes and what they will receive in cash, is difficult to understand. I do not believe that the government has provided enough time for Members of Parliament, let alone the public, to understand what is going on. That is why I deeply regret that the government decided to bring these measures forward in a package.

• (1730)

The hon. member for Mississauga South referred to a question that I put to the Minister of National Health and Welfare last month. I asked whether she would consider graduating the withholding of funds when provinces do not meet certain national standards. Of course, the question presupposes that the minister would get around to defining what she or the government means by national standards. The medicare crisis has been with us since 1979—some people say since the fall of 1978; actually it has been with us since the last fiscal arrangements were negotiated. Since then we have had the Hall report and the report of the task force, but there has been no action on national standards. There have only been vague promises of meetings with health ministers in the future.

This proposal makes it less likely that when the Minister of National Health and Welfare meets with her counterparts to negotiate national health care standards, she will be able to obtain a ban on extra billing or whatever she has in mind. We are never quite sure what that is. The government cannot, on the other hand, ask the provinces to accept tougher and therefore more expensive health care standards while, on the other hand, taking money from them or while acting unilaterally on equalization at the same time that the Prime Minister (Mr. Trudeau) is saying that co-operative federalism is dead. The minister cannot expect to act in a complete political vacuum. What she wants to accomplish can only be done with the co-operation of the provinces. The actions of her colleagues make it impossible for her to meet her goals. That is the terrible irony of the situation, Mr. Speaker. If she is as serious about health care in this country as she sounds, then it is about time she began to stand up to the Minister of Finance about the cutbacks in health care and post-secondary education and to the Prime Minister who goes around the country bad mouthing co-operative federalism. Until they are put in their place, what she says she has in mind is not likely to come about.

So far, I have tended to concentrate on the medicare question, but I should now like to turn to the question of post-secondary education, Mr. Speaker. Over the course of the last few weeks thousands and thousands of students have tried to bring their concerns to the attention of politicians. They are rightly concerned that the cutbacks that begin at this level will filter down and mean higher tuition fees, fewer books in the libraries and a reduced quality of education. There is not just the question of the effect of the cutbacks; there is also the question of motive, which is suspect on two grounds. First, there is the general suspicion that we ought to have of any government which, when it is faced with a deficit, declares that it must go after health care and education to alleviate the situation. I think this is an indication that its priorities are all fouled up. I hope to get back to that matter, Mr. Speaker.

The second suspicion concerns the approach that the federal government seems to be taking to post-secondary education. All the hints and approaches that we see seem to suggest that it wants to turn our universities and community colleges into instruments of the national economy—that it wants to reduce education to an economic instrument. It is angry at the universities because they are not turning out the kind of people it wants. It would like to have greater leverage in the post-secondary education community, and so it proposes to cut back the money for them and use it somewhere else in a more manipulative fashion in order to bring the university community into line. This is a serious situation, Mr. Speaker. We find ourselves with a government that wants to redefine post-secondary education and make it instrumental to its own larger economic goals.

I am not saying that people should not have good advice and be trained for the jobs that actually exist. On this side we are very well aware of the difficulties of planning for training to meet the economic needs of the future. We would like to see some work done on that question. I am worried about some of the rhetoric that I hear from cabinet ministers, however, and the rhetoric that I see in the various documents issued by the government which seem to indicate that it wants the post-secondary education system to wither or become something that is only instrumental to what the government perceives as the needs of the economy.

I said that the government's motives in regard to post-secondary education were suspect for two reasons. The first is that we must be suspicious of any government which, when there is a deficit, looks to health care and post-secondary education as a way of meeting it.

One of the findings of the task force did not receive too much attention, Mr. Speaker. It was to the effect that the fiscal imbalance, which the government has been talking about for a number of years, is a fiction—that there is no structural imbalance between the fiscal capacity of the federal government and the fiscal capacity of the provinces. There is no reason for the federal government to feel sorry for itself and cut back on transfers to the provinces because it thinks the provinces are spending more money than it is. It never mentions that one reason for this is the decisions taken by the Liberal government. Mr. Speaker, the Liberals always act as if they had just arrived here when actually, of course, they have presided over many of the decisions that led to the situations they now lament. The task force concluded that there was no fiscal imbalance; that is, that the deficit that the Minister of Finance wants to correct is a discretionary deficit. It is an accumulation of political choices made by the Liberal Party and by the Liberal government over the years. The deficit has grown, for reasons other than the established programs financing, and faster than the rate at which the money spent on established programs financing has grown. To turn around and do anything to suggest that these are the kinds of programs which are at the root of or the cause of the deficit is, in my view, totally repugnant. By taking this avenue out of the deficit, rather than having the political guts to raise the money which is out there by closing tax loopholes which should have been closed in the last budget, instead of the ones that were closed, the Liberal government is attacking medicare and post-secondary education.

• (1740)

In principle we are against that strategy; we are against it symbolically and practically. We were against it when it was followed by Progressive Conservative provincial governments across the country which really never gave block funding a chance. We were against block funding, but speaking in sympathy with it for a moment, one of the reasons block funding never got a good opportunity was that it was coincident with the existence of seven or eight Progressive Conservative governments across the country which used the freedom under the new system to save money, not to innovate, to spend on new programs or to do the very best possible within the system. It was as simple as that.

In this case we have the Liberals aping the provincial Conservatives. During the course of the debate we hope that they will be persuaded—but we do not really believe that they will be persuaded; we do not expect that any more, do we—to see the folly of their ways with regard to cutbacks in established programs financing and not follow down the road of their Conservative colleagues who would sacrifice these programs to attacks on their respective deficits.

That is about all I have to say at this point. I suspect my time is running out in any event. The point has been made that what the Minister of Finance and the Minister of National Health and Welfare are telling the nation, quite simply, is just not true. They are taking a great risk with the medicare program and with post-secondary education. They are contributing to a political scenario which I believe will be very damaging to medicare over the short and the long run. They are acting with regard to federalism in a way which will further contribute to the lack of co-operation we have witnessed over the last while. I think it is a tragedy, and I hope they will see fit to change their minds, even at this eleventh hour.

Mr. John Bosley (Don Valley West): Mr. Speaker, perhaps one of the strengths of our arguments, which should be mentioned early in the debate, is that I do not know of very many times when the hon. member for Mississauga South (Mr. Blenkarn) and the hon. member for Winnipeg-Birds Hill (Mr. Blaikie), coming as they do from quite different parts of the political spectrum, would find complete agreement on the facts, as they have shown by their comments thus far in the debate. Perhaps this might add to the hon. members' suggestions that backbenchers opposite should take seriously the claims being made about the facts represented in the bill.

I must say that I was somewhat worried when I heard the hon. member for Winnipeg-Birds Hill commence his speech today by linking the suggestion that the bill should be split to a mention of the bells. For a moment I expected the infamous motion. Of course he is correct that the package makes it very difficult to consider the bill. We had hoped, perhaps as a result of the experience of the last while, that we would no longer see packages that tie the House to a timetable on one necessary part of the bill and at the same time restrain adequate debate on another part of the bill to which the mandatory timetable does not apply. Therefore, one wonders why the bill was introduced in this way.

I listened with great interest to what the Minister of Finance (Mr. MacEachen) had to say today. I had hoped he would tell us why it was necessary to tie the two parts together under that timetable. Among other things, he did not tell us that. Also it became clear today that, unlike the budget, the Minister of Finance had at least read this bill before presenting it to the House. This indicates that perhaps he is, more than anyone realizes, no longer willing to negotiate any of the matters in the bill, that it is all a "done" thing.

I noted with great interest his particular comments with regard to the source of these proposals being his deliberate commitment in the budget to these matters. This may in fact suggest that what he has been saying for some months, namely, that other matters in the budget are open for further representation and negotiation by Canadians, is equally untrue. This is extremely worrisome.

I have some substantive comments I want to make, but perhaps I can preface them by saying that when I was a little boy in Toronto—

Some hon. Members: Oh, oh!

Mr. Bosley: The hon. member for York East (Mr. Collenette) will know to what I am referring. When I was a little boy in Toronto, if I was lucky, I was taken to the then art gallery of Toronto, which is now the Art Gallery of Ontario. On Saturday mornings there were sessions for young people, which was one way in which we were encouraged to take an interest in the arts. A morning show was put on for children, the star of which was a gentleman known as Peter the Magician. He also performed at the toy department of Eaton's. As children, most of us thought that we would never see again the likes of Peter the Magician. He had an incredible capacity for sleight of hand. I listened today to the Minister of Finance, and I think Peter the Magician has met his equal. The suggestion that one can take $111 billion over five years, cut it to $105 billion and say, "I have not cut but have increased", is a sleight of hand worthy of Peter the Magician.

Also I was reminded of one of the most famous debates which occurred between the Oxford and the Harvard debating teams. The Harvard team rolled in with reams of facts, impressive lists of facts, and used statistics which boggled the mind and numbers which spewed out of card file systems. In response, the captain of the Oxford debating team simply looked at the captain of the Harvard team and said, "I have listened with great interest to all the items mentioned by the captain of the Harvard debating team. I have to say to him in humility that much of what he said was true and much of what he said was relevant. Unfortunately none of what he said that was true was relevant, and none of what he said that was relevant was true." This is the exact thing I want to pursue with regard to what we heard today. For example, the minister made a great deal of the changes in federal spending power from 1961 to 1981. He indicated that the federal share in advance of transfer payments had dropped from 57 per cent to 49 per cent, and that the total revenue pie, after transfers, had dropped from 50 per cent to 37 per cent. Those are true figures but they are irrelevant to the issue. The issue is a change in procedures agreed to originally by the provinces and the federal government, for the purposes of this debate, in 1971 and modified in 1976 and 1977. If one wants to use relevant figures in order somehow to prove a point, one should at least use figures which relate to the period of time about which we are talking. I understand why the minister did not use those figures. It was because they do not make his case. In fact, they make the opposite case. Not surprisingly, he would not quote them to the House, but I will.

In the period from 1971 to 1981, federal revenues after transfers increased by 286.5 per cent. Federal expenditures after transfers increased by 339.6 per cent. Federal transfers to other levels of government increased by only 225.2 per cent. Those numbers are all large numbers, Mr. Speaker. But between 1971 and 1981 the federal government has increased its share of spending on everything else. It can hardly argue now that it must reduce transfer payment requirements, because it has been giving away all spending power to the provincial governments. The figures are clear. The figures are from the minister's own budget document. The minister ought at least to use the accurate figures relating to the period of time that he is talking about if he ever wants to convince anybody that somehow the federal government has been hard done by during that period of time.

• (1750)

If the minister's figures are irrelevant, we might go to one of the minister's relevant comments. His most relevant comment occurred, I suggest, in the debate today when he pleaded on behalf of restraint. The minister suggested that because the government is so committed to restraint on the 80 per cent—and I will return in a moment to the topic of the government's commitment to restraint—that as it is doubling the advertising budget and buying two new planes for cabinet ministers, the government clearly must be committed to restraint on the 20 per cent that goes to the provinces under these programs. That is certainly a relevant argument, but it is simply not true.

It is not true that the government proposes to restrain its spending on the other 80 per cent. Those figures are equally from the minister's own documents. The hon. member for Mississauga South spoke about this, and I will expand on these figures. They are very revealing. According to figures published in the budget, between the current fiscal year and 1983-1984 the federal government expects to increase its revenues after transfers by 38.1 per cent; to increase its expenditures after transfers—excluding public debt interest, which under this government is likely to become a horrendous figure—by 31.8 per cent, while increasing its transfer payments to other levels of government by only 13.7 per cent. That is considerably less than the expected rate of inflation over that period. Consequently, according to the government's own figure, contrary to the claim of the Minister of Finance, relevant as it was but not true, transfers as a percentage of federal revenues will drop from their projected 1982-1983 level of 21.3 per cent to 18.3 per cent in 1983-1984. But the share of federal expenditures, again including public debt interest, will fall from a projected level of 23.8 per cent in 1981-1982 to 21.2 per cent by 1983-1984. Those figures would compare to levels—and these are most revealing—of 25.1 per cent for revenues and 28.0 per cent for expenditures in 1971. Not only has the government chosen, as is its privilege, to increase its spending rapidly and dramatically on everything else, but it is now choosing to reduce the share of its budget that will go to programs which support the basic services on which Canadians rely across this country, delivered to them by provincial governments, originally at the request of the federal government. This is a point to which I will return later.

To suggest, therefore, that the reason these transfer payments need to be restrained is the restraint program globally, implies that the federal government was actually proposing to restrain the rest of its spending and taxation of Canadians. Perhaps in that context it would be fair to restrain transfer payments.

I think most Canadians are well aware that restraint must now be the order of the day until the economy grows again.

Most Canadians understand that the economy is not going to grow again until governments of the day—notably the government opposite—truly begins to restrain its take of the economic pie; otherwise there will be no economic pie to tax, there will be no money to transfer. In spite of all this, the government proposes to increase its revenues in the first two fiscal years by 52 per cent, according to the minister's last budget. It is proposing to increase both its spending and its taxation at a rate substantially greater than inflation, substantially greater than the transfer payments, which are taking a real dollar cut, and the government is then arguing that the transfer payments for medical care and university support are simply being restrained in line with the government's over-all budget. But the facts do not bear out that claim. I repeat that if they did, there would be some logic to what the minister is saying. I am convinced that he will have a very difficult time explaining this. He has already had a difficult time. But he will have difficulty explaining why the government was justified in taxing people more and more and putting less and less in real dollars into the services on which they rely. For instance, it will be very difficult to explain this to students over the next two or three years who will find themselves faced with tuition increases. What about those who will be faced with increases in OHIP in the province of Ontario? The minister will have a very difficult time explaining those increases.

To understand this government's logic, which says, "We have to restrain transfer payments just like we are restraining everything else," you would have to see a real dollar doubling in transfer payments over the next five years, because that is what the government is doing with everything else. But the government is saying that in real dollars, transfer payments will fall. This is very similar to the way the government has treated those who live on the guaranteed income supplement. The government promised in the election campaign an increase of $35 per person, but when it was elected it granted only $35 a household. But this government has also hit people with nearly $1,400 in new indirect energy taxes per household over the next five years, with no corresponding tax cut for those who are on GIS. In other words, the current strategy of Allan J. MacEachen, The Magician, is to say to Canadians, "First, I will give you $35 more per household, but in return you get taxed $1,400 per household." People are supposed to believe they are better off.

That is the same theory as is explicit in the argument made today by the Minister of Finance in the House when he said "I am not going to cut your funds, I am just going to reduce them a little." That will not wash. It will be perfectly clear to Canadians. Canadians only have to listen to what the minister says about the revenue guarantee. I have several things I would like to say about the revenue guarantee. With your permission, Mr. Speaker, I would like to continue my remarks on that later. Perhaps we could call it six o'clock.

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until 8 p.m.

At 5.59 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Bosley: Mr. Speaker, before we adjourned at six o'clock I was attempting to move into the revenue guarantee items of the bill. I should perhaps orient members in the chamber this evening by indicating that the basic argument being made by the Minister of Finance with regard to this proposal is that the government believes that it has two needs for the changes it proposes to equalization and for the established program financing proposals, first, that there is somehow a fiscal imbalance in the relationship between federal and provincial financing today, and second, that it fits in line with the government's restraint program.

Prior to six o'clock, Mr. Speaker, I said that the second argument is utter nonsense given the fact the government proposes to increase its revenue and spending on everything else in the budget by two or three times the amount of its transfer payments. In addition, Mr. Speaker, I read some figures into the record with regard to what has in fact happened between the levels of government between 1971 and 1981, and I should like to continue that because they are the figures which most accurately describe the current fiscal relationship as regards government revenues and spending in Canada.

The federal government maintains that its position vis-à-vis the provincial governments has worsened. In fact, Mr. Speaker, it is worth remembering, as I indicated earlier, that the federal figures alone indicated that while federal revenues after transfers have gone up 286.5 per cent, federal expenditures after transfers have gone up 339.6 per cent, and federal transfers have gone up only 225.2 per cent between 1971 and 1981. The comparable figures at the provincial level are revealing, Mr. Speaker. As I indicated, the federal government argues that its position has worsened vis-à-vis the provincial governments. Since 1971, federal revenues after transfers have gone up by 286.5 per cent. The comparable figure for provincial and local government revenues, after transfer payments, is 285.9 per cent. In other words, using the government's own figures, even after transfer payments, the amount of money collected by the federal government has been just slightly higher, over that period of time, than provincial revenues, including transfer payments. Perhaps we can therefore dispose of the arguments made by the Minister of Finance and his colleagues to suggest tht somehow the federal government is worse off now vis-à-vis the provinces compared with 1971. Clearly that is not the case.

There must be, therefore, other reasons for the urgent need for this bill as claimed by the minister. One has to go inside the bill to find its effect on our provinces and our people, Mr. Speaker. Certainly those from Ontario have never really understood equalization because it has not been a matter which, until now, has affected us greatly. Only recently has Ontario qualified for equalization, and perhaps members will forgive me if I do not spend a lot of time on that except to say that equalization has been the backbone of other provinces and

should continue to be that, if only for that reason. I think that was indicated quite clearly in the constitutional discussions.

However, I should point out the irony of the original idea of changing equalization to base the formula on Ontario alone, which was an earlier proposal of this government. Most of us from Ontario took that as a way of making sure that Ontario would never qualify for equalization because it would be the mid-ground. There are some of us from Ontario who think there is something to be said for that idea, because I am not sure that Ontarians are ready for the idea that Ontario may be a have-not province. Nevertheless, the new formula would appear to be the best of both worlds in that it creates a more honest balance and still leaves Ontario the opportunity to benefit should things get terribly worse in Ontario, which they may do under the policies of this government.

However, Mr. Speaker, the other part of this bill which changes the established programs financing provisions is of direct and vital importance to Ontario. I am going to take a couple of minutes to explain to those outside the House who are not familiar with what is involved. The established programs for most Canadians, are known most simply as medical support programs and the university financing provisions that the federal government enters into. Two elements of EPF in general are being changed, Mr. Speaker. The revenue guarantee component of the EPF entitlement is being eliminated; that was the provision introduced by the then minister of finance, Mr. Macdonald, in 1977, in order to get provincial approval for changes. The formula for calculating the cash proportion of the EPF entitlement is being changed. The EPF is transferred both as tax points under which the provinces get more money, and as cash payments directly from the federal government. The elimination of the revenue guarantee component of EPF reduces the level of provincial entitlements by 6 per cent to 7 per cent from what they would have been had the existing formula been continued. Moreover, until now the cash portion of EPF has consisted of three elements: basic cash, which was equal to half the entitlement; equalization payments to those provinces where the value of the tax transfer was less per capita than the national average; and a transitional payment in cash to those provinces where the value of the tax transfer plus equalization did not equal the value of the basic cash. Provinces where the combined value of the tax transfer and basic cash exceeded the entitlement level were allowed to keep the surplus.

• (2010)

Under this bill the federal government pays in cash from now on only the difference between the value of the entitlement and the value of the tax transfer. This ensures equal treatment for all provinces under EPF and does correct an inequity by which the richer the yield from a province's personal and corporate income taxes the more EPF was worth, which was, under the old provision, a kind of reverse equalization.

Together, these two changes will reduce the level of federal cash payments by about $915 million from what it would have been in 1982-83. So much for the minister's argument that this change in EPF, and particularly the revenue guarantee, will not cost anybody anything. In fact, actual cash payments will be almost $400 million less than in 1981-82. That is less by that amount in real dollars. The revenue guarantee termination accounts for well over 90 per cent of this decline. Moreover, by permanently lowering the base on which EPF entitlements are escalated they will save the federal government a total of $5.7 billion over the five-year term of the fiscal arrangements. For Ontario that is extremely important because Ontario alone will experience a cut from what it would otherwise have received of nearly $1.9 billion. So this particular change in the bill is much more important today and in the next five years to Ontario than equalization ever was.

When he was explaining this provision the minister said that in effect it was not a cut in funds for service—this is what he said earlier today—that removing the revenue guarantees simply moderated the rate of increase in 1982-83, that it was in fact offset by increases in provincial taxes as a result of the budget, that all it had the effect of doing, he said, was to mitigate the effect of eliminating the revenue guarantee, and that that is what his tax proposals would do. He cannot have it both ways. The minister attempts to say it will not cost Ontarians, for example, $1.9 billion in lost services. The minister knows full well that $1.9 billion will not flow, as it would have, from this capital to that capital. Someone has to pick up that bill. The minister cannot argue in good conscience that by taking the money away from the provinces there is not in fact the likelihood of a cut in services. That is what every responsible expert who has looked at these proposals, including the parliamentary task force, has determined. The all-party task force, one Liberal member of which is next to speak in the debate—and we will be waiting to see whether he supports in the House the provisions he supported as a member of the task force—in effect said it was vital not to do this.

The minister argues that the problem is solved because the tax changes in the budget which give the federal government more money will produce more money for the provinces. How can the minister try to have it both ways all the time? According to the minister, the federal government needs to make these cuts because of its general program of restraint. To the average Canadian, restraint means the government will spend less and tax less in real dollars. How can the minister therefore argue that it is not a cut, and use as his defence the fact that he is going to increase taxes and thereby increase provincial taxes?

Let us just look at the numbers and even accept the current estimate of revenues likely to accrue to the provinces in total of something over $3.1 billion under the new budget arrangements and new taxes, which, I might point out, are down from the $3.7 billion which was originally claimed by the minister—until the accountants got at it and said, "Well, just a minute; it is not quite that much"—and nobody is yet clear what the

amount will actually be. Certainly with an economic slowdown we have no way today of predicting what tax revenues the federal and provincial governments will actually have accruing to them. However, if we are going to argue that the provinces will inevitably receive more money because of the federal increase in taxation, we ought at least to admit that we are therefore not restraining the size of government budgets, and therefore the earlier argument which was used to defend the restraint in the transfer program is defeated by the minister's own comments about the value of the provincial taxes which will be increased by the budget which the minister uses to defend eliminating the revenue guarantee.

Whichever way we play the minister's own argument we wind up with the fact that the federal government will have substantially more money than it had under last year's budget. Those estimates have ranged in the minister's own budget estimates, but minimum assumptions are $54 billion from the energy deals, if the energy program comes on stream as it should. The minister's own budget expectations say the government will increase its spending by 52 per cent to 53 per cent in the next year or two. That is not restraint, and it is only because that is not restraint that the provinces will get more money as they are tied into the tax arrangements. I repeat that we cannot therefore argue—because this is the guts of the argument as to whether in fact a cut is occurring—and we cannot in good conscience turn to Canadians, after we tax them more at this level by 50 per cent or 60 per cent, and say, "Look what we are doing for you by restraining the transfers to the provinces," because the net effect is that the federal government inevitably is saying it will simply spend even more than that on the rest of its programs. Otherwise we cannot square the circle.

For example, the government has argued under one set of figuers that its over-all spending next year will be up only 16 per cent or 17 per cent net of these transfer payments. If the transfer payments drop to 12 per cent or 13 per cent increases, clearly everything else will be up. That is self-evident. That is the first lesson in basic mathematics when we go to school. If that is true, there is not restraint elsewhere, and it becomes clear when we get into this bill and look at the evidence used by the minister to defend it that the arguments being advanced to defend this bill are the single best proof that the government is not restraining its over-all expenditures in other areas. Otherwise it could not come up with the figures it uses as net figures.

Second, it will be very difficult to explain to my people—and I frankly think it will be impossible—how it makes sense to impose more taxes here and give less of that to the provinces, so that they will have to tax our people in Ontario again to pay for the same service they now have. But that is what is being proposed. Let us be very clear that the argument is being advanced that in order somehow to save us money, it makes sense to increase taxes here, to reduce transfers to the provinces, and to have them increase taxes to pay for those services. What happens in the end is that we will have the same level of services. We will have paid the federal government roughly 50 per cent more taxes over the next couple of years, directly and indirectly—that is 50 per cent in two years net—and meanwhile the provinces will have had to put up their taxes in order to pay for services Canadians already use, trust and rely upon. Those are such services as university education, hospital services, homes for the aged and all those gut level basic social services which are fundamental to the welfare of Canadians, either for training our next generation or looking after those many in our senior generation who cannot now care for themselves adequately. The argument is that simple.

In its case the parliamentary task force put it as clearly as it could be put. It would be wise to read it into the record one last time, and then I will conclude. The task force argued several things. I am sorry I cannot find the actual quote at the moment, but I can paraphrase it. The task force argued persuasively that in no way could it be said with any kind of fairness that existing services at the provincial level on which Canadians depend have any fat left in them. There is no justification at the federal level for moving to make those cuts. It also argued persuasively, Mr. Speaker, if you read the report carefully, that fundamental to the principles of federalism is the way in which you rationalize the programs which both levels of government pay for. It should be remembered, if anyone argues about who actually spends the money in Canada—which is one of the minister's arguments—that these programs are largely programs which the federal government quite properly encouraged the provinces to get into on the basis that they would pay for large chunks of them. Therefore, those provincial payments are in fact on behalf of all of us. It is almost nonsense to argue that somehow, if we take the money from here and have it spent there, and have it spent on jointly agreed programs, we are not in fact all getting the benefit. It becomes nonsense to argue whether it shows up in the spending column of this government or that government, when it is always the same pocket that pays the bill and it is Canadians everywhere, whether they are federal or provincial Canadians, who get the benefit. To argue now to rationalize those services by a unilateral decision of this level of government, flies absolutely in the face of what Canadians have understood for years to be the federal-provincial relationships which makes this country work.

• (2020)

It may not be surprising to see that today, after what happened with VIA Rail, after what happened on the Constitution, after what happened in the recent conversations about the energy omnibus bill, where the members opposite waited 15 days to make the deal which they knew they could make in the beginning and which they ultimately brought in today.

Mr. Evans: It was the members opposite!

Mr. Bosley: They would not even discuss it until this weekend. Let me say this, Mr. Speaker to the hon. member for Ottawa Centre (Mr. Evans), who is no longer a parliamentary secretary, who may now finally be able to tell the truth about

the budget he so loudly supported around this country, knowing he was saying to other people around this town that maybe he was not quite so sure. Perhaps we will see what he does now that he is not a parliamentary secretary.

Mr. Speaker, I want to conclude with this. This country will not work if provisions like this change, which radically affects 20 per cent of federal spending and the basic services to Canadians. The country cannot stand another attack by this level of government on those programs unilaterally. We are in a state of difficulty in Canada, and those who do not understand that yet have only to go west and look at some of the feelings about central Canada and about Canada in the west. We do not need another attack on co-operative federalism from the other side. In my view, Mr. Speaker, this proposal, imposing as it does unilateral cuts on the provinces without their support and agreement, is a method that is opposed to the royal commission that was recommended by my leader, wherin we had it as a policy to review federal-provincial payments and transfers in order to get the co-operation of the provinces, to recognize the realities that are coming to Canada.

If you choose not to do it that way—as this government proposes to do—if you choose to move again against the provinces and against those services that the people care about, then you can expect that you will get—and you are getting it—an ever greater concern, ever greater belief that Ottawa does not listen, that Ottawa does not care, and that Ottawa is interested only in pretending to be interested in restraint, while it cuts off those services that the people care about.

Mr. Speaker, surely we should know by now that that attitude will not work and that we risk something very dangerous when we continue with an attitude that flies directly in the face of those Canadians who care deeply about true federalism and co-operative federalism.

I hope, Mr. Speaker, that we will see throughout this debate the beginnings of the change which is necessary on the other side on this, as we had to wait to see it on the energy bill, as we had to wait to see it on the constitutional proposals. I hope, at least now that it is here, that we will see a recognition finally, that you cannot cut off transfer payments to other levels of government unilaterally and cut services that people like and are used to and need, without expecting a terrible backlash against the level of government that proposes to do that; and we need and can stand no more of that.

Some hon. Members: Hear, hear!

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, I am not in the habit of responding to remarks of previous speakers, but the hon. member who has just taken his seat did make a direct reference to me, and in the course of my remarks I shall be replying specifically to the point he raised concerning the recommendations of the special parliamentary task force and the position which I played on that committee.

The provisions of Bill C-97, which amends the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, follow many of the recommendations of the all-party parliamentary task force which reported last August. The task force, on which I was privileged to serve, held hearings in every part of the country, and met with representatives of all the provincial governments. These meetings led me to understand better the concerns of the provinces and of the many groups and individuals affected by these arrangements. As a participant in that special task force I paid particular attention to each recommendation and I fully support every one of the unanimous recommendations.

Where a recommendation was not unanimous, and where I wanted to make it clear that I was not in agreement with the recommendation, I did so by recording in writing to the Minister of Finance (Mr. MacEachen), on the day that the report was released, my own comments on the particular recommendations. I made that letter public. I did so not because I had any major disagreement with the report of the task force but because I felt that it was necessary to elaborate on certain points. Since I could not get them into print in the report, I added them at the time that the report was released.

There is one such item which I will mention here, and I will not hide behind either the report or its recommendations. The recommendation to continue the revenue guarantee was not a unanimous recommendation. I was one member of the committee who wanted the revenue guarantee discontinued. I saw no value to the continuing of the revenue guarantee; in my opinion it should have been discontinued in 1977. Nine of our ten provinces can decide on the percentage that they will get from the amount that is levied by the federal government on its tax form. Each year each individual province can change that percentage if it so wishes. The provinces therefore can take upon themselves the raising of the funds which they need for their own provincial purposes. In my own province, the province of Quebec, the province has its own direct provincial personal income tax. Thus, that province also can decide the level to which it wants to tax its citizens. In seven of the ten provinces there is an agreement on corporation taxes. However, three of the provinces levy their own corporation taxes. Once again the provinces themselves can decide to what level they want to tax their citizens.

I fully support the maximum possible funding at the federal level, and I support it for a reason which is not often discussed, and I am not afraid to discuss it. I support it because, in my opinion, the raising of funds at the federal level is in itself a form of equalization. Quite apparently, more money is taken from those who are wealthier, who have larger incomes and therefore pay more taxes. Quite obviously and quite apparently the people in the province of Alberta pay more in taxes than the people in the province of Newfoundland.

• (2030)

Thus I fully support the maximum use of the federal taxation powers as a form of distribution in this country where, in my opinion, there is already too much decentralization. However, as far as the revenue guarantee was concerned, which was introduced in 1972 in order to tide over the provinces while they made their own arrangements for the raising of funds, which, it was alleged in 1972, could have been reduced as a result of a federal budget, they did not take

advantage of the opportunity between 1972 and 1977 and asked for a further extension.

Under the circumstances, I suggest there is absolutely no logic and can be no logic to the continuation of the revenue guarantee. I say publicly and openly that as far as I am concerned, it should be discontinued in its entirety. I am very pleased that the Minister of Finance has seen it that way. I have previously supported him, as I did after the budget speech, in the discontinuance of that particular program.

This bill is going to transfer $105 billion to the provinces in the next five years under the two major programs I will be talking about in more detail in a little while: fiscal equalization and established programs financing. It is a 72 per cent increase over the amount of $61 billion which has been transferred in the past five-year period. These totals do not include many other major fiscal transfer payments from the federal treasury such as, for example, the Canada Assistance Plan.

The bill provides a new equalization formula to help financially disadvantaged provinces such as my province of Quebec. It continues the government's very strong support for health and post-secondary education. I shall be making remarks on both the health program and the post-secondary education program in a few moments.

The critical issue on fiscal arrangements is the re-establishment of the political and financial balance within the federation. This involves the financial balance between the federal government and the provinces and the financial balance among provinces. Since 1975, the federal government has more than quadrupled the amount of tax room made available to provinces in the personal income tax field, particularly by means of tax transfers, enabling the provinces to finance expenditures in the areas of health and education.

The significant development of the past few years has been the decline in the financial position of the federal government. This is indicated among other things by the size of its deficit and has reached the point where its freedom to initiate policies and programs is severely limited, even when the national interest is at stake. At the same time, the over-all deficit of provincial governments has built into a surplus.

The seven provinces without oil and gas revenues continue to have deficits, but these, with the exception of Quebec, have been relatively stable compared with the federal deficit. As far as the interprovincial balance is concerned, the enormous increase in provincial natural resource revenues has so far accrued almost entirely to three provinces. The spread between the fiscal capacity of Alberta and the other provinces is now well in excess of any gap which existed in the past between rich and poor provinces. Alberta's fiscal capacity prior to federal transfers is virtually double that of all other provinces and about four times that of the Atlantic provinces. These disparities between Alberta and other provinces are not significantly taking account of intergovernmental transfers.

While there are numerous considerations which determine the political leverage of any government within a federal system, it is clear that fiscal strength is one of them. To avoid competition between the two orders of government, it is necessary that the balance which exists in the fiscal and political situations of the two orders of government be capable of gradual adaptation to reflect shifts in the other social and economic circumstances. One of the means of ensuring this is periodically to review fiscal arrangements, as we are doing.

Transfers to provinces account for approximately 20 per cent of total federal expenditures. Between 1961 and 1981, the federal share of total government revenues declined while the provincial and municipal share increased. The change in the federal government's position, when intergovernmental transfers are taken into account and federal transfers to provinces are deducted from federal revenues and considered as provincial revenues, is striking.

The federal share of total revenues, which was 50 per cent in 1961, dropped to 38 per cent in 1981. One can see that the provinces now spend the largest share of public moneys raised in Canada. It is abundantly apparent that Canada is one of the most fiscally decentralized countries in the western world.

[*Translation*]

Mr. Speaker, I often get angry when I hear ministers from the government of my province, the province of Quebec, complain about transfer payments made by the federal government to the provinces. Last Friday, in a question to the President of the Treasury Board (Mr. Johnston), I said, and I quote:

—for the equalization program alone during the current fiscal year had increased by some $400 million, from $1.7 billion to $2.1 billion—

I asked the question because when I travelled across this country last spring, the figure given for the equalization program was $3.4 billion for all provinces receiving funds under the program, including $1.7 billion for the province of Quebec. A month ago, I saw the revised figures, and I asked the Minister of Finance whether it was true that the amount had now been raised to a total of $2.1 billion, and I received a letter confirming this. Yes, I did. It means that since last spring, for April, May and June, the amount earmarked for the province of Quebec under the equalization program was increased by a total of $400 million. So I wonder why the province's ministers and premier keep complaining that they are getting less from the federal government.

I also mentioned the fact that in addition, the supplementary estimates of the President of the Treasury Board show $124 million for the Canada Assistance Plan. That means additional expenditures, and I am sure that the province of Quebec will get probably one quarter or one third of that amount.

When I look at these figures, I see that between April 1 of this year and March 31 of next year, Quebec will be getting another $5.5 billion out of the two programs we are discussing this evening, and this funding is to go up to nearly $9 billion by 1986-87, so that again, I fail to understand why there are complaints from the province of Quebec.

• (2040)

[*English*]

The fiscal equalization system makes its possible for all provinces to provide reasonable standards for basic public services to their residents without having to resort to unduly high levels of taxation. With this bill, about $29.3 billion of equalization will be paid to six provinces during the next five years compared with $16.5 billion under the present system over the past five-year period. That is an increase of over 77 per cent.

As I have already mentioned, the province of Quebec will share in this amount, going from $5.5 billion next year to almost $9 billion in 1986-87. In addition, this bill extends, for an indefinite period, the fiscal stabilization program which protects the provinces against a reduction in revenues arising from a sharp downturn in economic activity. Therefore, it facilitates their borrowings. I need not say that the province of Quebec will have difficulty borrowing in the next year or two. I will talk about the economic situation in Quebec in a few minutes.

Furthermore, there is a floor provision whereby no equalization receiving province could have a total entitlement for a fiscal year which would be less than 90 per cent of its total entitlement for the preceeding year. Payments would increase by 13.6 per cent in 1982-83 over 1981-82. The average rate of increase of equalization over the full five year period would be 11.2 per cent.

Preliminary census data recently issued by Statistics Canada indicate that the estimated population of certain provinces is falling significantly. Once again need I say that in my province we see the population decreasing. Once again I ask myself why we hear so much double-talk from the government of Quebec. It has introduced legislation that discourages the entry into the province of those persons who would ordinarily replace those who are moving to other provinces to find jobs or have been transfered by their companies. It is suddenly discovering that its tax base is becoming lower and lower and its capability to tax its citizens is becoming increasingly difficult. Its present level of taxation of the individual in Quebec is so high that anyone who now has the choice chooses to live in another province. Yet the federal program still tries to take care of such a situation and tries to help a province that is doing precious little to help itself.

Population is a key factor in determining the equalization entitlement of a province. Sizeable amounts would normally have to be recovered from provinces whose share of the total population is lower than that used in the present census estimate. Recent calculations indicate that these recoveries could be substantial and could create cash flow problems for affected provinces whose fiscal capacity is below average. The federal government has agreed to make special payments which would fully offset the recovery of these census adjustments from provinces qualifying for equalization in 1982-83. Even when the population falls because of the actions of the provincial government itself, the federal government still tries to help.

The equalization system provided for in the bill would achieve the purpose of equalization by means of the most comprehensive measure of fiscal capacity ever used since the inception of the program 25 years ago.

I would like to address a few remarks on established programs financing. These transfers have funded provincial health care and post secondary education programs. The bill modifies the computation of the EPF cash transfers so that the per capita value of the total federal contribution to all provinces will be equal. This change would rectify one aspect of the EPF that Quebec has criticized in the past. It would also implement a major recommendation of the Parliamentary Task Force on Fiscal Arrangements. Once again Quebec spits in our face then turns around and asks for more.

The fiscal arrangements act authorizes the federal government to make fiscal stabilization payments, and this bill provides for an extension of that authority for an indefinite period. The purpose of these payments is to protect the provinces from sudden year to year losses in revenue as a result of a severe economic downturn in the national economy or their own economies. Once again, the downturn in the Quebec economy is greater than in any of the other provinces except for some of the smaller Maritime provinces. This provision has been of value to provinces when they borrow in foreign capital markets and its value would be enhanced by its indefinite duration.

The major issue with respect to the EPF arrangement is whether the additional flexibility that the provinces now enjoy compared to that under previous cost sharing is compatible with the maintenance of national standards in the health care field. The provinces have always had to comply with certain program conditions in this area, but recent developments have raised an important question, namely, how the federal government can effectively enforce the national health care standards.

I would like to spend a little time on this because it was an issue which was discussed at length by the members of the parliamentary task force. I do not think I would be telling any secrets if I said that the division was very clearly on party lines, certainly in the position of the more right-wing members of the committee, that the provinces should have the freedom to decide, for example, whether they would permit extra billing by doctors, whether they would permit daily charges by the hospitals, and on all kinds of methods by which these provinces with Tory governments would try to raise funds. I do not think I would be telling tales if I indicated that the Liberal members of that committee were strongly opposed to the continuation of these practices. It goes without saying that so was the representative from the New Democratic Party. But we did not get a recommandation into the report that these practices, of which I strongly disapprove, be discontinued. Part of the reason for that was that it was recognized that the responsibility lies with the provinces. Being a provincial responsibility, there was probably no way in which the federal government could enforce any such conditions that would require the

provinces to either discontinue or refuse to allow extra billing by doctors plus charges such as daily charges for hospital care.

• (2050)

Personally, I can only plead that the provinces recognize that it is their responsibility; they also recognize that such charges are made to the sick and that in those circumstances the charges are grossly unfair. I will also point the finger at the federal government, however, and I have done this by letter on many occasions.

The government of the province of Ontario levies a charge under the Ontario Hospital Insurance Plan. Everyone who works is obliged to make a contribution. The contribution is the same for every person, without regard to level of income. Thus, it is obviously much harder for a person with a low income to pay than it is for a person with a high income. In other words, it is a very regressive form of taxation. It is a means of raising money of which I strongly disapprove. As I said previously, however, members of the committee recognized that it was impractical for the federal government to try to impose conditions on a provincial government in connection with such health insurance payments.

Where the federal government can play its part is by discontinuing the contribution it makes for such payments to the employees in the federal public service. When I say discontinue, let me hasten to say that I recognize that payments to anyone are never reduced these days. What I suggest is simply that as the various agreements with the unions terminate, we fold into the salary scales the amount the federal government now contributes for health insurance premiums and that we no longer consider ourselves obliged to participate in this regressive form of taxation. This would be one way the federal government, which has attempted to indicate its feelings for the poorer people in the country, could use its federal powers and could discontinue what I consider to be a very poor practice.

I want to spend a few minutes now on the subject of post-secondary education. As you may be aware, Mr. Speaker, in one province this year—which will terminate on March 31—the amount of federal contributions to post-secondary education exceeds, by a considerable amount, the total that that particular province spent on post-secondary education. In fact, there is even a second province that does not spend all the moneys it receives for post-secondary education. I feel that this is unjust. I tried to get the committee to look at a different method by which it could share the moneys that were available for post-secondary education among the provinces. I reiterate that it would not bother me if the total amount were increased, but nevertheless, I wanted to see a fair distribution.

Since I have been critical of my own province in my previous remarks this evening, I will now say a good word for what Quebec has done in the field of post-secondary education. In the universities in the province of Quebec there are, on a percentage basis, more out-of-province students and more out-of-country students than there are in any other province. In fact, as a percentage of the total funds spent on post-secondary education, on a per capita basis, the Quebec government spends more than any other province. To be fair, I will say that I should like to see the example set by the province of Quebec followed in the other provinces. I say this because I believe that portability, accessibility and the exchange of students from province to province is an excellent thing for the country. I am very pleased that Quebec students can go to St. Francis Xavier university in the maritimes, to Queen's and to Toronto university and others across the country and that students from Ontario can come to the universities in the Province of Quebec.

The daughter of the hostess where I was staying last summer, while on holiday in Victoria, British Columbia, was a student at the University of Quebec where she was majoring in language. I think that is what our country is all about, and I was very proud and I want to say publicly how pleased I was that a girl from Victoria, British Columbia—which is not known for its bilingualism, and I say that not in too critical a sense—was a student in the province of Quebec majoring in the French language. This is an excellent thing for the country.

I was disappointed that the three provinces of Saskatchewan, Alberta and Manitoba, had a rather restrictive policy. In fact, they restricted the out-of-province students to a total of 5 per cent. I recognize that distances in this country are such that it is not likely that that percentage would be substantially increased, but I do not like the fact that it exists. For that reason I suggested to the committee—my suggestion did not carry but I am trying to make a point tonight—that part of the payment for post-secondary education should be based on full-time enrolment. Obviously the point would be that more moneys would go to the provinces that had, on a per capita basis, more students in the universities. I did not win my point and we are continuing with the present arrangements. I am not particularly sad about that, and I make the point tonight only because I want to explain why not every one of the recommendations in the report is unanimous. Mind you, I must add that I was very happy, in a general way, with the report and that the points I have raised tonight are not of great significance.

Despite the difficulty we have had with criticisms of the budget—and I see the Minister of Finance is here tonight and he will remember that the day after the budget I had the opportunity to speak in the House and I fully supported the direction of that budget—I want to reiterate that the general direction taken by the Minister of Finance in his budget was one that I fully supported the day after and fully support today. I received several hundred complaints from my constituents and, with the exception of about 20, every one was based on a false assumption—the number of representations which I received from airline company employees, for example, who were worried about the taxation of their passes. The point is that the Minister of Finance in his budget was taking

care of expenses which must be looked after as a result of Bill C-97, which we are hoping to pass into law before March 31.

• (2100)

I have brought into my remarks tonight my concerns about the fact that the province of Quebec complains on a daily basis about the federal government, despite the fact that it is the major beneficiary of the programs included in the bill. Of course that is no reason for the amounts to be reduced. Nevertheless, I hope, in the course of the debate and the passage of the bill, that members from the province of Quebec will talk about the amount of these transfers, the fact that in fiscal equalization the sum is not fixed and that as a result, within the current fiscal year the province of Quebec will benefit by $400 million more than it could have expected last spring. Also I hope that they will mention such programs as the Canada Assistance Plan which pays, without limit, 50 per cent of the cost of social programs, and that the province of Quebec, once again finding itself in difficulty, is able to turn to the federal government for financial assistance.

I sincerely hope that this bill, which in my opinion is extremely generous and extremely beneficial to the province of Quebec, will be passed with the approval of all hon. members of the House including the opposition. I hope it receives speedy passage.

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, I am happy to participate in the debate on Bill C-97, which has a fairly complex sounding title which reads:

An act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces.

That is the short title of Bill C-97 which is being debated this evening.

I do not imagine there is a bill which could be debated in the House of Commons that would more accurately reflect the reality of Canada than this one which deals with equalization payments to the provinces which have and the provinces which have not. With the complicated formulas in the bill and the many clauses of it, I share the concern of many other hon. members who have spoken today that we are faced with a relatively short period of time in which to analyse fully all its implications. In that context, I compliment the parliamentary task force and several of the members who have spoken. I congratulate my colleague who led off the debate, the hon. member for Mississauga South (Mr. Blenkarn), the hon. member for Winnipeg-Birds Hill (Mr. Blaikie), the hon. member for Vaudreuil (Mr. Herbert), and other members who were on the task force. There were approximately nine members on the task force who contributed much time and effort to this most complex subject. In view of the amount of paper which comes across one's desk, I dare say that all members have not had the opportunity or taken the time to digest the report of the task force which, in short, is called, "Fiscal Federalism in Canada". I think the members who served on that committee deserve credit. It was really the blueprint, the map and certainly the photograph of what happened in terms of rationalizing fiscal arrangements between provinces and the federal government. It tried to balance national objectives and to pay respect to provincial jurisdictions. I think the task force did a very good job.

Something that has not been mentioned much thus far is that as we talk loftily about federal transfers and provincial jurisdictions, we are really just talking about something which has a common denominator, that is, the needs of the people of the country being taken care of out of their pocketbooks. The pocketbook is not federal or provincial. It is the pocketbook of taxpayers which pay for social, health and educational needs.

An hon. Member: It is the same old pocketbook.

Mr. Nowlan: As my friend behind me says, fundamentally it is the same old pocketbook. We are really following the steps of history tonight, as did the task force earlier in the year. We can follow them right back to the Rowell-Sirois commission which in effect conducted the first major review of tax policy and fiscal arrangements between provinces and the federal government ever held in the country. It started to chart what is here today. It certainly reviewed the changes which occurred from confederation to 1940, when I think the commission finally reported. In that context, we are dealing with the fundamentals of providing for the social needs of Canadians from coast to coast. Certainly we in Atlantic Canada are most sensitive when members start talking about equalization payments because, as Alberta was in the Rowell-Sirois days, at the present time we are still a have-not area. Thus, any change in the formula, the base or the percentage which affects the dollars flowing to Atlantic Canada, in particular to the province of Nova Scotia, causes us a great deal of concern.

As I listened to the debate thus far, I thought that perhaps there were two things polluting a rational, objective discussion of the bill. One was very political and concerned the credibility of the Minister of Finance (Mr. MacEachen) from Nova Scotia. If the present Minister of Finance could obtain the crystal ball which Mackenzie King, his erstwhile mentor, followed, if he could look at the path followed by the last Liberal minister of finance from Nova Scotia, the Hon. J. L. Ilsley, the hon. member for Digby-Annapolis-Kings, and if he could have a conversation with that gentleman who was a classical Liberal full of principle—

Mr. MacEachen: Why do you not refer to the hon. member for St. John's West (Mr. Crosbie)?

Mr. Nowlan: I distinctly said the last Liberal minister of finance from Nova Scotia, the Hon. J. L. Ilsley. He was a very fine Canadian and a very fine classical Liberal in the finest sense of the word, before it was polluted and changed from Liberalism to Trudeauism. I will not comment upon that too much because my speech will not be partisan tonight. If the present Minister of Finance could talk to Mr. Ilsley in the hereafter, I am sure Mr. Ilsley would say, "For goodness sake, Allan, you can play with the figures all you want, you can talk about a 1961 base, but watch out". It was not relevant for the minister to talk about the 1961 base and how federal revenues slid down because we are talking about 1971 to 1981 when in

fact the increase in federal revenues and the increase in provincial revenues were approximately the same.

It concerned me when I heard the Minister of Finance this afternoon talk about how the federal government would increase the gross absolute figures of the established programs financing from something like $60 billion to $105 billion five years down the road. Statistically he was correct, but he did not point out—and I do not think he forgot it—that if there was any change in the financing formula under EPF arrangements, instead of $105 billion five years down the road, there would be an extra $5.8 billion in the program to help with the health care needs of all those who receive it and to help with the post-secondary education costs of those who require it. That is one thing the minister has to confront, because it comes back to the old credibility situation which he faces on the basic message of the budget.

• (2110)

I will come back to the shell game, but first I want to mention something the hon. member for Vaudreuil said, which I do not think he intended to say but it might be repeated by other members here in this debate, because, frankly, I think it pollutes discussion on any bill before us. I am a realist in terms of politics, but I wonder, in terms of rational, objective discussion on this equalization bill and anything else, how much we are adversely affected by the present political reality of the country. There seems to be a pecking order whereby the federal government has to make sure it is supreme because there is another government in Quebec that has a certain philosophy—it is certainly not my philosophy for Canada, but the governing party there is a recognized political party. There does seem to be an issue here on the floor of the House about whether what the Ottawa government says will put the Quebec government in its place.

In the 1940s, or whenever the Rowell-Sirois commission was created, there was the interesting irony that Alberta stayed out of the deliberations. I do not think Alberta put in an appearance before the Rowell-Sirois commission, but the government of Quebec did. I do not know all the history of the 1930s and the 1940s when Mr. Aberhart was Premier of Alberta, but if one reads the debates or the press reports of the day, I do not think one would find there was the emotional negativism registered against the have-not province of Alberta that there is today being registered by the federal government against, admittedly, a separatist government in Quebec. In my opinion, this pollutes the atmosphere of any discussion we have in the House of Commons even on something as fundamental as the unity of the country as contained in this bill which is to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act. Those two matters are a sort of shroud of Quebec that hangs over this chamber and at the present time over the future and the credibility of the Minister of Finance. This affects rational, objective discussion of Bill C-97. Those two matters give me a great deal of concern because this bill is really the financial mortar which helps to hold this country together with the financing formula and arrangements it defines and implements for the benefit of most parts of Canada, and certainly the have-not parts of Canada.

I hope that somehow we can discuss those points on their merits. We should not always cast stones at different provinces. We should not try to play a financial shell game right here in this chamber when we deal with figures in a bill. What accentuates this situation is not just the Minister of Finance and the shell game, but the classical statement which I think represents the present philosophy of the Prime Minister (Mr. Trudeau) when he said not too long ago that co-operative federalism is dead; that it is over, that it is through, that he tried and he was rebuffed, he was burned in the kitchen. It is like a little boy in grade seven playing football who said that if we did not play to his rules, he would take the football home so we could not continue to play the game. That type of petulance is fine for a boy in grade seven but it is not very fine for a Prime Minister of this country who has a responsibility and a duty to make federalism work.

In effect, that is the overriding matter which adversely affects rational discussion of Bill C-97. Let us be realistic and human. What premier of a province, not just Quebec's premier, or what provincial treasurer worth his salt, on hearing the epitaph from the Prime Minister that co-operative federalism is dead and from now on the federal government will charge ahead regardless of jurisdiction to do its will, will sit down and rationally be able to negotiate and discuss matters as serious as equalization when a red flag is waved before his eyes? I suggest this country is in serious trouble, Mr. Speaker. Personally, I do not believe that it has ever been in more serious trouble, certainly not in the 16 years I have been in this chamber. Unless the leader of the land, fundamentally the Prime Minister, develops in his psyche some capacity for conciliation and rationalization to challenge that intellect he has, rather than his attitude of confrontation and simplistic epitaphs which insult Canadians, provincial premiers and treasurers, we will not have that type of atmosphere of trust and respect that one has to have in the House of Commons.

We all know that it was missing in the last few days, and the clanging of the bells testified to this. If that is symbolic here in the House—there is not a bell outside of this chamber from coast to coast—what we have is disagreement, discord and distrust. That is one of the reasons the Minister of Finance has a very difficult job despite the budget. Even if his budget of November 12 were not politically flawed, as the Solicitor General (Mr. Kaplan) calls it, his job is difficult. The Solicitor General is now standing firmly behind the Minister of Finance. I am very glad for the Minister of Finance that the Solicitor General did not say on March 11 or whenever the Ides of March are he was standing behind the Minister of Finance. We all know what happened to Caesar and Brutus. I do not know if the Solicitor General really has the strength to lift a knife, but verbally he certainly cut into the back of the Minister of Finance, behind whom he was standing, with his rhetoric and his letter to the Toronto Real Estate Board. Be that as it may, assuming the budget was really well thought out and put together and tried to achieve the objectives which,

as the minister so proudly stated here tonight, he delivered before it was dissected, even if it were a good document, with the atmosphere outside the House among the first ministers of the land—and we can forget about the Canada bill because it is out of the way—the Prime Minister said that co-operative federalism is dead.

Earlier I said half facetiously that the Minister of Finance should talk to the former Liberal minister of finance from Nova Scotia. But I say that a former Liberal prime minister, the person who coined the term "co-operative federalism" is not very happy tonight, wherever he may be, about the present Prime Minister saying that co-operative federalism is dead. If co-operative federalism is dead, how can one expect agreement on federal-provincial fiscal arrangements? At the moment there is no agreement. That is part of the problem.

I spoke earlier today about the credibility of the minister on this matter. It was repeated by the hon. member for Vaudreuil who was trying to justify the argument that in effect the reason federal-provincial transfers were being cut down was the restraint program here in Ottawa. But the figures actually show that, in terms of federal revenue after transfers from 1971 to 1981, the federal revenue grew by 286 per cent, which is about the same rate of growth of provincial revenues after transfers. Yet the interesting contrast is that in the same period federal spending increased 335 per cent, whereas provincial spending increased approximately 250 per cent. A very real difference. Admittedly, between 1961 and 1971 federal revenues showed quite a substantial change, but the point is that this government has been in control basically for all that period of time. The programs they brought in were under their control. How can they now come into the House complaining about changes in 1961 to 1971, when we are talking about 1971 to 1981, when they were fundamentally in control of all programs and tax policies? To suggest now that the provinces, which did exercise restraint, should now have their transfers decreased to help compensate for the excess spending of the federal government is to penalize those provinces and the people in those provinces, which is manifestly unfair.

• (2120)

I come back to the other point about the shell game tag which is going to be applied to the minister continually if he continues to play with figures the way he did today. Statistically speaking, there is no doubt that under the new program there is a spending increase in dollar terms. Of course there is an increase, just as there is an increase in everything else, such as the population and the inflation rate. Every year there is an increase in almost everything. Yet the minister stands here this afternoon and without even a smile suggests that five years down the road we will have spent from $60 billion to $105 billion, but he does not point out that without these changes this amount would have gone up by an extra $5.8 billion to over $110 billion.

I do not know about you, Mr. Speaker, but when I get into billions of dollars it is almost impossible to relate it to people, but let us talk about the differences which will result from C-97 and what the situation would be if there was no change. We are talking about a shortfall of over $5 billion, and someone has to pick up that shortfall. I said earlier that it was the same taxpayer who pays the bill, at whichever level of government, but in this shell game between governments where the federal government is, in effect, going to cut back over $5 billion on programs established by the provinces for health care, hospitalization and post-secondary education, the federal government is going to put real pressure on those provinces to pick up the shortfall. They are going to have to either increase university fees, increase the cost of health care or cut back in service, or a combination of all those things. I suggest, Mr. Speaker, that this, especially for the region I come from, that is Atlantic Canada, places an unfair hardship on the provinces which will have to make up the shortfall of several hundreds of millions of dollars. The minister will have to take the political responsibility for that shortfall, and he will have to explain it to the university students and, certainly, to those in need of hospital and medical care in Atlantic Canada.

That is why, Mr. Speaker, I am so happy to participate in this debate in order to accentuate the fact that over all of this you have the federal provincial equation—Quebec against Ottawa—which adversely affects almost every type of discussion we have in this chamber. Compounding that, we have the credibility problem of the Minister of Finance with regard to his own budget. I just do not see how the minister can justify this, Mr. Speaker. To summarize the conclusions of the "Fiscal Federalism in Canada" report, it says in effect that there is no more fat to be cut from health programs or post-secondary education. It has been cut to the bone now, and if you cut any more, you are going to affect the programs adversely. Those are not my words, Mr. Speaker; that is the conclusion of this all-party task force on page 193 of its report where it says this:

> We hope that the general message of this long and complex report is clear, however.
>
> We are agreed that the programs examined in the course of our work are serving vital social needs and merit undimished support.

I would just point out that the programs they talk about are the programs under EPF: hospital care, medical care and post-secondary education. It goes on to say:

> Over-all funding of these programs should, in our view, be maintained at no less than current levels. In our appraisal of the programs falling within our order of reference, we identified none in which reductions in over-all levels of funding could be undertaken without a serious risk that important program goals and standards would be jeopardized.
>
> We are all agreed, therefore, that federal-provincial negotiations should be directed toward the goal of undiminished funding for both the health and post-secondary sectors supported through EPF and the social security programs financed in part through CAP.
>
> It seems clear to us that levels of federal funding in these programs to date have been adequate to initiate and sustain them through early development phases. But since 1977, within the discretion that was deliberately made part of the arrangement negotiated at that time, most provincial governments have significantly restricted program funding under EPF and under CAP. It is our view that there is now, for the most part, no fat left in the system—no fat in post-secondary education, no fat in the health system, no excess spending in social assistance, little redundancy in social services. We accept the representations of those who argued before the task force that serious cuts in program funding would cut into muscle and sinew, not fat. Unless one could presume that federal reductions in funding would automatically be matched by corresponding

increases in provincial expenditures—a presumption that may not be considered altogether plausible—then in order to maintain present standards, programs would have to be privately financed to a greater extent than at present. In health, this would mean greater appeal to user charges and more extrabilling; in education, higher fees. In either case, basic national objectives of equity and equality of access would suffer.

That is the conclusion of the task force on Bill C-97 as it affects hospital care, medical care, and post-secondary education. These are the very things that members on all sides have asked questions and shown concern about. Increased costs and user fees are going to result if there is no change in C-97 to make sure that five years down the road there is the same funding as exists today.

So, in conclusion, Mr. Speaker, I hope that when this matter is referred to committee changes can be made to protect the have-not provinces which depend on equalization as a fundamental contract of confederation. I cannot think of another mortar which would bind together the bricks which form the foundation of this country more securely than the principle in which all parties believe, namely, equalization, which simply means that those who have share with those who have not. One could almost preach a sermon on this in terms of the Christian ethic. It is fundamental, and we should not start playing around with the formula in such a way as to leave the have-not provinces without the tools to carry on the programs they presently have. National goals are set by the national government. We know we need national goals in our programs, but if we play around with the formula, we will put an unduly heavy burden on the provinces.

• (2130)

This matter should be resolved by negotiation. It cannot be resolved through unilateral challenges, and it cannot be helped by the Prime Minister, who says that the whole essence of this land, co-operative federalism—a phrase coined by former Prime Minister Pearson—is dead. If the Prime Minister honestly believes that, then for the sake of this country he should get out and let someone else who believes in this country and in co-operative federalism carry on. He should let a minister of finance who believes in that philosophy carry on in a constructive way rather than take a negative approach. It was not a negative approach that developed this country in the first place, and a negative approach will not get us out of the difficulties we are in today. It will take a much more objective and constructive attitude to bring the diverse parts of this country together.

It is a tragedy that the Prime Minister knows more about the world than he knows about this country. I wish he had worked in the woods of British Columbia when he was going to school, in the survey camps of the Iron Ore Company up the Moisie River, in the iron ore fields of Labrador, at Schefferville, Algoma or at the Kitimat plant. I wish he had gone across this country when he was young so he could have a feeling about this country as he does a little bit about the world.

It is sad that he says co-operative federalism is dead because there are good Canadians in all political parties from coast to coast who believe in this land. There are students who believe in this land, yet the number one man in the House of Commons, the Prime Minister, says that the concept which is the reason we came together is dead. That does not augur very well for the future.

Hopefully, the Prime Minister will listen to some hon. members on the government side who have an appreciation for this land. It is not too late, but it is a challenge. It is a difficult challenge for the Minister of Finance in the face of the totality of the political circumstances in this land tonight, but part of the challenge will be for the Minister of Finance to come to an agreement with the provinces on fiscal transfers—transfer payments—in a spirit of mutuality. His challenge is to rekindle some of the trust and respect which was there before. If we cannot develop that in this House—and we have shown that it is and has been missing—I am not optimistic about the success of the minister in meeting the challenge confronting him. Perhaps the best thing to do is to debate in the House as objectively as we can. If we did that, we might be able to set a standard for the ministers who are responsible for carrying out the law in their dealings with other governments. We might give them some background and support. But if we cannot support each other in a spirit of mutuality, respect and goodwill, as I said during the reform debate, we can pervert or prostitute any rule of procedure. If that happens to be the law and the lesson of parliamentary rules, I think it is even more the lesson for dealings between the federal government and its provincial counterparts.

Taxpayers are not federal taxpayers. The federal government collects the taxes. We all know what happened after the Rowell-Sirois commission in 1941; the provinces rented out the taxing system to a centralized authority because of the war effort. The centralized authority has kept that authority since, and that is likely a good thing, but it is the Canadian taxpayer who pays the tax, and we must recognize the needs of the taxpayer as we try to share the wealth.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, I rise this evening to speak about Bill C-97 at the second reading stage of debate. This is the stage when we deal with the principles of the bill, and I stand with some sense of sadness because one of the principles lying behind this bill is the principle of unilateral action by an unpopular central government. In its unilateral action this central government would reduce funding to provincial governments for human services in the fields of health and education. This cut in funding brings to mind the fact that the Prime Minister (Mr. Trudeau) announced with great fanfare some 13 years ago the existence of an across Canada medical program by which the health of Canadians would be improved because the federal government, the collector of taxes at the central level, would make a significant contribution to the payment of the bills that would result from the provision of improved health care.

As I examined the accounts of Canada I found that not once in the last eight years, since 1974, has the federal government been able or would have been able to make its payments to provincial governments and to the people of the provinces if it had not borrowed the money. As I look at the public accounts

of Canada, I am forced to the conclusion that over the last eight years we have enjoyed a health care system which is probably the envy of most countries of the world, but it is a system which is deteriorating and no longer improving. We have enjoyed that system at the expense of the taxpayers of tomorrow. We have a government which wants the political credit for contributions to post-secondary education. It clearly wants the credit for contributions to our health care system. However, at the same time it wants to blame the providers of the services, the people of the provinces through their provincial governments, for any inadequacies. The federal government wants to take credit for any successes, but lurking in the background somewhere is the fact that the credit it wants to take is credit it is paying for with borrowed dollars which the taxpayers of tomorrow will have to repay for the sake of those who are enjoying the health care and post-secondary education of today. I have been in this House only two and a half and going on three years. When I was elected, the size of that debt required 18 cents of every tax dollar to pay the interest. As I stand here today, it requires 23 cents of every tax dollar collected. That is five more cents of every dollar for bankers in Sweden, New York and London. Five more cents of every tax dollar is not available for health care or post-secondary education.

Where does the blame lie? Why are we considering a bill today which might cut the guts out of our health care system and our post-secondary education system because we are more interested in paying money to bankers? We have been forced into that, and where does the blame lie? I suggest it lies in part with the New Democratic Pary which, back in 1972-74, bargained with and leapt into bed with the Liberal government to create an explosion of spending, borrowing and long-term commitments without the necessary revenues and without the discipline required to collect the money. Then, in 1979, when we were finally presented with a budget deemed to be the fairest to poor people, a budget which would have brought interest rates down and a budget which would have cut down payments to bankers and made money available for health care and post-secondary education, members of the New Democratic Party stood in the House and threw that budget out. They threw that government out. Therefore, they must accept the responsibility, at least in part, for the tragedy that exists in so much of the legislation which we face in this House.

• (2140)

Mr. Blaikie: You could have been smart enough to get re-elected, but you weren't.

Mr. Hawkes: The hon. member says, you could have been bright enough to get re-elected, but you weren't, that from a member of the New Democratic Party that went to the Canadian people, in bed with the Liberals, and said that an 18-cent tax on a gallon of gasoline was too much; and who refused to join in our bells for freedom in any kind of active sense, when we said 98 cents a gallon, hidden in 15 bills, was quite a bit more than 18 cents and far too much against freedom. The NDP speak out of several sides of their mouth and they should be careful. But they are culpable and they are small.

Mr. Speaker, the tragedy of this chamber is that there are so many silent members on the government side. They will not speak to this bill, they will not speak on a lot of legislation. I suspect they will not speak up strongly in caucus. They will not build an alliance to put the reins on a cabinet minister who is going astray. Somehow they are more concerned with some kind of future gain, perhaps, and their concern is so strong that they will not join together to act on behalf of their constituents.

Mr. Speaker, I come from the province of Alberta. As most members of this House know, the per capita income of people in that province is higher than the national average. There is room for increased taxation for the kinds of services that people want, the health services and post-secondary education. I stand in this House, Mr. Speaker, as someone from that province, trying to draw the attention of the House, and of the cabinet minister from Prince Edward Island, and of Members of Parliament from Newfoundland and from Quebec, to the fact that the people in their provinces are quite heavily taxed, that the people in their provinces do not have the same average per capita income, that they do not enjoy the same level of medical facilities and the same kind of medical care.

Yet, some day in the not too distant future, the members from those provinces, Liberal Members of this Parliament from Quebec and Newfoundland and Prince Edward Island, will stand in the House and will vote on this bill, and with their vote they are going to be saying to the people of their province that those people will have to cut the health care services and the expenditure on post-secondary education.

We can often escape facts, we can play games with the truth, but there is a bottom line and that bottom line is that once this bill is passed, the governments which are charged with the responsibility of providing medical services and post-secondary education will have less money and will have very little capacity to tax their citizens in more ways to raise more revenue.

The fact remains that this piece of legislation will do that to those people in Newfoundland and Quebec and New Brunswick and Nova Scotia. The only reason that bill will pass this chamber is that the people, the voters of those provinces, who sent Liberal members to the House, will watch those Liberal members stand up and vote for those budget cuts, they will watch those Liberal members put loyalty to the party ahead of sound planning, ahead of humane considerations. That is what that vote will signify, Mr. Speaker. We on this side of the House, in the Progressive Conservative Party, will carry the case once again for the people of Quebec. The people of Quebec sent 74 members to this House out of 75 seats. Our one lone member, the member from Joliette (Mr. La Salle), is very busy on all kinds of standing committees, he speaks on all kinds of subjects—

Mr. Roy: And master of none!

Mr. Hawkes: —he does so much of what this government is doing and intends to do, he is responsible to the people of Quebec.

The bells rang for two weeks to bring to the attention of Quebecers that the government wants to tax gasoline at 98 cents a gallon. The people of Quebec were not supposed to find out about that. This government wants to turn over to an appointed body the authority to take land away from the province of Quebec for a power corridor, in a manner that would not allow witnesses to appear, that would not allow public input. And 74 members of this chamber from that province sat mute, sat silent, not concerned about the people of Quebec. One member of this chamber from that province stood up and one party stood up.

As I stand here tonight, very vivid in my mind is a speech given by the Prime Minister about one week ago, when he stood on a platform in the city of Toronto and said that this party, the Progressive Conservative Party, in standing up for the rights of democracy, for the rights of Canadians to be heard, was fascist, just like, he said, a number of countries that he cited, including Spain.

Mr. Speaker, the first thing to note from that is that the Prime Minister is not an adequate student of history, that he has not examined those European countries and the conditions which led those countries to the fall of their democracies. If the Prime Minister had taken the trouble to read a history book about a country like Spain, what would he find? He used Spain as an example. If he looked at the history of Spain and its difficulties, from a historical perspective—

Mr. Blaikie: Mr. Speaker, on a point of order. I am wondering what the history of Spain and the debate about fascism and about bells and all that have to do with the fiscal arrangements, and I wonder if you might call the hon. member's attention to the rule that he is supposed to speak to the bill.

Mr. Deputy Speaker: The Chair has been listening with interest and attention to what has been said. There has been a general discussion about powers and transfer of powers. The rule of relevance has not been infringed upon, but I am sure the hon. member will take notice of what has been said.

• (2150)

Mr. Hawkes: Mr. Speaker, I mentioned in my opening statement that the issue of unilateral action was one of the principles that this House and every member in it had to consider. When they vote on this bill, they are voting for unilateral action. They do so in a context in the month of March, 1982. That unilateral action bothers me, partly from its consequence for the health care system and partly because some five miles from my riding border a separatist was elected in the province of Alberta. That came about partly because the people of my region on principle did not like unilateral action. They recognized that unilateral action is frequently uninformed action.

Democracy died in Spain because of two or three major factors. One of them was regionalism. Many regions of Spain, if I can quote the following:

> —especially the Basques and the Catalans, strongly opposed a central government which they saw as being paternalistic, authoritarian, incompetent and as favouring the economic interests of central Spain—Castile.

Thus there was a struggle between Madrid and the regions and, as contemporary events indicate, that regional struggle is alive and well in Spain today. Republican Spain was polarized between competing social and economic philosophies.

Mr. Deputy Speaker: Order. The hon. member does appear to be straying from the point at the present time. Perhaps he can come back to the bill before us.

Mr. Hawkes: Thank you, Mr. Speaker. This country is straying between competing social and economic philosophies and we are faced with a unilateral action. We are faced with a decay and decline in our capacity to provide health services and in our capacity to provide post-secondary education services. I could go on about that comparison.

Mr. Blaikie: Don't.

Mr. Hawkes: "Don't", say the NDP. The decay of democracy was brought about by left-wing forces in Spain and not a right-wing force. It was the leftists and their belief in central government, their belief in appointed people, instead of democratically elected people who brought about the decline of parliamentary traditions and practices and ultimately of the democracy. It is the same in southern Europe and Weimar-Germany.

An hon. Member: Great friends of yours.

Mr. Hawkes: The NDP say they are great friends of mine. This is the party that consistently stands up for the weak in Canadian society, those less able to take care of themselves. It stands up for the right of the opposition in a Parliament and the right of individual members, whether they are in the NDP or government back benches. It stands up and encourages this chamber and all members in it to move toward a system where collective wisdom shall prevail and not a system where people are told what to do, where this chamber is used simply as a voting chamber, where members collectively, like a group of sheep, pass legislation which is bad for this country. That was never the purpose of this chamber.

I wonder how Liberal members from Cape Breton, Prince Edward Island, Newfoundland, Nova Scotia and Quebec are going to explain to their constituents that they stood in this chamber and, on second reading, voted to reduce the money available for the health care system in those provinces. They stood in this chamber and voted to reduce the money available to the students and educational institutions in those provinces. How do they justify that? It will not just be on second reading but, I suspect, at report stage and third reading stage. They will stand again and again in the House and support policies that do not harm my region in particular, but harm their

regions, the regions which sent them to this chamber. How can they justify that in their minds?

Saturday afternoon, there was a public meeting in my riding. Several things were bothering the people of my riding, that are reflected in this bill. Somebody said to me that the record of the last 14 years of this government is characterized by several strategies, supported in large measure by the NDP. One of the characteristics of this government is to cover up or hide the truth, especially financial truth.

The history of EPF and the government's lies about what is going on with EPF is a characteristic strategy of that time. They try to cover up the truth. The finance minister said there was going to be a shortfall of a little over $3 billion. Lo and behold, a month later when some provincial people computed the numbers, the finance department admits it had underestimated the amount by $1.9 billion. That is one thousand nine hundred million dollars, a small mistake. It is a typical mistake. What will the mistake be tomorrow? That is one of the strategies of the government as supported by members opposite.

The second strategy is to transfer the decision-making, the blame and everything else, to appointed people and away from elected people. There are over 450 Crown corporations. All deputy ministers are appointed by the Prime Minister. There are our courts. In almost every piece of legislation, there is a new board or commission being appointed in private through order in council. The amount of remuneration is determined by the cabinet, not by elected people. There is never a principle of scrutiny.

The third tactic is to create chaos, discord and fights, so that the media will concentrate on the fight and the personalities and lose sight of the policy issue. Can we concentrate the media fight between provincial ministers and federal ministers and get all the press people and television cameras looking at the fight, and ignore the fact that in Canada today waiting lists for entry into hospitals are growing? Our Minister of National Health and Welfare (Miss Bégin), talks about finances. I searched long and hard to see whether she had made a speech which talked about health care issues, and I cannot find any. May I call it ten o'clock, Mr. Speaker?

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

Adjournment Debate

THE ECONOMY—INQUIRY WHETHER MINISTER WILL MEET PROVINCIAL MINISTERS TO ESTABLISH PROGRAM TO STIMULATE ECONOMIC RECOVERY

Mr. Marcel Roy (Laval): Mr. Speaker, last year on December 4, I asked the Minister responsible for Small Businesses and Tourism (Mr. Lapointe) about the Parti Québécois government's habit of boycotting federal-provincial conferences held in Ottawa. In fact, this boycott had affected a number of departments and agencies including Agriculture, Justice and Status of Women, and finally Tourism. The boycott was not only political, as practised by members of the National Assembly and ministers, but also involved Quebec civil servants who were forbidden to take part in federal-provincial conferences.

Considering this question, Mr. Speaker, and the disastrous economic situation in Quebec—25 per cent of the labour force lives in Quebec and one out of every three unemployed Canadians lives in Quebec as well. The province has about one third of Canada's unemployed workers, and I and all federal Liberal members from Quebec are particularly concerned that 20 per cent of those under 25 are among the unemployed, that we have the highest tax rates in Canada—20 per cent to 25 per cent higher than anywhere else—and that we pay the highest price for gas compared to the other Canadian provinces.

Mr. Speaker, 52 per cent of the province's budget is spent on the civil service payroll and only 2 per cent on job creation. This is a matter of concern, Mr. Speaker. The province has 8 per cent fewer civil servants than Ontario, but has 35 per cent fewer people, which means that Quebec's civil service is much larger than Ontario's, and its members earn $3,250 more, on average.

That reminds me, Mr. Speaker, of the report on the economic situation tabled by the Quebec development and planning board. The board is a provincial agency, and in its report, it pointed out that for the year 1981-82, the government of Quebec would have a budget deficit of $2.5 billion, and that three quarters of the deficit, namely, $1.7 billion, was due to the fact that employees in the public sector were better paid than those in the private sector. That was one of the conclusions drawn by the Quebec development and planning board.

In light of the facts I have just mentioned, I asked the Minister of Industry, Trade and Commerce (Mr. Gray) whether there were any plans for a meeting with provincial authorities in order to establish a joint economic recovery program for Quebec. Instead of thinking about fielding candidates in the next federal elections, perhaps the Parti Québécois would be better advised to put its own house in order before criticizing its next door neighbour.

It seems to me that in light of this situation—these olympic-sized deficits—we as federal members from Quebec have a share in the development of these policies, and I therefore ask the Minister of Industry, Trade and Commerce and Regional Economic Expansion to meet with his Quebec counterparts in

order to stimulate the recovery of the Quebec economy. That is why I asked the minister how important a meeting of this kind would be. This evening, I want to stress the importance of this matter once again to the parliamentary secretary, and I want to ask the minister to set up a weekly review of all economic files at Regional Economic Expansion or Industry, Trade and Commerce and any related department, to keep our Quebec file from gathering dust on the desks of public servants. I feel that we should all work together and that we need active co-operation to keep those files moving, and that decisions must be made as soon as possible so that we can help industry and small- and medium-sized businesses in Quebec benefit from various federal programs.

Mr. David Berger (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, I should like to say that in fact as a result of the hon. member's suggestion and suggestions by a number of our colleagues in the Quebec caucus, a meeting was held in Quebec City on March 1. The meeting involved the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray), the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of State for Small Businesses and Tourism (Mr. Lapointe), representing the Government of Canada, and on the other side, Ministers Landry, Parizeau and Biron. On that occasion, a senior officials liaison committee was formed with orders to report in a month's time on ways and means of harmonizing and co-ordinating business assistance programs administered by both governments.

However, I would point out to the hon. member that the federal ministers reminded their provincial counterparts that the Canadian government lends assistance to small and medium-size businesses in Quebec through the following seven instruments:

(1) The Small Businesses Loans Act. More than 5,000 loan guarantees were authorized in Quebec in 1980-81 under this program;

(2) The business expansion program under which 250 grants and 54 loan guarantees were approved in Quebec in 1980-81;

(3) The Federal Business Development Bank authorized more that 1,200 loans in Quebec in 1980-81 and underwrote 13 risk capital ventures;

(4) The program for export market development. No fewer than 477 grants were authorized in Quebec during fiscal year 1980-81;

(5) The Department of Regional Economic Expansion legislation on industrial grants. No fewer than 612 grants were approved in Quebec in 1980-81;

(6) The Export Development Corporation loaned $608 million to Quebec companies and provided insurance coverage on goods exported from Quebec and valued at $931 million;

(7) The federal bond program for small and medium-size businesses enabled over 1,318 Quebec businesses to secure loans worth $186 million during the period from April, 1981, to January, 1982.

In addition to those seven instruments, the Canadian government has established in the past year, as the hon. member knows, a few programs aimed at helping businesses and workers adversely affected by foreign competition, including the industry and labour adjustment program and the Canadian Industrial Renewal Board—

Mr. Deputy Speaker: I regret to interrupt the hon. parliamentary secretary, but his time has expired. The hon. member for Central Nova (Mr. MacKay).

• (2205)

[*English*]

REGIONAL ECONOMIC EXPANSION—REQUEST FOR MEASURES TO ASSIST INDUSTRIES IN NOVA SCOTIA

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, this evening I wish to continue the statements I made on February 25 to the Minister of Industry Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray). On that occasion I requested, on an urgent basis, some aid for key Nova Scotia industries, specifically Hawker Siddeley Corporation and Sydney Steel. I was told by the minister who answered my question, the Minister of State for Small Businesses and Tourism (Mr. Lapointe) that I would get a satisfactory response. As yet I have not received one.

It is very tempting to be sarcastic and partisan tonight and point out to the minister that his priorities are wacky, and that so are those of his government in that they expanded greatly the foreign aid of this country to the tune of 20 per cent. Among other things this will build a $200 million airport in Trinidad and Tobago. It has recently increased the allocation through export development by another $50 million, so that it can fund to a greater extent that monument to the Algerian revolution. There is still no meaningful response to the real requirement that something be done to save the trained work force and the proven capacity of industry in places like Halifax, Trenton, Sydney and others in the entire Atlantic region.

• (2210)

However, I will resist the temptation to be totally negative tonight, although I must say I think I have provocation because of the complete lack of courtesy shown to me by my colleague in responding on an urgent basis to some of the requests I made. I suggest to him that if it is a question of funds which he requires to provide some much-needed material for the CNR, for Canadian shipyards and, indeed, for SYSCO, I trust I can show him a couple of avenues he might pursue.

First, I point out that as far as the Hawker Siddeley corporation is concerned, Sections 261(b) and 262 of the Railway Act—and I asked the minister to bring this to the attention of his colleague, the Minister of Transport (Mr. Pepin)—requires or stipulates that railways must furnish adequate and suitable accommodation, that is to say rolling stock, for carrying of traffic.

CN has hardly been operating without a profit within the last year or so. A simple directive to CN stipulating that it use some of its profit to purchase some rolling stock from an industry such as Hawker Siddeley would be in the national interest. It has recently given its usual order of 88,000 tonnes of rail to the Sydney Steel Corporation. That order could very easily be expanded, in the same ways, to this industry which is already in dire straits. Despite the fact that for a change it is being well-managed and has received substantial help from the federal government, it requires more assistance, and at the present time CN has the capacity to order more rail. Certainly it has the capacity and obligation to provide more rolling stock which could be purchased from a very suitable corporation; that is to say, Hawker Siddeley.

There is another source of revenue which I believe is available, provided the legislation were changed to make it possible. As Mr. Speaker will recall, several years ago when Don Jamieson was minister of transport, the Maritime Pollution Claims Fund was set up. At the present time there is around $50 million in the fund. There has never been a significant drawdown from it, and, indeed, I believe insurance companies have furnished much of the funds which were used to take care of any marine disasters.

In Korea at the present time offshore supply vessels are being built, thanks to the policies of Korea and the lack of policies of our government, for use in the Atlantic region of Canada. In all seriousness I ask, why not take $10 million or $20 million of that $50 million presently in the Maritime Pollution Claims Fund and use it to subsidize, to some extent, the construction of vessels which will be used in east coast oil exploration, so that shipyards all the way from Lauzon to Marystown, Newfoundland, will receive the benefit of the construction of these types of vessels. They are ideal, for example, for Halifax Industries Limited or Ferguson Industries Limited, to name two important shipyards in Nova Scotia. Instead, what is happening is that Husky Oil and Federal Commerce are having these ships built offshore. They are doing it to the detriment of the shipyards in our country which badly need the work.

I am sure the Minister of Industry, Trade and Commerce has had this matter brought to his attention, but I want to draw his attention to an aide memoire which I will be very pleased to give to him, if he does not have the information. It was prepared for me by the Canadian Shipbuilding & Ship Repairing Association on March 8. I sent Mr. Henry Walsh a copy of the urgent letter which I sent to the minister. The same minister has not replied to my letter or my request for a meeting about Hawker Siddeley. I asked on an urgent basis that we talk about some way to promote shipbuilding on the east coast. Mr. Walsh pointed out a somewhat shocking statistic:

> Importing companies tend not to publicize their offshore purchases. However, the CSSRA by reviewing the foreign technical press has identified close to $1 billion worth of foreign purchases by Canadian companies over the last 18 months.

The government and the minister have stated in the past that they will bring a new dimension to regional development and that they will place greater emphasis upon the industrial side to help industry which has a proven capacity for domestic as well as export production. I remember the minister telling me via satellite from Ottawa, when we were conducting an information program on the CBC, what he was going to do for the maritime region to help industries. The minister has done the square root of nothing so far. Some of us were alarmed at the tendency of this minister when he was minister of industry, trade and commerce to spend a minuscule amount of his budget on the eastern part of Canada. We were hoping when he was given the opportunity of regional expansion, the old DREE portfolio, that he would put that tendency aside and do something meaningful to develop industry in Atlantic Canada, but those of us who were hoping he would turn over a new leaf, as it were, have been very disappointed so far.

• (2215)

I noted today in response to my colleague, the hon. member for York-Sunbury (Mr. Howie), the minister stated there were certain good things he was doing or about to do. I urge him tonight to take a very close look at what is required to save three important industries in Nova Scotia, namely, ship building, steel production and railway car production.

Mr. David Berger (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, on behalf of the minister I wish to acknowledge receipt of the letter to which the hon. member has made reference. Indeed, the minister has been giving considerable attention to its contents. I also acknowledge the additional comments made by the hon. member this evening. I can assure him that the minister will give his utmost attention to this matter and I will personally undertake to ensure that the minister is made aware of the hon. member's concerns.

The importance to the economy of Nova Scotia of the Sydney Steel Corporation and the Hawker Siddeley (Canada) Ltd. works in Trenton is undeniable. The federal government, through a cost-sharing subsidiary agreement with the province of Nova Scotia, is engaged at the present time in a $96 million program to modernize the facilities at the steel plant, the first phase of such a program. A firm of project management consultants has been hired and contracts are shortly to be let for blast furnace design and rolling mill design. Discussions are currently under way with the Minister of Transport (Mr. Pepin) on the possibility of expediting rail orders by Canadian National. The minister is confident that this can be done since rail quality problems, which seem to have occurred in the past at SYSCO, have been overcome at the present time.

This latter point refers directly to one of the comments made by the hon. member in which he noted that SYSCO has received an order for 88,000 tonnes of rail. He suggested that perhaps this could be extended. There seems to be an indication from the comments of the minister that this is indeed possible.

Mr. Deputy Speaker: Order, please. The allotted time of the parliamentary secretary has expired.

EXTERNAL AFFAIRS—(A) CANADA-UNITED STATES AGREEMENT ON TESTING OF CRUISE MISSILES (B) REQUEST THAT AGREEMENT BE TABLED

Miss Pauline Jewett (New Westminster-Coquitlam): Mr. Speaker, I asked the Secretary of State for External Affairs (Mr. MacGuigan) why Canada had entered into an agreement at the request of the United States to flight-test the new Cruise missile on Canadian soil. This missile is sophisticated, highly accurate and potentially capable of first strike use. This missile, if developed and deployed, will only lead the Soviet Union, the other super power, to try to develop an equivalent weapon. In short, why is Canada allowing the arms race to be further escalated.

• (2220)

Second, I ask why this was kept secret. Why did Canada settle upon what the minister refers to as a framework agreement late last year, secretly, without informing the Canadian public, Parliament or the Standing Committee on External Affairs and National Defence, which is at this very moment preparing a report on Canada's position to be presented to the United Nations' special session on disarmament? Was the minister and the government afraid that if they made it public there might be, as indeed there now is, some public opposition to our complicity in the escalation of the nuclear arms race by giving support to the testing of the Cruise missile? Was the government afraid there might be a response here comparable to that in western Europe where a great many people are vigorously protesting the deployment of this very Cruise missile?

The minister says we cannot pursue a course of unilateral disarmament. That is a red herring. We are not talking about unilateral disarmament any more than The Netherlands which refuses to deploy the Cruise missile, or Belgium which refuses to take any decision on it at all—not at all. I would have hoped the Canadian government could have taken an independent stand, perhaps even set an example, since it was Canada which first enunciated the strategy of nuclear suffocation, by saying no, we do not want Cruise missile testing on Canadian soil anymore than we would want Cruise missile deployment. The two are inextricably linked.

In addition, the minister did not answer the question as to whether the reason we so supinely and secretly agreed to this testing was because it was part of a deal; perhaps in return for some benefits we might receive in the purchase of the F-18s. He seemed only confused when I asked whether we were still pursuing a strategy of nuclear suffocation, yet the Prime Minister (Mr. Trudeau), just on Saturday, according to *The Globe and Mail,* said that Cruise missile testing would contradict that very strategy.

It is absolutely imperative, Mr. Speaker, that the minister or the Prime Minister immediately table in this House—not just "give consideration to it"—the framework agreement drawn up late last year so that we in this Parliament, and through us the Canadian public, will know exactly how we have been further unnecessarily and wrongfully involved in this incredible escalation of the arms race which, as I said, will only lead to the Soviet Union attempting to get an equivalent weapon.

• (2225)

The minister must also make up for the affront both he and the Minister of National Defence (Mr. Lamontagne) perpetrated against the standing committee discussing questions of security and disarmament, and come back to that committee this week—because this is the last week of our deliberations—and tell us what is in the agreement and why it was kept secret. Two Canadian journalists found out the truth in Washington. Why was it kept secret, and in what way will it possibly advance the cause of ceasing the escalation in the arms race and working toward arms control?

Mr. David Berger (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, on behalf of the Secretary of State for External Affairs (Mr. MacGuigan) I will attempt to answer some of the questions raised by the hon. member.

Throughout her remarks the hon. member kept referring to a secret agreement. It seems quite clear from the answers given by the minister to her questions that there is no such secret agreement and the proposals have indeed been made for the negotiation of a framework agreement under which Canadian test ranges and associated air space may be used for the testing and evaluation of United States defence systems. Such tests would take advantage of Canadian conditions of climate and terrain not available in the United States. Among the tests anticipated under the agreement would be tests of unarmed air launched Cruise missiles.

The Canadian decision in principle to permit such testing, subject to the negotiation and conclusion of the appropriate agreement and arrangements with the United States, demonstrates Canada's support for NATO. I stress the fact again that this is subject to the negotiation and conclusion of the appropriate agreement and arrangements with the United States. Contrary to what the hon. member has said, there has been no agreement to date, and such an agreement remains to be negotiated.

Miss Jewett: The framework agreement.

Mr. Berger: Air launched Cruise missiles are intended to form part of the United States strategic deterrent force which provides the nuclear umbrella for both North American and other NATO countries on which our alliance depends, as it

must in the present circumstances, to prevent war and preserve peace.

Miss Jewett: It is a fighting instrument.

Mr. Berger: Canadian security policy in the past 30 years has rested on three complementary foundations: First, deterrence of war through the collective security arrangements of NATO and NORAD; second, pursuit of verifiable arms control and disarmament agreements; and, third, commitment to the peaceful settlement of disputes and collective efforts to resolve the underlying economic and social causes of international tension. In this context, allowing the flight testing of the Cruise missile by the United States in Canadian air space is entirely consistent with Canadian arms control and disarmament policy.

Canada remains fully committed to the pursuit of equitable arms control and disarmament measures. The government has advocated and will continue to advocate the negotiation of agreements between the two major nuclear powers to achieve balanced limitations and reductions of nuclear weapons.

In conclusion, I might add that, in his answer to the hon. member on March 18, the minister said he would consider tabling the agreement once it has been concluded.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, March 23, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

THE BUDGET—CALL FOR WITHDRAWAL—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. It is no secret that last November's budget was a political disaster. It was also a personal disaster for the average Canadian, and three cabinet ministers agreed. One illustration of this comes from a constituent who writes:

> Having just gone through a 34.9 per cent increase in my mortgage cost in December, now I am being told my company car will add $900 to my taxes. I just got the car 6 months ago as part of my total wage package. I don't have a chance to renegotiate my wage, and with the decline in the economy I have little leverage. The proposed budget and changes to the status of company cars is unfair.

In light of this complaint and thousands of others, I move, seconded by the hon. member for St. Catharines (Mr. Reid):

> That this House urges the Minister of Finance to withdraw the budget and, after proper consultation with the private sector and citizens groups, to introduce a budget that really is fair and equitable.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

SOVIET UNION—UKRAINIAN PRISONERS OF CONSCIENCE—MOTION UNDER S.O. 43

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my motion today under the provisions of Standing Order 43 is further to a petition I presented a few weeks ago signed by nearly 11,000 people. It relates to continued violations by the Soviet Union of national and human rights in the Ukraine, which today, along with Afghanistan, Poland, and the Baltic nations, bears the brunt of such violations. Canada is a respected member of the international community for her role in promoting national and human rights and social justice in the world, and it supports the Universal Declaration of Human Rights and the United Nations Declaration on Independence for Colonial Countries and Peoples which states that:

> The subjugation of peoples to alien subjugation, domination and exploitation constitutes a denial of fundamental human rights, is contrary to the Charter of the United Nations and is an impediment to the promotion of world peace and co-operation.

In view of the fact that the government of the U.S.S.R. continues to persecute and imprison numerous Ukrainians who uphold the aforementioned rights, I move, seconded by the hon. member for St. Catharines (Mr. Reid):

> That the Canadian government be required to employ all the necessary steps to persuade the government of the U.S.S.R. to release from imprisonment and/or exile the following of the Ukrainian Helsinki Monitoring Group: Yuriy Shukhevych, Lev Lukyanenko, Oksana Popovych, Mykola Rudenko, Ivan Hell, Ivan Kandyba, Rev. Vasyl Romanyuk.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

EFFECT OF POLICIES ON EDMONTON COMPANIES—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton South): Madam Speaker, I move, seconded by the hon. member for Pembina (Mr. Elzinga):

> That the Minister of Finance explain why his policies, on just one day last week, forced four companies which belong to the Edmonton Chamber of Commerce, into receivership, and four companies to lay off 172 employees and I will provide the minister confidentially with a list of these companies. Further, that the Minister of Finance consult with the management of these companies to learn first-hand the kinds of fiscal policies necessary in the next budget, which the whole country hopes will be very soon, to rescue the economy and encourage again the entrepreneurial spirit originally responsible for the development of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

ENERGY

PETROLEUM COMPENSATION PROGRAM—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In view of the fact that the Canadian taxpayer pays $3.4 billion a year through the petroleum compensation program to pay for foreign crude oil imported into eastern Canadian markets while at the same time Canadian crude oil is being shut in in Saskatchewan and Alberta for lack of markets, and in view of the fact that we may be able to save up to $800 million a year if we substituted this domestically produced oil for the foreign oil, I move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That this House urge the Minister of Energy, Mines and Resources to change the system currently used by the Petroleum Compensation Board—that is the flat rate compensation system—and at this time of decreasing world oil prices the minister use the moneys so saved to give Canadian consumers a break by reducing the next increase in gasoline prices scheduled for July 1, 1982, so we don't have the crazy situation where we are paying more than the Americans.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENITENTIARIES

SECURITY MEASURES AT EDMONTON INSTITUTION—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In view of the recent escape of convicted killer Harvey Andres from the maximum security Edmonton institution, and in view of the many allegations that security at the Edmonton institution is not up to standard, I move, seconded by the hon. member for Edmonton South (Mr. Roche):

That this House instructs the Solicitor General to conduct an independent inquiry into security measures at the Edmonton maximum security institution to ensure that security measures are in place to guarantee the safety of residents and prison personnel.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

AGRICULTURE

EFFECTIVENESS OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM—MOTION UNDER S.O. 43

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The farm economy which continues to be seriously threatened by the government's high interest rate policy faces another major crisis as spring planting time approaches. Many farmers face the possibility of not being able to finance their planting needs. Therefore I move, seconded by the hon. member for Elgin (Mr. Wise):

That the Minister of Finance take immediate direct action to ensure that the small business bond is effective; immediately institute the agri-bond concept for private agricultural lenders, place a six-month moratorium on farm foreclosures, and work with farm groups to provide short-term financial solutions.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

SUGGESTED LAUNCHING OF COMMUNITY JOB-CREATION PROGRAM—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I rise under the provisions of Standing Order 43 on an urgent matter. Federal government policies have deliberately increased unemployment in Canada adding greatly to poverty in all regions of our country. In B.C. thousands of laid-off workers have been added to over 46,000 poor families on welfare who receive only 64 per cent of the minimum poverty line income established by the National Council on Welfare. Part time workers and those on minimum income, many of them women heads of families, are often much worse off. Therefore I move, seconded by the hon. member for Nanaimo-Alberni (Mr. Miller):

That the federal government launch a major community job-creation program and establish a national income standard to ensure incomes are above the poverty line, and that the government require provincial adherence to this standard as one of the terms for shared funding under the Canada Assistance Plan.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

DOMINION LIFE ASSURANCE COMPANY

CALL FOR REVOCATION OF STATEMENT—MOTION UNDER S.O. 43

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, in accordance with the provisions of Standing Order 43 I move, seconded by the hon. member for London-Middlesex (Mr. Bloomfield):

That the Dominion Life Assurance Company be asked by this Parliament to revoke the irresponsible and misleading speculative statement which it widely distributed and which provoked anxiety and distress among thousands of Canadian citizens by suggesting, without any basis of truth—

Mr. Clark: Except for the budget speech.

Mr. Hudecki:

—that home owners may be taxed on imputed rent by the government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

IMPUTED RENTAL INCOME—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to take exception to remarks attributed to the Minister of Finance (Mr. MacEachen) and the Minister of Public Works (Mr. Cosgrove) with regard to imputed rent. These hon. gentlemen attempted to deflect the blame for this insidious tax grab on home owners by accusing the president of Dominion Life Assurance of scare tactics. The facts are that imputed rent is spelled out on pages 5 and 31 of the budget document entitled "An Analysis of Federal Tax Expenditures for Individuals," and is totally the creation of this mob of socialist sheep in wolves' clothing across the aisle. I therefore move, seconded by the hon. member for Pembina (Mr. Elzinga):

That, as well as getting off the backs of Canadians, the finance minister and the Minister of Public Works get off the back of the president of Dominion Life Assurance and own up to the public that the seed for the imputed rent idea came from government discussions and budget papers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, whereas Prime Minister Trudeau and his Liberals are trying their best—

Some hon. Members: Order. Order.

Mr. Taylor: —to kill co-operative federalism in Canada having stabbed it in the belly with compulsory metric—

Madam Speaker: Order. Order. Would the hon. member read that first sentence again? I think he will want to change one word.

Mr. Taylor: The Right Hon. Prime Minister, Mr. Trudeau, and his Liberals—

Some hon. Members: Hear, hear!

Mr. Taylor: —and his Liberals are trying their best to kill co-operative federalism in Canada. They have stabbed it in the belly with compulsory metric; in the lungs with civilian internment camps; in the throat with gun laws; in the heart with the national energy policy, and in the brain with the November 12 budget. They are now considering a final blow to the kidneys by taxing home owners for the imputed rent on their own homes. I therefore move, seconded by the hon. member for Okanagan North (Mr. Dantzer):

That this House demands the resignation of the right hon. the Prime Minister at once. A general election must be called before the Liberals completely destroy this country and kill co-operative federalism.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

PROTECTION OF ONTARIO MOTORISTS AGAINST TRANSPORTATION OF HAZARDOUS GOODS—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, under the provisions of Standing Order 43 I move, seconded by the hon. member for Oshawa (Mr. Broadbent):

That the Minister of Transport make a statement on motions explaining why the motoring public in Ontario is being denied the benefit of the Ontario regulations which would require common carriers to improve vehicle safety as it affects the transportation of hazardous goods.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SHIPBUILDING

APPLICATION OF CAPITAL COST ALLOWANCES—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, because of the capital cost allowance provisions in the disastrous November 12 budget, the owners of eight of 11 ships now under construction in Canada are faced with a 5 per cent increase in the after-tax cost of their ships, which translates into $1.5 million to $2 million more per ship. I therefore move, seconded by the hon. member for Grey-Simcoe (Mr. Mitges):

• (1415)

That the Minister of Finance honour his promise of equity and fairness in Canada's tax laws by allowing the ship owners to claim the full capital cost allowance as was the provision when the construction contracts of those ships commenced.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

THE BUDGET—QUERY RESPECTING POSSIBLE CHANGES

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of Finance. As it now appears, the Minister of Finance has finally recognized that his budget of November 12 has inflicted serious damage upon the Canadian economy, throwing our country into a deep recession, creating widespread uncertainty among the key sectors of the economy, thereby costing hundreds of thousands of jobs. The minister now considers it to be advisable and worthwhile to consult with the business community about future economic conditions. Given this apparent conversion of the Minister of Finance, can he now say whether there will be fundamental changes to his budgetary proposals, or can he give the House and the country some hope by making a commitment that his budget will be withdrawn, or will he give the country some encouragement by pledging to the people of Canada and to this House that a new budget will be brought in before we break for the summer recess?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member speaks about conversion, and I would occasionally like to see a bit of a conversion on the other side of the House. However, in this case there is no conversion involved, because in the budget paper which was tabled at the time of the budget, entitled "Economic Development for the 1980s," there was a clear statement of the intention of the government to enter into consultations with business and labour concerning each of the economic policies described in this paper. If the hon. member will refresh his memory and go back to that budget document, he will find that these consultations were described as "forming the basis for a continuing dialogue about economic issues and new government policy thrusts as they emerge in the coming months." That is the statement which was made in the strategy on economic development. Any meetings which may be held with the private sector are a fulfilment of the commitment which was given in that budget document.

Mr. Mazankowski: Madam Speaker, the minister knows that his budget is a disaster and he should acknowledge that.

Some hon. Members: Nonsense.

Mr. Mazankowski: He is either immune to the human misery and suffering that he has inflicted upon Canadians across this country, or he refuses to acknowledge it.

DISCUSSIONS WITH REPRESENTATIVE GROUPS

Hon. Don Mazankowski (Vegreville): Madam Speaker, since the minister and his circle of advisers have obviously misread and miscalculated the depth of Canada's economic ills, what hope can the minister now offer to the people of Canada at this critical time in our history, when they are losing their jobs, their businesses and their farms? Is he, as a minimum, prepared to withdraw those destructive provisions in his budget, or will he at least consider having these disruptive and offensive measures re-examined? Further, if he is to arrive at a national economic consensus through consultation, how can he expect to achieve that without the involvement of labour?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is not the intention of the government to attempt the achievement of a national consensus without the involvement of labour. It is the intention of the government to have discussions with a range of representative groups, including labour. No representative group will be excluded.

TRANSFER OF PUBLIC SERVANT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, newspaper reports state that we welcome the direction the government now seems to be following in terms of reintroducing some tax incentives which were removed from the previous

budget. The minister knows that this is a direction which the Progressive Conservative Party has been supporting and advocating since the November budget, but one which has been opposed by his advisers.

• (1420)

Since his advisers represent a very important part of the decisions that he is going to make, would the minister tell us why he has transferred the left-leaning adviser Neil Brooks from a temporary relationship with the government to a permanent position within the government—because this man has consistently opposed tax incentives?

Some hon. Members: Oh, oh!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am not aware that Mr. Brooks has either left-leaning or right-leaning tendencies. It is not my custom to subject public servants to an ideological test.

An hon. Member: What about Neil Fraser?

Mr. MacEachen: If that is the attitude of the Conservative Party, it is an attitude from which I would like to dissociate myself.

IMPUTED RENTAL INCOME

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the minister again has failed to answer the question. I presume he just does not want to answer that question because it is too close to home.

Let me refer to one other matter in relation to the budget. One of the most socialist elements of the budget and the tax policy that enters into the budget is the proposal referred to in the budget documents of taxing the imputed rent on the homes that individual taxpayers own. I know that the minister is going to say that last Friday he said under no circumstances was he going to do that sort of thing. But I want to put a question to the minister that has been asked of me by Canadians.

How can we as Canadians rely on the word of the Minister of Finance when in 1974 the same government said they would not bring in wage and price controls and then a year later they brought them in? And in 1980 they said the people should vote Liberal to keep energy prices down, and you know what has happened now. Can the minister answer that question for Canadians: how can they rely on him?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): It is on occasions like this that I really would like to see the member for St. John's West back in his seat and asking questions on finance, because he would be able to put some point to the questions. If I could search deeply into that massive verbiage, I would find the reference to imputed rents. Of course, today during the Standing Order 43 period of the House hon. members opposite came to the defence of the Dominion Life Assurance Company, particularly the president, and seemed to believe that it is fair for any responsible corporation in the country to put out false propaganda—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. MacEachen: —propaganda to the effect that it was the—

An hon. Member: That is your preserve.

Mr. MacEachen: —intention of the government to tax the imputed rents of Canadian home owners. Now, Madam Speaker, that is a very serious question.

An hon. Member: Why are you doing that, Allan?

Mr. MacEachen: Many home owners in the country are asking if the propaganda put out by Dominion Life is accurate. I want to make it clear again and again, if asked, that there never has been an intention, there is no such present intention, to tax imputed rents.

An hon. Member: In the budget.

Mr. MacEachen: If hon. members want to be fair and want to find out the origin of the concept of imputed rent, they will go back to the budget documents tabled by the member for St. John's West when he was minister of finance in 1979.

Some hon. Members: Oh, oh!

An hon. Member: He tabled a Liberal document.

Mr. MacEachen: I wonder why Dominion Life did not get up on its high horse in 1979 when that concept came from the Tory party.

Some hon. Members: Oh, oh!

PEOPLE'S TRUST

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker—

An hon. Member: Go get him Michael.

Mr. Wilson: —let me remind the minister that the paper that was issued when the hon. member for St. John's West was minister was a departmental paper.

Some hon. Members: Oh, oh!

Mr. Wilson: Taxation imputed rent was referred to in the budget speech of this minister and in the appropriate budget documents attached to the budget speech. That is why the Dominion Life letter was put out, because this minister legitimized it.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Order.

• (1425)

Mr. Wilson: Madam Speaker, let me ask the question very succinctly of the minister. It is a very serious question. How can the people of Canada trust a government which in 1974 said that there would be no wage and price controls, and there were, and in 1980 said "Vote Liberal to keep energy prices down?" How can they trust them?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think that is a question the Canadian people will answer—

Some hon. Members: Hear, hear!

Miss MacDonald: Give them the chance.

Mr. MacEachen: As I said, that is a question that the Canadian people will be able to answer at the appropriate time. All I know, based upon past experience, is that when given a choice between this party and the Conservative Party, they always decide to trust this party and not the Conservative Party.

Some hon. Members: Hear, hear!

* * *

LABOUR CONDITIONS

GOVERNMENT POSITION ON JOB CREATION

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister. First, I would like to say to the Minister of Finance that he has clearly demonstrated that, given the choice between a Liberal budget and a Conservative budget, there is no difference.

My question to the Prime Minister is relevant to the concerns of more than one million Canadians who are unemployed. For the past two years the government has said that it is going to be active in job creation. No fewer than three ministers have embarked on programs which they said would provide jobs. The net result is that since November we have had a decline in the manufacturing sector alone of 140,000 jobs. My question to the Prime Minister is asking whether the government is serious or not about job creation. If it is, when are the more than one million unemployed Canadians going to see some action?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the question was asked of me about three or four weeks ago. At that time I gave several examples of announcements which were of a job-creating nature. Since then there have been at least two or three more. I believe there was one by the Minister of Employment and Immigration on human resources, and another by the Minister of Public Works responsible for housing.

ROLE OF MULTINATIONAL CORPORATIONS

Mr. Edward Broadbent (Oshawa): Madam Speaker, since the Prime Minister gave that answer a few weeks ago, the figures for unemployment have been released. They show the highest level of unemployment in Canadian history since statistics were compiled. That is the net result of those programs. I would like to ask him very specifically about an area that affects Canadians from coast to coast, the manufacturing sector. We have a $21 billion deficit in manufacturing trade. If the Prime Minister is concerned about job creation, will he take steps that will turn this around by calling in to his office the heads of the key multinational corporations in the manufacturing sector, and obtain from them commitments for job creation in Canada that are at least in proportion to their sales in this country?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not propose to call them into my office. However, as the Minister of Finance indicated in his first answer today, we are meeting with business leaders. I met with some in Toronto a short while ago. I met with some co-operative leaders in the west. The Minister of Finance is proposing to meet with business leaders as well as with labour leaders in the coming days and weeks.

MANUFACTURING AND TRANSPORTATION EQUIPMENT SECTORS

Mr. Edward Broadbent (Oshawa): Madam Speaker, surely the point is not to simply have meetings. The point is to obtain very specific commitments that will produce jobs for those Canadians who need them. I would like to ask a particular variant of the question that I just put to the Prime Minister with reference to the manufacturing and transportation equipment sectors. If we remove the imbalance in trade of these two sectors, we would have more than 118,000 jobs in Canada. Will he, as Prime Minister, speak to the heads of the largest multinationals in these two sectors and ask them to make specific commitments that they will earn their profits in this country by providing jobs in Canada proportionate to their sales? Why can he not do that?

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in so far as producing jobs in this country is concerned, the hon. member knows that the Foreign Investment Review Agency is precisely set up with a view to ensuring that further expansion by multinationals or investment goes along with that type of condition. If he is talking about the present situation I think that the hon. member is in some difficulty if he is insisting that I get the multinationals to do what—to sell below cost in world markets, or is he suggesting in some way that they should be more competitive with world markets? If so, that involves prices but it also involves wages.

As the hon. member knows, many unions in the United States are renegotiating a downward reopening of wage packages. They are not doing that in Canada yet.

FISHERIES

ALLEGED VIOLATION OF CANADIAN LAW BY FRENCH TRAWLERS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Secretary of State for External Affairs. I would like to ask the minister what transpired between Canada and France while two French trawlers were hiding out in St. Pierre following orders from Canadian fisheries authorities to report to St. John's, Newfoundland, for alleged violations of our Canadian Fisheries Protection Act. Will the minister table copies of the diplomatic exchange which took place between our two countries?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, on Sunday, March 14, Canadian fisheries officers boarded two French fishing vessels in Canadian waters off the coast of Newfoundland and found that their log books had underreported their catches. The vessels initially refused to comply with orders to report to a Canadian port for inspection. Instead, they went to St. Pierre.

Following representations to the French authorities, the vessels proceeded to Halifax where charges are in the process of being laid. I believe that the charges are for offences under summary conviction and they are for the obstruction of a fisheries protection officer in the execution of his duty under Section 7-D of the Coastal Fisheries Protection Act.

I am not aware of any written exchanges between the governments of Canada and France. I will check to see what kind of exchanges took place, but I suspect that most of the exchanges were between the French fishing boats and the French government.

Mr. Crouse: The French should not be short of codfish for in 1982 they were allocated more than 56 million pounds within our 200 mile zone, with more than 45 million of them coming straight out of the Gulf of St. Lawrence.

STATUS OF AREA WITHIN 200 MILE LIMIT

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, is this fisheries battle a major problem, or is it a side issue to the overriding controversy with France concerning who has jurisdiction over this disputed area within our 200-mile zone? What is the status of any negotiations and discussions concerning this matter, and will he bring the House up to date, since authorities in St. Pierre have asked Paris to send a gunboat to protect French trawlers from Canadian authorities?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as the hon. member has pointed out, this present problem is related to the controversy between Canada and France over the area which may rightly be claimed by both countries; off Newfoundland in our case, and off St. Pierre-Miquelon in the other. We have had some negotiations with the French government on this point. It is not yet resolved. I do not anticipate an early resolution of this problem.

THE DISABLED AND THE HANDICAPPED

FUNDING FOR SIGN LANGUAGE SUMMER SCHOOL

Hon. W. G. Dinsdale (Brandon-Souris): Madam Speaker, my question is for the Secretary of State. He will be aware that the school of translators and interpreters of the University of Ottawa, reacting positively to a major recommendation of the Special Parliamentary Committee on the Disabled and the Handicapped and the minister's personal assurance of a quick response to implementing the "Obstacles" report, applied last fall for a small grant of $80,000 to assist in setting up a summer school for sign interpreters in both languages this summer. Because the summer school program at Ottawa University should have been finalized in January, and in view of the minister's own announced commitment, will he give early approval of this application?

Hon. Gerald Regan (Secretary of State): Madam Speaker, I hope that I will have some news for the hon. member on this particular subject before the week is out.

Mr. Dinsdale: That is good news, and I think it is the result of public pressure, which indicates that the public is really ahead of the government in wanting to initiate programs for the disabled.

"OBSTACLES" REPORT RECOMMENDATIONS

Hon. W. G. Dinsdale (Brandon-Souris): Madam Speaker, in view of the public emphasis on implementing programs for the disabled as evidenced by the generous response of the general public to the Terry Fox Marathon of Hope, wherein they provided some $23 million to help find solutions for the disabled, will the minister give top priority to implementing Phase II of the "Obstacles" recommendations as he promised he would do when he assumed his responsibility for the disabled last fall, and thereby catch up to the public demands in these matters?

Hon. Gerald Regan (Secretary of State): Madam Speaker, I thank the hon. member again for his very real interest in this subject. The hon. member will recall that we tabled in the House the response of various departments of the government to approximately 40 of the recommendations contained in the "Obstacles" report back in December. Within the next 30 days I hope to table a considerable number of further responses from various departments.

The hon. member will be interested to know that we are also following up with a monitoring system on the implementation that has been undertaken in the various responses by the departments, to determine their effectiveness and to determine whether further action in those areas is warranted. May I also say to him through you, Madam Speaker, that we are making every effort to see to it that we achieve, as nearly as possible in this current year, all of the recommendations that are contained in the "Obstacles" report.

Oral Questions

AGRICULTURE

NEW BRUNSWICK SEED POTATO STOCK

Mr. Eymard Corbin (Madawaska-Victoria): Madam Speaker, my question is for the Minister of Agriculture. The Quebec minister of agriculture has been blaming, in my opinion in a most irresponsible way, New Brunswick produced seed potato stock for the current regrettable situation in the province of Quebec. Can the minister assure us that Mr. Garon's affirmations are not true and that they are irresponsible and damaging to the whole potato industry in Canada, at a time when we are aggressively promoting offshore markets, and are cruelly unjust to New Brunswick producers who have in place the best available disease control program in North America? Did the minister ask Mr. Garon yesterday to put a stop to his false statements and wild accusations?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, Mr. Garon and his officials did meet yesterday with some of my officials and myself. We discussed the issue at length. The evidence that has been presented to me by my officials shows that what the hon. member says to me is correct. The inspection service that we have, the procedure that we follow, is one of the best in the world. We are confident that the seed potatoes produced in New Brunswick and Prince Edward Island are as safe as anyone can find in the world. We asked Mr. Garon to take this into consideration in what he is saying in the statements he is making which are damaging the image of these potatoes which are as safe as any that can be bought. They are as disease free as any that can be bought anywhere in the world.

* * *

FORESTRY

DISCUSSIONS ON LAY-OFFS IN BRITISH COLUMBIA INDUSTRY

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, my question is for the Minister of Employment and Immigration. Talks have been taking place for some time now between the minister's officials and the British Columbia government regarding special forestry-related employment programs for the 14,000 unemployed woodworkers in British Columbia. Over 85 per cent of the woodworkers in my riding alone are unemployed as of this week. To date these meetings have involved federal and provincial officials, the Council of Forest Industries, the industry trade associations and Forest Industrial Relations, but no representatives from either the IWA, the silvacultural contractors or the reforestation workers' associations. The people who do the work have not been allowed to take part.

• (1440)

Why has the federal government or the British Columbia government not consulted the very people who know most about the people to be employed and the complexities of the job to be done, and how does the minister square this very one-sided and self-defeating approach with his and his government's oft-repeated policy of consultation?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think this question would be more appropriate directed to the minister of labour in the British Columbia government. I undertook to meet directly with the minister of labour and offered a federal response under Section 38 by saying that we would be prepared to use our funds to support major job-creation efforts in the forestry industry. From that point on it really is the responsibility of the provincial government to follow through. We have had meetings with the provincial government, and I am anxiously awaiting its response.

I can say to the hon. member that, in addition, we have had very positive responses from other provinces, and I will be in a position to make announcements in the next few days. However, as far as meeting with the labour unions is concerned, I think it would be a proper thing to do, and I would be pleased to pass the hon. member's comments on to the minister of labour in the British Columbia government, who would have to initiate those discussions.

REQUEST FOR GOVERNMENT ACTION

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I certainly hope it is the job of any federal minister to ensure that we get the biggest bang for our bucks when it comes to the jobs we want to create in that very hard hit industry. I have just returned from meetings with the silvacultural contractors, the tree planters and the IWA. Many of the contractors and tree planters are non-union. If there are not the consultations I have suggested, the program might simply employ some workers and cause equal unemployment amongst others. However, if the program were intelligently applied it would do a better job and employ twice the number of people for exactly the same money.

Will the minister agree to approach the British Columbia government, as he has suggested, very soon, and how soon does he believe we can expect some action on this potentially very important program for British Columbia?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, just by way of a very short reply I should also tell the hon. member that I personally met with members of the IWA union when I visited Vancouver Island. I talked to them about this very project and received their endorsement. I also asked my officials to meet with them so that we could establish some short-term employment response projects on Vancouver Island and so that we could have a close contact with them. However, with the hon. member's encouragement and support and, I am sure, the encouragement and support of his entire caucus—at least I hope his entire caucus because they have not been entirely enthusiastic up to this point in time—we will go ahead and pass his message on to the British Columbia government and hopefully have an agreement in place in a very short period.

FINANCE

TAX DEDUCTION FOR DAYCARE EXPENSES

Mr. John Bosley (Don Valley West): Madam Speaker, I have a question for the Minister of Finance. He will know that for a young family to survive today it has become almost mandatory for both spouses to work and, to permit that, daycare is essential. The minister will know that if the wife works and the husband goes to school, the cost of child care is deductible, but if the situation is reversed and the wife wishes to increase her work skills, no deduction is allowable.

The Canadian Human Rights Commission recommended to the minister in its 1980 annual report the elimination of this discrimination which, it said, "perpetuates negative attitudes to women who are working or completing their education".

Having brought in two budgets without eliminating this discrimination as recommended, when does the minister plan to do so?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am quite aware of the concern which has been expressed by the Canadian Human Rights Commission. It is a matter which has been raised several times before. At present there is an interdepartmental review in progress which is dealing with this matter. A number of departments, I believe including the department responsible for the status of women, is involved, and I hope the results of that review will lead to some constructive results.

Miss MacDonald: Get on with it.

Mr. Bosley: Madam Speaker, the minister will know that not only are the terms of the deduction discriminatory but also the size of the deduction has not been increased for some time.

LEVEL OF DEDUCTION

Mr. John Bosley (Don Valley West): Madam Speaker, the government itself recently increased the cost of child care to Canadians greatly by raising the minimum wages payable to family helpers. Can the minister explain to Canadians why the deduction was not at the same time increased, or if it will in fact be increased in the immediate future to cover the costs that the government itself is asking Canadians to bear?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I hope the review committee will take into account these particular factors the hon. member mentions and devise some way of handling them.

* * *

THE ECONOMY

GOVERNMENT POLICY ON INTEREST RATES

Hon. George Hees (Northumberland): Madam Speaker, I would like to address a question to the Minister of Finance. As virtually all economic forecasters are predicting that unemployment will continue to rise as long as the government persists with its high interest rate policy, I would like to ask the minister if he could tell the House just how high the government is willing to have the unemployment rate rise before he is willing to consider a policy of allowing interest rates to fall to a level just above the rate of inflation and using the resultant drop in the value of the dollar to stimulate the economy, as has been done very effectively when used in this way in the past, and in this way restore employment in Canada to a satisfactory level.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, with his experience the hon. member knows that the basic reason we have high interest rates in Canada and other countries of the world is because we have very high prices and very high inflation, and the moment we succeed in bringing down inflation we will see an improvement in interest rates. That is why the purpose of the government is to pursue an anti-inflationary policy in order to bring interest rates down.

I do not believe it would be in the best interests of the country to reduce interest rates arbitrarily, and expect our problems to be solved that way. I believe, as stated by the hon. member for Etobicoke Centre some time ago, that would be a policy of desperation. That is one area of economic policy in which I agree with the hon. member for Etobicoke Centre and disagree with the hon. member for Northumberland.

EFFECT OF POLICY

Hon. George Hees (Northumberland): Madam Speaker, it seems to me that the minister's point of view is that "everybody is out of step but Allan", because all the businessmen of this country are in favour of the policy I have mentioned. Farmers are universally in favour of it. In fact everybody in the country you talk to, including the vast majority of Liberal members sitting on that side of the House, is in favour of it. The Canadian people own the country, not the Minister of Finance and his little coterie of advisers, including the Governor of the Bank of Canada. The people of Canada own the country. It is their country, and if they want a policy introduced, does the minister not think they are being asked to bear an awfully heavy burden just to sustain the stubbornness of a government which simply will not see and is completely out of touch with the economic realities of the day?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member says I am out of step with everybody. I just read a comment made today by Henry Kaufman, the chief economist for Solomon Brothers in New York, who is probably Wall Street's most respected financial analyst. The hon. member is a former president of a stock exchange and I thought I should quote somebody he might respect.

Mr. Hees: I quote Canadians, not Americans.

Mr. MacEachen: Mr. Kaufman says that Canada has done much better than the United States and that Canadian fiscal and monetary policies are better structured. That is a witness who might impress a former president of the Montreal Stock Exchange.

Mr. Hees: The people who impress me are Canadian economists, not Americans.

* * *

AGRICULTURE

EFFECTIVENESS OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is also directed to the Minister of Finance. Amidst all the economic difficulties he has been enduring and dealing with in the last while I would like to ask the minister if he has noticed that spring has sprung and that, with that, the agricultural community is facing another severe difficulty in looking for financing for spring planting. One thing that might have worked, which is not at all working in areas where it is needed, is the small business bond. There have been a number of questions and answers, but the reality is that at the level of the individual farmer the mechanism is just not working. Banks have excuses, and there are a whole bunch of things wrong.

• (1450)

Has the Minister of Finance talked to the banks? Is there anything which he is prepared to do to ensure that that mechanism in fact works, so that the agricultural community has access to funds for spring planting?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member asked whether I propose to speak to the banks. I know that the last time the question was raised in the House, conversations were held with the banks. They were asked whether indeed the benefits of the small business bond were being made available. The fact of the matter is that at the present time there is almost $3 billion committed to financing under the small business bond. I believe it offers very promising results for farmers.

The hon. member will recall that he was one of those who urged me to apply the benefits of the small business bond to unincorporated businesses, including farmers. That was carried out. Certainly the banks have my encouragement and support in providing the fullest possible service to farmers.

The hon. member said that there were a "bunch" of difficulties. That is an awful lot, if they come in bunches. I would be glad if the hon. member would give me some specifics so that I could follow up the matter further with the bankers with whom I will be holding consultations in the very near future.

THREATS TO FARMERS

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my supplementary question is also directed to the Minister of Finance. I think his response indicates to the Canadian people just how far he and his policies are out of touch with reality or with what is going on at the local level. I said, "a bunch". I challenge him to show me the number of farmers or the number in the agricultural community who have actually received the small business bond.

Some hon. Members: Hear, hear!

Mr. Gurbin: I will leave that and ask a supplementary question. Madam Speaker, $3 billion was development. We are in the bail-out bond business now and it just is not working. Does the Minister of Finance understand another point with banks and farmers, that is the point that banks are now threatening farmers who have become involved in movements to try to create some solutions to the problem? They are threatening them with cutting off their credit. These are farmers who already have lines of credit established, being threatened by banks that their credit will be cut off if they do not stop being involved in movements to try to solve some of the problems. Is the minister aware of that and, if he is, will he do something about it?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am not aware of that. If the hon. member could provide evidence that bankers are threatening farmers because they are carrying out their responsibilities as citizens, I should like to have facts on the matter and I will raise them with the Inspector General of Banks.

* * *

[*Translation*]

OFFICIAL LANGUAGES

RESTRUCTURING OF FINANCING OF ASSOCIATION CANADIENNE FRANÇAISE DE L'ONTARIO

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, my question is directed to the Secretary of State and concerns official language minorities programs. On February 16 of this year, the Department of the Secretary of State, without prior consultation with the persons concerned, announced the restructuring of financing of the Association canadienne-française de l'Ontario. Whereas the Secretary of State's position is not set forth in any public document in which concrete proposals could be examined; whereas a number of organizations have asked the Secretary of State to reconsider a decision that can be qualified as hasty, unilateral and in some ways even threatening for Franco-Ontarians; whereas 13 out of 19 regional associations are giving their democratic support to the provincial ACFO, is the Secretary of State prepared to grant a one-year moratorium so that there can be democratic consultation as well as an in-depth study of

this question, and thus maximize the impact of his department's programs by restoring a dialogue and a spirit of co-operation with official language minority groups?

[*English*]

Hon. Gerald Regan (Secretary of State): Madam Speaker, I acknowledge my appreciation of the genuine interest of the hon. member in the welfare of Franco-Ontarian people. There is no effort on the part of my department to undertake a financial reconstruction of ACFO. Indeed, my department funds a great number of Franco-organizations in the province of Ontario, of which ACFO is by far the largest, the most important, and the most extensive in the work that it undertakes on behalf of Franco-Ontarians.

We have indicated that in the current year we will increase the amount of support which we give in assistance to the cause of Franco-Ontarians. What was under consideration was a redirection of part of the funds to local areas instead of channelling all the funds through the central organization. In view of the objection which has been made to it, I am happy to inform the hon. member that I will be meeting with officials of ACFO on Thursday of this week, in the afternoon, for a further discussion of the matter.

* * *

COMMUNICATIONS

LICENSING OF PAY-TV COMPANIES—JURISDICTIONAL SITUATION

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is directed to the Minister of Communications. Since the Pay-TV announcement of the CRTC last Thursday at least two provincial governments have challenged the authority of the federal government to license this new television service. The Minister of Communications has known for months that, unless the jurisdictional conflict was resolved, the whole development of Pay-TV for Canadians may be in jeopardy. Yet, at past meetings of provincial communications ministers the minister has done nothing to resolve the issue; even worse, he has often refused to have it debated at the table. What does he intend to do at this late date to ensure a quick and orderly resolution of the jurisdictional problem? What specific plans does he have to ensure that the March, 1983, starting date for Pay-TV for Canadians is not jeopardized?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I am pleased the hon. member highlighted the important part of the CRTC decision which heralds the introduction of Pay-TV service in Canada. We will see a good part of the profits of that system flowing back to the Canadian program production industry. As far as the federal government is concerned, there is no jurisdictional issue.

QUERY RESPECTING POSSIBLE JOINT JURISDICTION

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, surely the minister must look upon this as the most recent example of co-operative federalism, such as the wars which have been fought in health care and in post-secondary education. He seems to be only adding to the conflagration, or possible conflagration, by assuming that there will not be court battles over the matter, unless he is joking. I think there will be. Would the minister consider seriously offering joint or shared jurisdiction with the provinces over the hardware or the delivery system, while the content regulations remain federal or under the jurisdiction of the government or the CRTC?

Hon. Francis Fox (Minister of Communications): Madam Speaker, since the meeting of last September with communications ministers to which the hon. member referred, there have been a number of meetings at the deputy minister level with all provinces, with the exception of the province of Quebec.

[*Translation*]

Twice the government of Quebec has been invited to meetings with my deputy minister, and twice the government of Quebec, through its deputy minister, has refused to attend these meetings.

[*English*]

The whole purpose of these meetings was to see whether we could harmonize the federal interest and the provincial interest. However, with the type of positions which have been taken by many provincial governments to the effect that Pay-TV was a matter of provincial jurisdiction, it is very difficult to harmonize those interests. I, for one, feel that it is rather difficult to interpret Pay-TV as being a matter of local or provincial interest or jurisdiction when we are talking about a national signal being sent up to a satellite sitting 23,000 kilometres above the equator and then distributing the signal across the country. I have some difficulty in understanding how this could be a matter of purely local nature.

* * *

• (1500)

[*Translation*]

INDUSTRY

FOOTWEAR LAY-OFFS—REQUEST FOR MEASURES TO STIMULATE PRODUCTION

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce and Regional Economic Expansion. The minister is aware of the problems facing the footwear industry, and I apologize for bringing the matter up once again. However, considering the fact that the footwear industry may be losing 2,400 jobs by the end of April if no action is taken by the department, and since rumour has it that the Canadian Industrial Renewal Board is to announce special measures

regarding the footwear industry within two months, can the minister confirm the truth of this rumour and that one of his departments will be announcing new measures within two months?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I have already announced that the Canadian Industrial Renewal Board will have $17 million to help finance the modernization of the footwear industry, and also $250 million for the purpose of restructuring the clothing and textile industry. So the rumour has, in fact, already been confirmed, Madam Speaker.

INQUIRY WHETHER IMPORTANT ANNOUNCEMENTS WILL BE MADE BY MINISTER

Hon. Roch La Salle (Joliette): Madam Speaker, I have a supplementary. I am sorry, but the Minister of Industry, Trade and Commerce will have to have a talk with the Minister of Energy, Mines and Resources, because last weekend in Trois-Rivières, the Minister of Energy, Mines and Resources, to cheer up his Liberal supporters about the economy, said at a press conference that in two months the Canadian Industrial Renewal Board would be making some important statements on the footwear industry. So I would like to ask once again—or perhaps the Minister of Energy, Mines and Resources could have a little talk with the Minister of Industry, Trade and Commerce, since it seems they are not quite in agreement with each other, so I would ask the minister a second time whether the statement by the Minister of Energy, Mines and Resources is to be taken at face value, or was the minister merely trying to make some political hay with his Liberal supporters?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, statements made by the Minister of Energy, Mines and Resources are always worth while. I will have to check with the minister what he actually meant and said, but I can confirm that we have already announced sizeable funds for the footwear industry and we are reviewing and considering proposals that were submitted by the footwear industry to our colleagues in the Quebec caucus.

* * *

[*English*]

PETITION

MR. HALLIDAY—POLAND—IMPOSITION OF MARTIAL LAW

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and eighty-sixth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Oxford (Mr. Halliday) on Monday, March 22, 1982, and finds that it meets the requirements of the Standing Orders as to form.

* * *

BUSINESS OF THE HOUSE

Mr. Nielsen: Madam Speaker, may I direct a question to the government House leader and ask him what business the House will be dealing with tomorrow, Thursday and Friday. Could he also give us an indication, as far as he can, what business the House will be dealing with next week?

Mr. Pinard: Madam Speaker, I can deal with the business until Friday. Today and tomorrow we will be dealing with second reading stage of Bill C-97. Thursday will be the last allotted day in this period of supply. Even if the last day under the rules is March 26, we can choose an earlier date. Therefore, this coming Thursday will be the last allotted day in this period of supply.

In so far as Friday and next week are concerned, I intend to have a House leaders' meeting as usual tomorrow or Thursday, and we will discuss that.

Mr. Nielsen: Madam Speaker, may I address one further question to the government House leader and ask him whether he has received any indication from Her Majesty with respect to the possibility of her attending in Canada to participate in any ceremonies that might be planned in connection with the patriation of the Constitution?

[*Translation*]

Mr. Pinard: Madam Speaker, I have no royal news to communicate to anyone whatsoever today.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. GREENAWAY—MOUNT CURRIE, B.C.—REQUIREMENT FOR NEW SCHOOL

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, it is my duty to present a petition signed by 198 students and friends of students at the Ts'zil School of the Lil'wat Nation in Mount Currie, B.C. It will be noted that there are in excess of 200 students attending the school at the present time.

The purpose of this petition is to alert the Parliament of Canada to the grave danger the students are subjected to each day they attend school. This old school has been condemned three times; it is a fire hazard, it has leaky roofs and is located dangerously close to a frequently used railway line.

The nature of the petition is to demand the immediate commencement of construction of a new school in order that it

be completed by the target date of July, 1982 as promised by the Department of Indian Affairs and Northern Development. Construction was to have commenced by July, 1981, but innumerable bureaucratic delays have held up the project.

The petitioners hope in your examination of the petition, Madam Speaker, that you will find it in order and that you will exercise the discretionary powers vested in the office of Speaker of the House to allow discussion and referral to the appropriate committee at the earliest possible time in order that the continued danger to the students' health and safety may be minimized.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,621, 2,806, 3,892 and 4,034.

[*Text*]

EXPORT DEVELOPMENT CORPORATION

Question No. 1,621—**Mr. Cossitt:**

With reference to the answer to question No. 76 in which it is stated, "Parliament has traditionally recognized that . . . it is not in the public interest for EDC to discuss the terms of its export transactions . . . " (a) what are all the references in *House of Commons Debates* where Parliament as a whole has agreed to such a tradition?

Hon. Ed Lumley (Minister of State (International Trade)): In so far as the Department of External Affairs/Export Development Corporation is concerned:

(a) As to references in the *House of Commons Debates* where Parliament as a whole has agreed to a tradition that it is not in the public interest for EDC to discuss the terms of its export transactions, it is suggested that in the true sense of a tradition as a "custom or the like transmitted by practice, without writing", once any such agreement had been recorded, the custom would have become more than a tradition. In any event it is unlikely that agreement has been given by Parliament as a whole such as by way of resolution or unanimous consent.

There are, however, references in the *Debates* to publication of documents and details of operation of Crown corporations.

In the *House of Commons Debates,* 1955, second session, Twenty-second Parliament Vol. I, pp. 892-3, there is quoted a statement by the Speaker on a motion for the production of papers in relation to the operation of the Canadian National Hotel in Montreal. It reads in part ". . . but all leaders of parties, in or out of power, have always agreed that they should not insist upon production of papers which are declared not to be in the interest of the House to get—"

In the *House of Commons Debates* 1960-1, fourth session, Twenty-fourth Parliament vol. II, pp. 1187 and 1629, a minister, in response to a member's statement that "the representatives of the people are entitled to know down to the last detail what is happening within Crown corporations," stated "that is not the policy . . . of this government" and the Leader of the Opposition is quoted as adding "Nor of the opposition."

The government considers that in export transactions certain information furnished to EDC by exporters and certain information on export financing, such as the rate of interest, must be treated as commercially confidential in view of the intense competition that exists between competing exporters and among exporting countries.

ARCTIC PILOT PROJECT

Question No. 2,806—**Mr. Munro (Esquimalt-Saanich):**

1. Did the government of Denmark make representations on behalf of the government of Greenland concerning the sea route to be followed by the ships of the Arctic Pilot Project and, if so (a) on what date and what was the nature of the representations (b) was a reply given at the time or at any time since and, if so, what was the reply?

2. Does the Arctic Pilot Project envisage off-loading its liquefied natural gas (LNG) at Port Hawkesbury or Gros Cacouna?

3. At what location are the LNG ships to be built?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of External Affairs and Transport as follows:

1. Consultations with the government of Denmark have been proceeding for several years on a number of marine environment matters of mutual interest including the Arctic Pilot Project and a possible marine environment co-operation agreement between the two countries. The concerns of Greenland with regard to the sea route to be followed by the ships of the Arctic Pilot Project have been conveyed by the government of Denmark during those consultations. The last formal round of discussions was held in Copenhagen from July 30 to August 1, 1980.

Since that date a joint working group of experts comprising representatives of the Department of Indian Affairs and Northern Development, Petro-Canada, the Danish Ministry for Greenland and the Greenland home rule authority has met several times to study potential environmental implications for Greenland. The Canadian government has also kept the Danish government informed of developments relating to the Arctic Pilot Project through the Canadian Embassy in Copenhagen and the Danish Embassy in Ottawa.

In a diplomatic note dated December 23, 1980, to the Department of External Affairs, the Danish Embassy expressed the concerns of the Danish authorities over possible adverse impacts which the Arctic Pilot Project could have on Greenland interests. The note drew particular attention to concerns over the location of the route to be followed by the Arctic Pilot Project vessels in the waters between Canada and Greenland, and indicated the importance of continuing consultations between Canada and Denmark on the subject.

In a diplomatic note dated March 13, 1981, to the Danish Embassy, the Department of External Affairs reaffirmed the commitment of the Canadian government to the preservation

of the Arctic environment and to meaningful consultations on the Arctic Pilot Project. The government of Denmark was assured that all aspects of the project, particularly any possible environmental implications for Greenland, would be carefully examined before a final decision is taken. To this end, the department proposed dates for a further round of formal consultations on the Arctic Pilot Project and marine environment co-operation agreement.

The Danish authorities have not yet taken up this Canadian offer to hold a further round of formal consultations. In a diplomatic note dated March 25, 1981, the Danish Embassy expressed the opinion of the Danish authorities that the visit of the Secretary of State for External Affairs would provide a suitable opportunity for a general exchange of views on the Arctic Pilot Project.

During that visit, on June 2, 1981, the Danish foreign minister again emphasized the general concerns of Greenland with regard to the possible environmental impact of the Arctic Pilot Project. The Secretary of State for External Affairs referred to the environmental studies being made with regard to the project by the joint working group of experts and once again emphasized the necessity for the concerns of Greenland to be made known through continuing consultations during the planning stages of the project when they may be accommodated in the decision-making process. The Danish authorities expressed their hope that they would be ready to sign the marine environment protection agreement in the fall of 1981.

During the visit of Greenland's Premier Motzfeldt to Ottawa, February 27—March 2, 1982, the Danish authorities indicated that they are now prepared to resume discussions on the agreement and the Arctic Pilot Project. Mutually acceptable dates for these discussions will be agreed upon in the near future.

2. The decision has not yet been made.

3. The decision is for the proponent to make.

EDC LOAN TO ALGERIA

Question No. 3,892—**Mr. Cossitt:**

1. With reference to the building of a monument to commemorate the twentieth anniversary of the independence of Algeria, did Mr. Claude Baillargeon of the Department of External Affairs answer a telephone inquiry on February 5, 1982 from the office of the hon. member for Leeds-Grenville asking whether or not any Canadian funds were involved in this project in the form of loans and grants and which in any way involved the government or a Crown corporation?

2. Did Mr. Baillargeon state the answer to the inquiry was "absolutely not" and was information given in the House of Commons, when questions were asked on the subject on a later date by the hon. member for Central Nova, that admitted government involvement to a certain extent and, if so, how does the government reconcile these answers?

3. What are the exact terms of any agreement involving the government or any Crown corporations on this matter with Algeria and what is the interest rate being charged for any moneys involved?

4. Are there any specific reasons that Mr. Baillargeon would give one answer to the hon. member for Leeds-Grenville and that the government would produce a contradictory answer in the House of Commons?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. The question that Mr. Baillargeon was answering on February 5, 1982, concerned the possibility of there being Canadian representation at the ceremonies marking the twentieth anniversary of Algerian independence. The commemorative monument was referred to only incidentally. Mr. Baillargeon pointed out that because this important commercial contract has been awarded to a Canadian company, Canada should perhaps be represented at these ceremonies.

2. Without being asked specifically how this operation was to be financed, Mr. Baillargeon indicated that Canada was in fact participating in the construction of the monument, and implied that such financing would be supplied commercially, since an "important commercial contract" was mentioned. There was no mention of a grant.

3. EDC did make financing available to Banque Algérienne de Développement by allocating in 1981, Cdn. 47.6 million under a line of credit with the said institution to support a sale of goods and services by Lavalin International Inc. for the building of a monument in Algeria.

As a matter of general policy the corporation does not disclose details of transactions such as that which is of the subject of the present request.

4. Since Mr. Baillargeon did not go into detail about the methods of financing, his reply was compatible with the items of information provided by the government, namely that this was a commercial contract obtained by a Canadian firm that had received ordinary commercial financing from the EDC.

CIDA EDUCATIONAL PROJECTS IN CARIBBEAN

Question No. 4,034—**Mr. Herbert:**

How many educational projects in the Caribbean that use Canadian teachers and professors are presently (a) partially (b) fully funded by the Canadian International Development Agency and in which countries are the projects in force?

Hon. Mark MacGuigan (Secretary of State for External Affairs): (a) There are 19 educational projects in the Caribbean that use Canadian teachers and professors which are partially funded by the Canadian International Development Agency, through its non-governmental organizations division.

These projects are in the following countries:

Antigua
Bahamas
Barbados
Belize
Dominica
Grenada
Guyana
Montserrat
Nevis
Saint Lucia
St. Kitts
St. Vincent
The Grenadines
Trinidad

(b) There are four educational projects in the Caribbean that use Canadian teachers and professors which are fully

funded by the Canadian International Development Agency, through its bilateral branch.

These projects are in the following countries:

Haiti and Trinidad

* * *

[*English*]

QUESTION PASSED AS ORDERS FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,482 can be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 3,482 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

COMMUNITY AND YOUTH EMPLOYMENT PROGRAMS

Question No. 3,482—**Mr. Munro (Esquimalt-Saanich):**

In the past three years, by constituency, what was the distribution of funds on community employment programs and youth employment programs and, of the distribution, what funds were foreseen for projects for the native peoples and what amount was actually allocated to such projects?

Return tabled.

[*English*]

Mr. Smith: Madam Speaker, I ask that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House resumed from Monday, March 22, consideration of the motion of Mr. MacEachen that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Federal Transfers to Provinces

Mr. Jim Hawkes (Calgary West): Mr. Speaker, it is a pleasure to resume where I left off last evening discussing Bill C-97, which comprises a unilateral decision of the federal government and the Liberal cabinet to cut funding significantly to hospitals and to post-secondary educational institutions. Between ten o'clock last night and three o'clock today, an important event occurred: the Standing Committee on Public Accounts met this morning.

As we discuss today the government's decision to cut out close to $6 billion worth of funding to hospitals and post-secondary educational institutions, we hear government speakers indicating strongly that this is necessary, that the federal government needs to cut out its expenditures for health care and post-secondary education.

Officials from the Department of Energy, Mines and Resources appeared before the Standing Committee on Public Accounts this morning. Their testimony clearly and unequivocally indicated that the import compensation program this year will cost Canadian taxpayers $850 million that it does not have to. Let me repeat that amount, $850 million. All it would take to retrieve that $850 million for the taxpayers of this country is a little common sense.

We discovered in the public accounts hearing this morning that it was possible to buy a barrel of Mexican crude oil this month for approximately $32 Canadian. It is possible in this country today, Mr. Speaker, to buy an equivalent crude, from the province of Saskatchewan in particular, for something less than $24 a barrel. You would think in a nation characterized by common sense that that difference would lead oil companies to buy the Saskatchewan crude and the saving would be passed on to the Canadian consumer. However, when we look into the situation we find that the Government of Canada in its wisdom has decided to give the multinational oil companies $17.50 compensation for importing Mexican crude. The end result is that the cost to the oil companies to import that crude is $9.03 a barrel cheaper than Saskatchewan crude.

• (1510)

Those of us from that region of the country know that the separatists are out there armed with that knowledge and they are walking the streets telling everyone, including the kids in grade school, about that and saying that this is what confederation is all about. This is a government which will subsidize an oil company to the tune of $9.03 a barrel to import Mexican crude while at the same time shutting in Alberta and Saskatchewan crude, because no one in their right mind would buy it if it is $9.03 more expensive. The difference is paid by the taxpayer.

We asked those officials this morning, Mr. Speaker, whether or not the amount of shut-in western crude exceeded 100,000 barrels a day. The answer was yes. We asked how many barrels are imported per day. The answer was 400,000. Then we asked whether, if the 100,000 barrels of Canadian crude

were being used in Canada, we could eliminate 100,000 barrels a day of imports and how much would we save in compensation charges. The answer was $850 million this year. It is a remarkable coincidence, Mr. Speaker, that that saving, which would in turn encourage Canadian production and create jobs through the purchase of trucks, steel products and so on, which would increase our tax base, would also restore these cuts in health care and post-secondary education. All it would take, Mr. Speaker, is a little common sense, perhaps a bit of a backbench revolt in the Liberal Party, and a little bit of caring about the reality of Canada.

How, Mr. Speaker, can you go to your riding and explain to your constituents that their tax dollars are being given to the oil companies to subsidize the cost of Mexican crude and at the same time increase the over-all price of our crude? How do you explain that? There are five Liberal members from the province of Newfoundland who will be expected to stand up in this House and vote for this legislation to cut funding for their hospitals. Let me just read from a report by the Canadian Council on Hospital Accreditation concerning one major Newfoundland hospital:

> This hospital is blessed with many fine, dedicated, diligent, sincere and well motivated people who are doing their utmost to deliver high quality care. Unfortunately, in an overcrowded, congested, antiquated plant supplied in many areas with ancient museum piece equipment, there comes a time when even superhuman efforts cannot deliver the modern health care that Newfoundlanders deserve. If the plant and equipment can be updated before the hospital loses its most valuable asset—

That is, its people:

> —there is every reason to believe that the maximum accreditation award can be redeemed.

The accreditation award for that major Newfoundland hospital has already been lost and the cuts those five members from Newfoundland are expected to vote for have not even been implemented. The equipment is antiquated, the health care of Newfoundlanders is already at risk, but those five members will be expected by the Liberal Party of Canada to stand in this House and vote to reduce further the funding to those hospitals.

Let me read to those members another part of this hospital accreditation report:

> The crowding and congestion in the laboratory is phenomenal. It is so extreme as to compromise the quality of care in the hospital. If there is no relief in sight consideration should be given to purchasing two or three trailers and placing them on the grounds to alleviate the congestion.

When those five members stand up and vote for this cut, will their constituents ask them about the funds for the five trailers, let alone the funds for dealing with the antiquated equipment? Where will the funds come from, Mr. Speaker, for the five trailers which should be there to relieve congestion? I quote further from the report, Mr. Speaker:

> The overcrowding in this hospital shows up in patients being held in corridors and nooks and crannies. It shows up in the overlap of medical patients into the surgical wards, and of surgical patients into obstetrics. It has also resulted in a waiting list of 543 patients for the 279 acute care beds that are in the hospital. This long waiting list exists in spite of, or perhaps because of, the fact that for the past six months a 32-bed ward has remained closed because there is not sufficient money to pay the nurses required to operate it. There are now about 50 major surgical postponements every month and patients awaiting elective surgery must wait approximately four months for admission.

Not too many years ago in this country, Mr. Speaker, we could expect to be admitted to hospital for most kinds of elective surgery in three to six weeks. In most parts of the country today it has become three to six months. In a country like England, that period has become three to six years. In wartime, there was a concept called TRIAGE. In a war, there are limited facilities, limited practitioners, but an almost unlimited supply of patients, the casualties of war. TRIAGE dealt with the difficult concept of ultimately deciding who should live and who should die. In most of those wartime situations, a kind of plan for that was developed. However, the first to receive medical care were the seriously wounded, with a good chance of surviving, those with less serious injuries, simply had to wait. The most seriously injured, those with limited chances of survival, were given pain killers and allowed to die.

• (1520)

It is rapidly becoming a fact of life in this country that there are more people dying on waiting lists than dying on the surgical table. In that context, I searched. The present Minister of National Health and Welfare (Miss Bégin) has held that position for most of the time since 1976. I have read the speeches, press releases and quotations in the newspapers. The remarkable fact involving the life of this present Minister of National Health and Welfare is that she has very seldom spoken about a health care issue. She has very seldom spoken about the length of waiting lists or the need for new technology. In her tenure in this office there has been an almost total lack of moral leadership which would put pressure on all of us to make the commitment to health care which is necessary. Instead, we find a health minister who consistently deals with the world as if she were, or wanted to be, a finance minister, and in a manner deliberately calculated to cut down the funding for medical care instead of increasing it.

As all hon. members of this chamber approach the necessity to vote on this piece of legislation, I think they should ask themselves whether they want their tax dollars put into health care or whether they want their tax dollars put into the hands of the multinational oil companies—Venezuelans, Mexicans and the Saudis. There is a choice to be made. I hope that the Liberals in the back benches will force their cabinet ministers to make the human choice instead of the inhuman choice.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Marcel Roy (Laval): Mr. Speaker, first of all, I have two comments to make on what was said by the member who just finished speaking, the hon. member for Calgary West (Mr. Hawkes). I feel he may have involuntarily misled the House, and I should therefore like to quote some official statistics to set the facts straight, especially, Mr. Speaker, since the statistics I have before me were tabled at a meeting of the Standing Committee on Health, Welfare and Social Affairs on December 4 of last year. In committee I did not

have an opportunity to answer the hon. member since I was in the chair, and it was of course his duty and responsibility to make comments and ask questions. However, he is still referring, as he did yesterday during his speech, as reported on page 15705 of *Hansard*, sizeable budget cuts in the area of health, welfare and social affairs. Mr. Speaker, the hon. member knows perfectly well he is saying half-truths or hiding the truth altogether. I want to remind him that at the meeting on December 4, the Minister of National Health and Welfare (Miss Bégin), when questioned, tabled the budget figures for 1981-82 and 1982-83 covering contributions for health care under estalished programs financing, but excluding the guaranteed income supplement. I am looking at the increases for the hon. member's own province of Alberta, Mr. Speaker, which received $689 million in contributions in 1981-82, which will go up to $772 million in 1982-83, an increase of 12 per cent. He was referring just now to the situation in Newfoundland, and since an election has been called in Newfoundland I wonder whether he was not acting as a spokesman for Mr. Peckford. In any case, people in Newfoundland are watching us right now, and when he says that cuts have been made by the Department of National Health and Welfare, I can see from the budget figures given by the minister at the meeting of the standing committee on December 4, that $182 million was budgeted for Newfoundland and will be increased to $204 million, in other words, an increase of 12.3 per cent. In my own province, Mr. Parizeau has been speaking in the same terms, and I would not be surprised to hear the member for Joliette (Mr. La Salle) repeating them, although the amount budgeted for the province of Quebec, which last year was $1.9 billion for health care, is to increase to $2.2 billion for 1982-83, in other words, an increase of 12.2 per cent. This is not being mentioned by Mr. Parizeau and it is not being mentioned by the official opposition, but these are the official figures, the real thing. Before getting on with my speech, Mr. Speaker, I think that a member of this House has no right to take half-truths lightly, especially since I was chairing the Standing Committee on Health, Welfare and Social Affairs when the minister, in answer to these questions, tabled the document I have before me.

Mr. Speaker, the second half-truth told by the member for Calgary West was heard yesterday evening when he was speaking for Quebec, just as he was speaking for Newfoundland just now. He said that the only Quebec member who spoke for Quebec was the member for Joliette. Here again, Mr. Speaker, it is not a case of deliberately lying to the House, but it is perhaps a different interpreation of the facts. I understand that the member for Joliette is a frequent participant in press conferences. If there is a microphone somewhere, either for radio or television, the member for Joliette is there as the expert, and whether it is the Constitution, the footwear industry, pipelines, potatoes, fiscal arrangements, the member for Joliette is always on hand to answer any questions. He is an expert, on what I don't know, but many people say he is an expert on political organization. In fact, judging from his attendance record for the Committee on Health, Welfare and Social Affairs, for instance, which I have been chairing for two years, the member for Joliette has never attended committee meetings, where 20 per cent of the total budget of the Government of Canada is examined. If the member for Calgary West were fair, he would tell us where Quebec's interests lie and who is defending Quebec in this area. I see the member for Joliette is in his seat, and I dare him to confirm what I just said, namely, that he has never attended the health committee, a committee that examines 20 per cent of the total budget of the Government of Canada.

Mr. La Salle: Mr. Speaker, on a point of order. The member for Laval is challenging me to prove that I did or did not attend the Standing Committee on Health, Welfare and Social Affairs. With all the responsibilities he attributed to me just now, he should understand that I have not had time to attend the committee's meetings.

Mr. Deputy Speaker: The hon. member did not raise a point of order.

Mr. Roy: Mr. Speaker, the member for Joliette has just confirmed that in two years he never attended meetings of the Standing Committee on Health, Welfare and Social Affairs where 20 per cent of the government's total budget, namely, the votes for welfare, health, hospital insurance and health insurance, is considered. Well, this goes to show how mistaken the member for Calgary West was yesterday when he said that the hon. member was the sole spokesman for Quebec. Personally, Mr. Speaker, I see him as the record player stylus of the Progressive Conservative Party in Quebec, because he speaks on every possible subject. However, I said that he at least had a talent for political organization. Unfortunately, since 1968 his only achievement has been to keep his own riding. All other Progressive Conservatives in Quebec have been eliminated, so that the hon. member's organizational talents have been limited to his own riding. So when the member for Calgary West tells us that the member for Joliette is the only member defending the rights of Quebecers, I think they are in much better hands with the 74 members here in the House who work on committees, are active at the caucus level, work on legislation and are doing more than making all kinds of statements, from the footwear industry to the Constitution and including all the items I mentioned earlier, Mr. Speaker.

• (1530)

An hon. Member: All talk and no action.

Mr. Roy: Mr. Speaker, after reading Bill C-97, an act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces, I wanted to take part in this debate for two reasons. The first is that this bill provides for the sharing of taxes according to provincial needs and the capacity to pay of individuals which can be reflected within a province by an industrial structure which can generate employment or by natural resources which are an important source of revenue. The second reason is the importance of this bill, which, as I mentioned earlier, represents 20 per cent of the

total federal budget. The purpose of this legislation is therefore the sharing of revenue either within a province where some people are better off than others and revenue can be shared through the taxation system. In a federal system, provinces which are better off, either because of their industrial structure or because of the revenues generated by their natural resources, must share with the others. Richer provinces must share with the poorer provinces. This is the purpose of the bill now under consideration, and this purpose is achieved through four programs, namely, equalization, hospital insurance, medicare and post-secondary education.

The proposals of the federal government provide for an increase in the amount of the transfers proportionate to that of the gross national product over the next five years. These proposals are the result of consultations with the provinces. since December, 1980, the federal Minister of Finance (Mr. MacEachen) has met with his provincial counterparts on five occasions. There were also bilateral consultations between the officials of most provinces last summer. Since then, there have been 13 federal-provincial conferences and meetings between officials. The hon. member for Calgary West stated that this was another unilateral decision made by the federal government to amend the fiscal arrangements. Once again, this is only a half-truth. In addition to all these consultations and those 13 federal-provincial conferences, a parliamentary task force was created to examine these fiscal arrangements. This task force held public hearings throughout the country and looked at the changes which should be made to previous agreements to make them more realistic and functional and to make sure that they always reflect the objectives of the federal-provincial agreements, because federal-provincial relations are a central and irreplaceable element of our federal system. They provide essential communications between the two levels of government while allowing all the flexibility required to distribute effectively the powers of taxation, of spending and of legislation laid down in the Constitution. These consultations have been going on for 18 months. Hospital insurance, medicare and post-secondary education are very important elements of the fiscal arrangements between the federal government and the provinces. While these programs are administered by the provinces, they are to a large extent financed by the federal government even though the Canadian public is not necessarily aware of the origin of the funds. The provinces even attempt at times to hide the source of financing or not to divulge where it gets the money to implement its medicare, health services or hospital insurance programs.

In 1980-81, the amount of federal cash grants and revenues derived from fiscal points in respect of personal and corporate income tax granted by the Canadian government to provinces totalled $9,600 million for those programs and $3,400 million in equalization payments. Those are moneys collected by the federal government and redistributed to the provinces under these arrangements, but unfortunately the provinces hid the source of that funding and the Canadian government received no credit for it.

I must admit that the terms "fiscal arrangements" and "federal contributions to equalization payments" and the health and hospital care policy are unknown to the Quebec Péquistes. They make a point of not mentionning those 20 per cent contributions, preferring instead to talk of independence and turn down every federal initiative. I think the hon. member for Hull (Mr. Isabelle), who is right in front of me and is a physician, could speak at length on the matter of hospital and health care.

So these terms have been completely ignored since 1976 by the Péquistes. Who said that Ottawa was levying taxes without being entitled to those moneys. Strangely enough, Mr. Parizeau is now saying that if they do not get those moneys, well, they will have to levy more taxes. Some 24 per cent of Quebec's revenues come from transfers from the Canadian government to the Quebec provincial government, 24 per cent of their revenues come from moneys levied through federal taxes and repaid to Quebec under the fiscal arrangements, the major part of which, being equalization payments, are unconditional transfers. Let us look at the Canadian government contributions to the province of Quebec for the fiscal year 1981-82. They were as follows: $592.2 million for hospital care; $203.9 million for medicare; $376.6 million for secondary education; $186.3 million for supplementary health services; and also for 1981-82, equalization payments totalled $1,779 million, or $281 per capita. All this means, Mr. Speaker, is that more than 50 per cent of all equalization payments go to the province of Quebec, but nobody mentions it. The Péquistes prefer to talk about sovereignty, meaning independence and language priority, or so they say. Well, that so-called equalization contribution to Quebec accounts for more than 52 per cent of the total paid to Canadian provinces. Newfoundland received $410.9 million; Prince Edward Island $94.4; Nova Scotia $480 million; New Brunswick $411 million; Manitoba $355.2 million; Saskatchewan $55.2 million, for a total $3,587 million. More than 50 per cent went to the province of Quebec, but Mr. Parizeau ignores it. And fiscal equalization is an unconditional transfer program from the Canadian government to certain provinces so that they can supply a reasonably comparable level of basic public services without having to tax too heavily.

Under the existing arrangements, three provinces receive no equalization payments, namely British Columbia, Alberta and Ontario. That is why I said that only certain provinces received equalization payments, unconditional transfers from the Canadian government to the provincial governments. In 1980-81 that program cost $3,395 million to the federal government and will reach $3,587 million in 1981-82. All provinces do not have the same capacity to generate revenues from the taxes they raise to finance the services for which they are responsible under the Constitution. That is why the equalization program was established in 1957. The formula was based on provincial revenues from three tax fields: personal income taxes, corporate income taxes and succession duties. The formula was changed over the years and grew ever more complex. The one we are using now dates back to the 1967 principles when the

whole range of provincial revenues was incorporated and it features a reclassification of revenues in over 20 different categories.

• (1540)

The year 1982 is the twenty-fifth anniversary of equalization. As Canada's Minister of Finance pointed out, and I quote:

> It would be appropriate if we could highlight this anniversary by making further improvements to what is already, in my opinon, one of the best programs of this type in the world.

I must emphasize that under this equalization program, this taxation program for unconditional transfers to the provinces, the amount at the outset of the program was $140 million or 1.6 per cent of the whole budget. Twenty-five years later, those unconditional transfers of funds to the provinces have gone up to $4 billion or 6.5 per cent of federal expenditures on the basis of the national accounts. What were the general principles which, 25 years ago, underlaid those fiscal arrangements between the federal and provincial governments? The fiscal arrangements were designed to enable the federal government as well as the provincial governments to gain access to sufficient tax resources to discharge their responsibilities under the Constitution. They must ensure that each government is responsible to its own electors for its taxation and expenditure policies and makes its decisions while keeping in mind their effects on the other governments. Through an equalization payments system, the fiscal arrangements make it possible for each province to provide an appropriate level of public services without having to resort to significantly higher tax rates than does any other province. They must guarantee that the federal government wields enough taxing power to meet its economic and monetary responsibilities as well as its expenditures. Specifically, they must leave to the central government a fair share of direct taxes both on private individuals and on companies in all provinces so that it will be able to use for economic purposes the variations in the size and form of direct taxes and to ensure fairness in the tax load throughout Canada. They ought to lead to standard agreements among governments and to identical implementation of federal legislation in all provinces. The fiscal arrangements ought to provide the mechanisms to reconcile the policies and priorities of the federal and provincial governments.

Three basic principles stem from those general principles. The principle of responsibility whereby each government must assume before its own electorate the responsibility for raising the revenues required to finance its own programs. Second, the principle of access whereby each level of government enjoys all the necessary constitutional powers to draw the required revenues from each of the major sources available to the state. Third, the principle of interprovincial equality which gives real sense and value to the principle of access by all provinces by providing equalization payments to those provinces whose self-financing potential is lower than the per capita average of the provinces as a whole. Under Bill C-97, will the share of the federal government be smaller, as the opposition and the provinces claim, or are the provinces going to maintain standards and hospital services as provided for in previous fiscal arrangements?

Well, the Minister of Finance was quite clear when he tabled Bill C-97 and announced that under the amended legislation on fiscal arrangements, an amount of $105.5 billion was earmarked for the provinces while $61.3 billion had been paid to the provinces since 1977 under the legislation now in effect. Over the last five years, the provinces collected $61 billion and with the bill now under consideration that amount will be increased to $105 billion.

In light of those general and basic principles, the equalization program is the cornerstone of the Canadian federation. I would now like to deal with the various aspects of the bill which reflect that particular aspect of the Canadian federation. Those clauses are divided into two parts. The first part of the bill will amend the 1977 legislation on fiscal arrangements between the federal government and the provinces and on the financing of established programs and more especially the clauses of the legislation concerning the equalization payments and the financing of established programs.

Part 2 of the bill authorizes the Government of Canada to transfer their share of the export tax to the producing provinces and to pay some provinces an amount equal to the amount recovered under the equalization program for the years 1980-81, 1981-82, according to census date of June 1981. Among the most important provisions of the bill are those amending Part 1 of the act on fiscal arrangements which define the tax equalization program. The program will enable all provinces to ensure proper public services to their people without unduly burdening their taxpayers. Under the new system, it has been estimated that almost $29.3 billion will be paid to six provinces during the next five years in comparison with $16.5 billion paid during the past five years under the present system. As I said earlier, the equalization program is one of the cornerstones of the Canadian federation and the amendments to Bill C-97 are specifically made in keeping with those basic elements.

Now, with respect to hospital insurance. According to those arrangements, payments for hospital insurance, medicare and post-secondary education were no longer tied to provincial expenditures on a 50-50 basis. Instead federal contributions were increased in terms of GNP growth. At that time, most of the conditions governing the partial financing of those programs were done away with except for a few broad principles of universal access and protection, and non-profit administration. Those changes, wherever no monitoring device was provided for, led to an increase in national expenditures, in nominal dollars, of some 24 per cent in the first three years of implementation of that agreement, while provincial expenditures decreased by about 13 per cent; this ultimately resulted in Ottawa financing 60 per cent of the total cost of the programs. So, Mr. Speaker, did those changes result in the provinces or their residents getting less from the federal government? Definitely not. To my mind, a close look at the speech made by the Minister of Finance shows that he clearly stated that the federal government has absolutely no intention

of reducing its participation in those various programs. However, should we not, at some point in time, reconsider the efficiency or performance of those programs?

• (1550)

Is there enough flexibility for the provinces? Is it consistent with the need to maintain national health standards? Does the implementation of this program by each and every province mean that we do indeed have national health standards? How can you say that the health care program is universal when a number of provinces authorize extra billing? I need only refer to the Hall report, Mr. Speaker, which deals with Canada's National-Provincial Health Program for the 1980s. Here are a few chapter headings. I should like to refer for instance to Chapter 2:

Federal Funding Arrangements and Provincial Spending.

During the course of my hearings, there were allegations that some provinces had "diverted" "federal health funds" to other than health purposes, and that, as a consequence, some provincial programs have been "underfunded", thereby causing some doctors to "opt-out" and/or extra bill, resulting in an "eroding" of the *Medicare Program.*

I have concluded, after examining the evidence, that we are confronted in these allegations with two major issues which are distinct and not necessarily related. The first is the complex question of the effects of the transfer of federal funds to the provinces under *The Established Programs Fiscal Arrangements Act (1977).* The second, of course, is whether the provinces are fulfilling the conditions of *The Hospital Insurance and the Medical Care Insurance Acts.*

A little further, the report mentions (1) the ever-growing number of physicians who resort to extra-billing, and (2) the controversies that flow from the conflicts between the medical profession and the provinces over the scale of fees payable to physicians. There is another chapter which deals with the national standards. Justice Emmett Hall stated, and I quote:

I received numerous submissions dealing with the fact that because the provincial tariffs were not uniform, citizens of a province taking ill or needing medical or hospital services in another province found:

(a) That they had to pay the provider then and there;

The provider, meaning, the physician, then and there.

(b) That there was no reciprocity between provinces in the matter of insured charges;

(c) That on returning to their province of residence, they found difficulty and great delay in being reimbursed or partially reimbursed for expenditures incurred while absent from home;

(d) That when sent to a specialist is another province by their own physician, they were only reimbursed in part according to the tariff of the resident's province.

There is a whole chapter on portability. I think it reflects the concern of Canadians regarding the application of standards in connection with the national health program.

I should like to conclude my remarks on the subject of health and hospital services, for I see I am running out of time, with part of a statement made by the Hon. Minister of National Health and Welfare, and I quote:

I must admit that I am worried about extra billing and hospital costs which are charged in certain areas of the country. Finally, how long can we tolerate that a government which pays 60 per cent of the costs receives no credit for it? How can the government inform the public about its contribution? I talked earlier about various social policies and I shall now deal with post-secondary education. We have established certain criteria concerning post-secondary education. The federal government believes that colleges and universities must continue to play a crucial role in the economic and social development of the country, but that the institutions, teachers and students must receive every reasonable support and encouragement. The federal government therefore plans to review its program in the next two years and to request that the provinces increase the amounts they provide for post-secondary education by at least the same percentage as the rate of increase of the cash and tax point transfers under the established programs financing.

The second condition is that the provincial governments must undertake to have discussions with the Secretary of State (Mr. Regan) concerning a mechanism to meet the major national objectives for comprehensive support to post-secondary education. Those objectives would be defined in the federal legislation governing transfers granted for post-secondary education under the established programs financing which would be enacted at the end of the 1983-84 fiscal year. The federal objectives of mobility, accessibility, accountability, joint planning and languages are those of the Canadian government. The third condition is that the federal and provincial ministers in charge of programs will use future meetings to examine the mechanisms which would make them more accountable to the legislature and especially the federal Parliament for their expenditures and to ensure that the public is aware of the origin of the funds granted for these programs. At the present time, over 50 per cent of post-secondary loans are paid by the federal government, and the percentage can vary between 52 and 48 per cent.

I am about to conclude, Mr. Speaker, as I see my time has almost expired. What impact will the fiscal arrangements bill have on the finances of the government of Quebec? Under the fiscal equalization formula provided in the bill, Quebec will receive $15.8 billion in equalization payments during the next five fiscal years. That is almost twice the amount—$8.6 billion—Quebec has received during the five-year period ending on March 31.

The average annual increase in equalization payments to Quebec during the next five years will be 10.7 per cent, which is higher than the inflation rate projected over the same period. The bill also maintains established programs financing under which the federal government is funding a sizeable share of provincial hospital insurance, health insurance and post-secondary education. Quebec will be receiving federal cash transfers of up to $7.7 billion and fiscal transfers of up to $11.6 billion over the period 1982-1987, which means a total of $19.4 billion. During the last five years, this amount had been $11.8 billion, which means that under the bill, tranfers will increase from $11 billion to $19.4 billion.

As a result of changes in the equalization payments and established programs financing provided under the bill, federal

cash transfers and fiscal transfers to Quebec will increase at an average annual rate of 10.8 per cent. It is estimated that the transfers will amount to a total of about $35.2 billion during the next five years, compared with $20.4 billion over the last five years. The latest estimates for federal transfers to Quebec over the next five years indicate that there will be an increase of $1.4 billion over the figures given in the budget last November. Quebec has strongly criticized the Ontario standard for computing equalization payments proposed by the federal government last November, and the new standard provided under the bill was developed with this in mind. It is based on the revenue average of five representative provinces, namely, Ontario, Quebec, British Columbia, Manitoba and Saskatchewan.

In concluding, I believe that the present state of the economy has forced the federal government to restrain its expenditures in all areas. Since transfer payments to the provinces represent 20 per cent of the federal government's expenditures, they cannot escape the government's policy of restraint, and we must ensure that cutbacks are made fairly, and that the projected changes reflect the principles of justice and equity. Mr. Speaker, I trust that in light of the statistics that were given to me here in the House—these are official statistics obtained from the Department of Finance—Mr. Parizeau will stop letting the people of Quebec believe that he will be forced to increase taxes because of the new fiscal arrangements with the federal government and will therefore be compelled to put a heavier tax burden on Quebecers.

Mr. Speaker, I should like to point out to Mr. Parizeau—and I have the figures right here—that I read an article under the byline of Mrs. Marie-Josée Drouin which appeared in *La Presse* of Saturday March 20, on the sorry state of public finances. As the managing director of the Hudson Institute Mrs. Drouin listed the errors she had found in Mr. Parizeau's estimates. In 1977-78, a $670 million deficit was expected while in fact it amounted to $884 million. In 1978-79, a $1 billion deficit was expected while in fact it reached $1,475 million. In 1979-1980, a $1,450 million deficit was expected while in fact, it reached $1,816 million. Finally, Mr. Speaker, in 1980-81, the deficit expected to be $2.3 billion in fact amounted to $2.8 billion. That is a series of errors in previous estimates nearing $2 billion. Then Mr. Parizeau should not suggest that he has to increase taxes in Quebec because the fiscal arrangements entered into with the federal government have reduced their revenues. The evidence shows that the federal share will go up by 12.5 per cent in the next year and by an average of 10.8 per cent over the next five years. Before closing, Mr. Speaker, I would like to congratulate the Minister of Finance who is the sponsor of that bill and I beg all my colleagues to remember that it is essential for this legislation to be passed as soon as possible so that the funds provided in it may be paid to the provinces.

• (1600)

[*English*]

Mr. Simon de Jong (Regina East): Mr. Speaker, I am grateful for the opportunity to participate in this very important debate about the fiscal foundation of the Canadian confederation. It is a debate on matters which affect the health and welfare and future opportunities of all Canadians.

Consistent with the history of the present government, this bill again is a movement in a unilateral manner. It is arbitrary. It is based on some suppositions and assumptions that nobody in this country shares but some of the ministers and their back room bureaucrats.

Why are we faced with a bill which includes changes in the equalization program and changes in established programs financing? This bill is almost like the proposed energy security act, over which the bells were kept ringing for quite a long period of time. This is another of those pieces of legislation in which many things are lumped together.

The government claims that the equalization program is to expire March 31 of this year and therefore it needs to have this bill put through. As is the case with many things the government is claiming with respect to this proposed legislation, "it just ain't so". Indeed, the equalization agreements do expire, but they can be extended until negotiations are held and concluded. Such negotiations with the provinces and other jurisdictions in this country would work out how best the equalization program should work.

There is no need to change established programs financing. There is no need to force a change in EPF by March 31, 1982. That is a fallacy. There is no need to rush this piece of legislation through Parliament and give us only a matter of a week or so to debate this legislation which will affect the fiscal foundation of Canada. This is atrocious, and on behalf of my party I wish to express our outrage at the manner in which the government is proceeding on this particular piece of legislation.

Why make changes now? Surely this government has booted the provinces and other jurisdictions around enough. The attitude in this country is one of mistrust, anger, bickering and lack of co-operation. At a time when we as a society are going through some very serious and difficult social, economic and technological changes, the people of this country are disgusted that their politicians are not exercising their responsibility and are fiddling while Rome burns. The people are disgusted because we are debating how the deck chairs should be arranged while the *Titanic* sinks.

I suggest that there is no group which must take greater responsibility for the state of chaos which exists in the country than the group which sits opposite. Hon. members opposite surely could have avoided initiating moves to disrupt programs which have been nurtured along for decades. This government is behaving like a bull in a china shop. Since its election it has been struck by a sense of paranoia and by a sense that nobody out there seems to love it any more, so this government is going

to change the order in which Canada regulates itself. True paranoia becomes a self-fulfilling prophecy, and the behaviour of this government bears that out. The more paranoid it becomes the more paranoid it acts, and the more paranoid it acts the less people love it. Indeed, the public opinion polls tell that story every time they come out.

As I mentioned before, the relationship between the federal government and the provincial governments in the areas of education, social services and health is an intricate relationship which has been built up over many conferences, royal commissions and studies. We were blessed—or cursed, depending on how we want to interpret historic facts—with the BNA Act, which divided jurisdiction over health and education between the provinces and other jurisdictions and the federal government. However, in our truly Canadian fashion we have evolved because there has been a recognition that we cannot neatly divide those areas of jurisdiction. So over the years institutions have been established and programs and accords worked out. With this legislation those are all blown away, and this creates a sense of insecurity in the health profession and in the educational institutions of this country upon which people depend. Their lives and professions have been built around those agreements, and they are totally insecure and fear the future.

All this is occurring at a time when we in this country need co-operation. We need to work together because the future is looking more and more insecure. We are experiencing changes; the whole world is experiencing changes; this creates more insecurity and more social dislocations. We need co-operation; instead, this government acts irresponsibly and runs around like a bull in a china shop.

• (1610)

An essential element of making a country tick is trust among various levels of government. There must be trust that an agreement made today will be honoured tomorrow and that statements made today will be applicable tomorrow. The level of trust of Canadians and other jurisdictions in the government opposite has fast eroded.

In 1976 when the EPF was announced, the Prime Minister (Mr. Trudeau) guaranteed that there would be three years' notice given of any changes. Can we trust the government to live up to its word, if the past record shows that time after time it breaks its word? Of course the people of the country and other governments are not able to trust hon. members opposite. Can we blame them? The record is one that a sane person would come to the conclusion that hon. members opposite are not to be trusted and their word is not to be taken seriously because it changes from day to day depending upon their whim at the time.

Why are they moving now? One major reason is to reduce the federal deficit, but why should money be taken out of health and educational programs? I suspect that planners in the back room thought they had a cute little device to cut back health and educational programs in such a manner that it would appear as if the provinces were doing the cutting. The provinces will get the heat and the federal government will save revenue. This type of ploy might have worked a few decades ago, but I suggest that at the present time Canadians are too smart for that. I am sure that the cuts proposed by the government opposite will carry through and that Canadians will recognize that they are cuts by the federal Liberal Party.

Why is there a 7 per cent effective reduction of federal payments to health and welfare programs? The reason was to reduce the deficit of government. We must remember that it is the government's deficit as a result of years, nay decades, of Liberal mismanagement of the economy and their own house. It is this mismanagement which other jurisdictions are being called upon to carry. I suggest this ploy will be recognized for what it is.

It is not the provinces, the universities or the hospitals that are to blame for the deficit. It is the mismanagement of the Liberal government. It is not the hospitals or the provinces that were responsible for over $1 billion blown by the government on Mirabel airport. It is not the fault of the provinces or the universities that the energy program in the country did not make sense, was insane and stupid. It was not the fault of universities, hospitals or provincial jurisdictions that the interest rate policy increased or aggravated the effects of the deficit. It is not the fault of the provinces, universities or hospitals that many regressive tax breaks introduced by the government opposite during the 1970s eroded its tax base. Why take out the mistakes and sins of hon. members opposite on the health and educational systems? Hon. members opposite are to blame; they should clean up their own mess.

When the agreement was put into place in 1977, the federal government at the time wanted the provinces to introduce restraint in their health and educational programs. This is why it introduced block funding. There are some pros and cons about block funding. We suggested some of the things that were wrong with block funding. At that time the former leader of my party, Tommy Douglas, predicted that there would be a deterioration of the health system. In fact, this has come about. When the Minister of National Health and Welfare (Miss Bégin) and other hon. members opposite blame the provinces, in part they are correct; but also in part Tommy Douglas was correct when he laid the blame in 1976 and 1977 at their door. They were also to blame.

Miss MacDonald: The hon. member for Oshawa (Mr. Broadbent) was your leader at the time.

Mr. Blaikie: That is correct, but Tommy Douglas was our spokesman on health.

Mr. de Jong: Yes, that is correct. Of course, hon. members to my right—and they are always to my right—also supported the new arrangements at the time. Let us not forget that essentially the reason for the new arrangement was to help introduce cutbacks in education and health. This is exactly what happened; there were some serious cutbacks in education.

For example, since 1976 there has been an increase in tuition fees of 60 per cent across the country. From 1976 to 1977, the participation rate at universities fell from 19.4 per

cent to 18.4 per cent. Statistics Canada predicts that it will fall to 17.4 per cent in 1986. The federal-provincial task force on student assistance, when it released its report in 1981, indicated that one out of every five people surveyed who did not attend post-secondary education did not attend because they lacked the finances to do so. In that period of time we have seen that the amount of money flowing into the social affairs envelope has decreased in proportion to the increases in other envelopes. For example, in 1980 the social affairs increase was only 9.4 per cent, while social envelope expenditures increased by some 14 per cent. Indeed, the financial arrangements made in 1977 forced the provinces to start cutting back. There have been cutbacks in education and in health. Obviously hon. members opposite are not happy. They want more cutbacks and they will stick it to us all.

At the time there was another wonderful promise by the Prime Minister which the country learned to accept with a grain of salt. As reported on page 1992 of *Hansard* for December 14, 1976, the Prime Minister said that the federal government would intervene at some stage down the road to correct a deteriorating situation if such should develop. Of course, there was the assurance of 1976, but he shrugs, "Who remembers 1976? That was a long time ago." That is the philosophy of the Prime Minister.

I should like to deal with one other aspect about which federal Liberals should be disturbed. It concerns the present arrangements and deals with their lack of visibility. They are afraid that they are being ignored or that no one appreciates their good works. I have suggested in my constituency before that there was a simple solution. If the university in Regina could maintain its present funding by erecting a billboard indicating that so much money for its great edifice was donated by whatever minister was in office at the time, I am sure it would do so. If our poor friends across the way want a little recognition and a security blanket in the form of a billboard in front of a university to make certain that all students and passers-by know and appreciate the great contributions that they have made, then I am quite prepared to support that proposal. But at least I say to them stop the cutbacks, stop the nonsense. If hon. members over there want a billboard, we will give them a billboard, in neon if need be, with flashing lights or even a statue of the honourable minister. We will put up statues to all ministers as though they were great Roman emperors! But I say for heaven's sake, stop the cutbacks; stop the nonsense; stop the insanity.

• (1620)

I would like to place on the record the concern of and prediction made by the Premier of Saskatchewan, the hon. Allan Blakeney, when he suggested that moving toward block funding might create some problems for federal politicians regarding visibility and accountability. He stated the following:

> Through shared-cost programs, the federal government—in fact, all Members of Parliament—retain a direct involvement in, and identification with, the provision of health, post-secondary education and social services. We welcome that involvement.
>
> We want Members of Parliament—from Saskatchewan, from all across Canada—to maintain a vigorous and direct interest in these programs. And we want Canadians generally to know of this interest and involvement.
>
> . . . In this imperfect world, it is not easy to imagine a federal politician rallying support for these programs through a passionate advocacy of equalized tax point transfers.

I think the premier at the time properly predicted the problems with block funding, that there was not going to be an accountability for federal politicians, that there was not going to be a visibility for federal politicians. That is what they wanted. That is what they got. If they are unhappy with that situation, they should go to the conference table and do some decent negotiating, rather than acting unilaterally like the king before the tides, demanding the tides not come in. Surely that is not the way in which this country should operate and be run.

I want to turn my attention now to the field of education. In the report of the parliamentary Task Force on Federal-Provincial Fiscal Arrangements the importance of education and the turmoil which the educational facilities in this country are going through is described, and on page 121 of this report we find the following:

> It is clear to the task force that the Canadian post-secondary education sector is in a period of difficult adjustment. Furthermore, much of the evidence we heard suggests that this painful process of accommodation to rapid change will be protracted. We therefore see our role as suggesting how the two orders of government might co-operate more closely to facilitate provincial and institutional responses to change.
>
> A co-ordinated response would help to ensure a post-secondary sector adequate to the needs of a vast, regionally-diverse country in a highly competitive economic environment, and adequate also to serve the intellectual and spiritual aspirations of individuals in a bilingual and multicultural society.

That report is pure wisdom compared to what has been coming from the benches opposite.

Is there any recognition by the action of this government of the state of our educational institutions in Canada? Is there any recognition of the role they should be playing?

Mr. Blaikie: They want to turn them all into community colleges.

Mr. de Jong: I suspect what my colleague has just said is right, that this government wants to turn the educational institutions into community colleges or technical institutions. I will come to that a little later.

Mr. Blaikie: Philosophy is dead in the Liberal Party.

Mr. de Jong: It has been predicted as a result of government studies that we are going to be experiencing major shortages in skilled manpower in this country, that it might be difficult for us to obtain even the modest goal of 1.5 per cent of our gross national product going into research and development because we might be lacking trained and skilled manpower needed to accomplish that goal.

One tends to think a government that commissions such a report would go out of its way to make certain that the university institutions are capable of educating the trained people that will be needed in the years ahead. But that is not happening. The government instead is unilaterally cutting the means

from underneath the university institutions. The government is going to shave $1.5 billion from grants to provinces. In turn, the provinces will be forced to take that money out of health, educational and other programs. In other words, the government is going to tighten the vice. The government is doing this at the very time when the opposite is what is required.

I had the privilege today of being on a panel with a member of the Progressive Conservative Party and a member of the government. A group of provincial civil servants told us of their concern about technological changes that will have vast repercussions on the labour force in Canada. These changes will specifically affect women in low skill job areas. Hundreds of thousands of typists, secretaries and clerks will be losing their jobs in the years ahead. That situation is being recognized and understood. It is recognized that that State of Affairs is coming. But surely a sane person would expect his or her government to lay out the programs to allow these people to be re-educated. Sane people should expect that from a sane government, but sane people realize we have an insane government.

Some hon. Members: Hear, hear!

Miss MacDonald: Who put them there?

Mr. de Jong: With the proposed cuts, the ability of our educational system to deal with the technological changes that are coming around the corner has been severely hampered. Why do people opposite go on such a self-destructive course in this country? Do they not like Canada any more? Why is this government going around with an axe destroying the institutions that have given this country strength? What insanity has possessed this government?

Mr. Blaikie: Its members are tired, bitter, weary and cynical.

Mr. de Jong: If we as a country are to maintain our economic and cultural position, if we are to remain united as a country, if we are to flourish in terms of understanding each other and each other's culture, then we need strong educational institutions. Our educational institutions are one of the major sources of strength for Canada. Why does this government create an aura of insecurity for them? In order for our educational strength to be nurtured and developed, the institutions need security. Institution administrators need to know that financing will be there next year and the year after and the year after that. Our young people who are taking doctoral degrees in the sciences or the humanities want to know that funds will be available down the road. But instead these people are faced with insecurity, not knowing how deep and how broad the cuts will be. This is not responsible government. It is irresponsible, crazy government.

The university and student associations have made various recommendations. In a brief to the Prime Minister from the Association of Universities and Colleges of Canada dated January, 1981, the following was requested:

(1) The federal government recognize that its cash transfers under EPF provide an essential underpinning of university financing in Canada and that it is important, therefore, that any changes in EPF that may be developed with the provinces ensure the continued financial viability and effectiveness of Canadian universities in meeting both provincial and Canada-wide needs;—

• (1630)

Secondly, they called upon the federal government to:

—respect the commitment, made by Prime Minister Trudeau in 1976 when he announced the EPF program, not to amend the EPF arrangements without giving three years' notice of any such intention.

They called for a broad-based royal commission or public inquiry to address itself to the whole question of the function of universities, how much financing they will need and how it is to be arranged. They are asking for a reasonable response, for a process of consultation and co-operation so that education, which is not just a federal or provincial responsibility, can be carried out in a co-operative manner. That is what the universities are calling for, exactly the same as the students.

The National Union of Students, Mr. Speaker, also called for a royal commission or public inquiry into the educational system. Let it be open, let there be input from the public, from students and faculty, from the administration, and from the provinces as well as the federal government. Do not do it in a secretive and unilateral manner, the way the government is now proceeding.

There is a lot of fear in the educational system, Mr. Speaker, about what type of universities and what type of education the great masterminds across the way have in mind. Are they going to withdraw support now through the provinces and replace it in the future with direct grants—perhaps, for example, a voucher system, something which the students are totally dead set against. I share their paranoia about the intentions of this government because it certainly has not been open. We do not know what its intentions are. I suspect, Mr. Speaker, it has some grand design in mind. I suspect it wants to model its own type of university. I have a feeling it might think the system has not worked quite the way it should have and it is going to do it better.

An hon. Member: It has not worked to its advantage.

Mr. de Jong: Well, that is exactly it. It has not worked to its advantage; it has not worked to the Canadian people's advantage either. Yes, there is some more fine tuning which should occur. Yes, universities are badly in need of funds, but the basic structure is there. Universities in this country have evolved and developed over decades, and for the government to think that it can do it better reflects the same wisdom and knowledge which went into its mad design to build the super airport in Mirabel. I suggest it is the same type of planning and thinking and it will be a ghastly and costly mistake which future generations will have to bear.

Is it really the intention of the government to fine tune the education system, so to speak, so that it will produce just technical robots because the government feels this is what the

country is going to need and, by golly, that is what the universities are going to have to pump out? Is it concerned that the social sciences and humanities are going to fall by the wayside, because in these times of economic restraint the arts, philosophy and the social sciences are surely frivolous? In fact, it is in those areas particularly, Mr. Speaker, that federal support has fallen so drastically during the 1970s. Is it the government's design to really change our universities into technical institutes because this will fit into its grand economic plan and strategy?

We are not opposed, Mr. Speaker, to future economic planning but it has to be done openly and honestly. It has to be done in consultation with industry, the provincial governments and the universities. It has to be a co-operative process, not a unilateral process. It cannot be something which comes out of the back room of some government bureaucrat—"The new fad for this year is to change our universities". Surely Canada has had enough of governments which deal with one fad this year and another one next year. We need responsible government, Mr. Speaker, and this bill we have in front of us today is irresponsible government. It damages the institutions which have been built up over the years. These institutions can, of course, be changed; that is part of natural evolution. But it should not be hacked and chopped to pieces in the way being threatened by this legislation.

Let there be no doubt, Mr. Speaker, that we in this party will stand opposed to and will fight this legislation. I suspect that in years to come, in other debates in this House, the remarks and predictions made today and yesterday will be quoted, as we in turn are quoting people like Tommy Douglas.

Mr. Kempling: Don't count on it.

Mr. de Jong: What we are seeing is a progression of irresponsible behaviour which will take years to correct. My colleagues and I, Mr. Speaker, stand opposed to this legislation.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Waterloo (Mr. McLean)—The Budget—Impact on voluntary sector and municipalities; the hon. member for Athabasca (Mr. Shields)—National Energy Program—Effect on Alsands project. (b) Request that minister change policy; the hon. member for Kootenay West (Mr. Kristiansen)—Finance—Taxation of northern allowances—Request that minister meet union representatives. (b) Request that minister withdraw budget measure.

GOVERNMENT ORDERS

[*Translation*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. MacEachen that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, I feel that Bill C-97, tabled last week by the Minister of Finance (Mr. MacEachen) and amending the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, will have a tremendous impact on the federal system in Canada and especially on the economy.

First of all, may I point out that I shall be speaking mainly from the perspective of the province of Quebec, which I represent. Members of *la belle province*'s provincial government will, of course, express their dissatisfaction, as usually happens when there is a federal-provincial discussion. It is most unfortunate, at this stage, that no agreement could be reached on this very delicate matter, but I feel that in the coming months or perhaps in the days or weeks to come, Quebecers will be hearing a lot about this bill which is being debated here in the House. They will be hearing a lot of figures and as usual, the provincial government will be saying that Quebecers are always penalized and that they are not getting their fair share. It is clear, Mr. Speaker, that Quebecers, and they are still Canadians, must be told first of all that Bill C-97 does not create a situation that is unfavourable to Quebecers, and that many representations made by the provinces, especially by the province of Quebec, were considered when the new fiscal arrangements policy was established.

Earlier, I heard my colleague, the hon. member for Laval (Mr. Roy), discuss the fiscal arrangements situation, and he said that many Quebecers were surprised to hear that much of the funding for post-secondary education came from the federal government. They were surprised because what happens is that federal contributions in the context of federal-provincial programs tend to be, as has already been said by one of our colleagues here in the House, the Minister of Justice (Mr. Chrétien), the best kept state secret in our country. Quebecers are not allowed to know what they get from Ottawa, because they might start to wonder about the representations made by our provincial authorities regarding the finances of the province of Quebec. Now about this situation, I was very surprised yesterday to hear anglophone Progressive Conservative colleagues discuss the predicament of

Quebecers in the following terms: What are the members from Quebec going to do when there is a vote on this bill? What are the Quebecers on the other side of the House going to do, they said yesterday evening, how are they going to support the federal government's financial policy? Well, Mr. Speaker, I think that we can tell Quebecers straight away that under the revised Fiscal Arrangements Act, $105.5 billion are going to be transferred to the provinces across Canada. When people say that the provinces will not have their fair share, we must not forget that $61.3 billion have been transferred to the provinces under the existing fiscal arrangements in 1977. During the 1982-83 fiscal year starting April 1, federal transfers for health and post-secondary education will amount to $11.677 million, which represents an increase of $1.212 million over 1981-82. These transfers are, of course, made under the established programs financing arrangements. In view of these two series of figures and especially of the date of April 1 which I have just mentioned, I was very surprised to hear a member of the New Democratic Party say that we had to act quickly, but that it was not really necessary to pass this bill in so much haste, that everything had been done quickly and that the hon. members, or at least those on this side of the House, were not ready to consider this bill. Mr. Speaker, all the members are well aware that the financial agreements will expire on March 31, 1982. How could a responsible government, in the absence of an agreement, fail to introduce a bill after allowing all parties concerned to discuss the matter so that we can have some legislation and some major mechanism to govern financial arrangements after April 1, 1982? I think that we have to be realistic and that, because of these dates, we had a deadline which we could not overlook.

• (1640)

We have also been told that the government always acts unilaterally and that there have not been any discussions or negotiations, but there certainly have been negotiations in the past months. There have been meetings of the finance ministers, there was a federal-provincial meeting early in February and there have certainly been negotiations involving senior officials. Moreover, changes have been made to the original proposals and the Canadian government has included these changes in Bill C-97. As I have just said, Mr. Speaker, there have been negotiations, and this bill includes changes requested by the provinces, and this is the point that I wanted to make, even some of the representations made by the elected provincial representatives of Quebec have been accepted. If I may, Mr. Speaker, I would like to deal once again with the major aspects of this bill and come back afterwards to the changes which have been made and which, in my humble opinion, will satisfy the people of Quebec. Equalization payments will increase from $4.1 billion this year to $4.7 billion in 1982-83 under the new system which extends provincial and local revenues subject to equalization and sets a standard based on a representative average.

As for the main changes to the existing formula which will expire at the end of the current fiscal year on March 31, they are as follows, Mr. Speaker: revenue coverage is extended so that the comparison of the respective fiscal capacities of the provinces take into account nearly all revenues and taxes received by the provinces and their local administration. This will add approximately $16.5 billion of additional revenue in 1982-83. This includes various categories of revenues obtained from natural resources which were previously excluded from municipal property taxes and local government revenues from the sales of goods and services.

And now a very important element, namely the new equalization standard, the new formula, the set standard, the level to which the fiscal capacity of the provinces will be raised. The national per capita average was used as a standard under the formula due to expire at the end of this month. The budget advocated an Ontario standard and Quebecers will recall that the present Quebec government objected to that formula because, in their opinion, it was rather unstable and a more equitable formula had to be devised. In light of such representations from Quebec and other provinces as well, a new equalization formula was devised. That formula is contained in Bill C-97 and the Canadian government feels that it is fully geared to the economic realities of the 1980s. As I said earlier, this new formula has been developed to take into consideration the many suggestions made by the provinces during the federal-provincial consultations. According to the hon. member who spoke before me, none were held. He must surely be unaware of recent developments these past few months and over the last year.

As I pointed out, Quebec's finance minister had indeed stated on several occasions that such standard might quite simply unbalance the situation as regards equalization. So what has been done and suggested for the future is a standard based on the per capita average of five provinces which do not include either the richest or the poorest provinces, as follows: British Columbia, Saskatchewan, Manitoba, Ontario and Quebec. Mr. Speaker, those five provinces do represent somewhat of a half-way standard amid the ten provinces with respect to the per capita fiscal capacity and therefore it should be a representative standard. Everything considered, the Quebec government ought to be quite satisfied with the equalization provisions. I would suggest, Mr. Speaker, that Quebecers ought to be told right away that it would be rather surprising if we were to hear more about it from various quarters and be told that it is an unacceptable situation. In any event, perhaps it will be ignored and they will say: "Here we go again, the Canadian government in Ottawa is not giving Quebecers their fair share".

Mr. Speaker, there are people and perhaps elected Quebec members who will misinterpret my intentions and say that I am assuming what the reaction will be in Quebec. Mr. Speaker, the past bears witness to the future and since 1976, keeping

in mind the many representations and the many incidents witnessed by Quebecers, we can count on the fingers of one hand the good things that were to come out of Ottawa. Be that as it may, Mr. Speaker, we are obviously waging a war of words and statistics which has just begun, in my opinion, and I think we should try to listen to Quebecers such as those I meet in my riding of Lotbinière who are getting tired of listening to people who keep repeating that anything that comes from Ottawa is no good and that only the government of Quebec does the right thing at the right time. I will come to that later on in my speech when dealing with statistics and I will indeed give the figures, the amounts of money which the people of Quebec pay to us and get back from us. Quebecers will realize just what the situation is and especially the ever larger amounts of money paid to the province of Quebec by the Canadian Government. A good many people will say that those payments are taxes paid by Quebecers and to which they are entitled. Fair enough, Mr. Speaker. I am one of those who benefit from taxes paid by Quebecers, but I hasten to add that in light of the figures which may be quoted later on it will be seen that, given their population and the amounts of money they receive, Quebecers happen to be in a situation which is quite different from what we are led to believe.

• (1650)

The new arrangements will effectively protect the provinces receiving equalization payments against any sharp decrease in their payments following a change in their financial position. They will also take into account representations made by the provinces. The yearly increase in equalization payments after 1982-83 will be geared to the growth rate of the GNP, the data for 1982 being used as a basis for the computation.

As I said earlier, let us quote a few figures to determine what amounts Quebecers may expect to receive under the new fiscal arrangements provided for in Bill C-97. This year, as of March 31, Quebec has received $20.4 billion. However, under the provisions of the bill now before the House with regard to fiscal arrangements and established programs financing, Quebec will receive $35,234 million out of a total of $105,544 million. Which means that Quebec, with approximately one fourth of the Canadian population, will receive one third of Ottawa's fiscal transfers; moreover, the payments made to Quebec will increase gradually by as much as $5,557 million in 1982-83 up to $8,682 million in 1986-87. The figures indicate a gradual progression. Let us consider what Quebec has received for the period ending March 31, 1982; it has received $20.4 billion, or roughly a third of the total fiscal transfers. Today, under this bill, this proportion is maintained and the increase is nearly $15,234 million for the period ending March 31, 1982. What do you make, Mr. Speaker, of all these accusations that Quebecers have nobody in Ottawa to represent them when you see all the money they are getting?

In equalization payments alone, Quebec will receive $2,306 million in 1981-82. Under this new bill, it will receive $2,552 million in 1982-83. A projection shows that Quebec should receive $3,831 million in 1986-87. Mr. Speaker, these figures are quite significant and telling about the federal government's contribution to post-secondary education and health care. And I would like to insist on the figure situation, giving as much explanation as possible, to stress that such federal contributions to health and post-secondary education programs under the legislation will total $11.7 billion in 1982-83, a $1.2 billion increase over the current year. As far as Quebec is concerned, and this is where figures are important, such contributions will rise from $2.7 billion this year to $3 billion in 1982-83, a $300 million or 10 per cent increase.

How many Quebecers were quite surprised to hear recently, since negotiations started, about participation in an area where it is said, or rather the Constitution provides, that the provinces have jurisdiction over education. But on the other hand, they are quite happy about the Canadian government's contribution to post-secondary education. They are quite happy to receive those moneys, but there should be no reference to it because we will be attacked here in Parliament because we look for visibility. Well, this is quite normal, in my view. How could a government contributing very substantially, to the extent of nearly 60 per cent in fact, to post-secondary education in Canada not ask Canadians, Quebecers, to recognize such a contribution to our post-secondary education? I think this is most important. And as I said, this year there will be $2,711 million, in 1982-83; $3 billion; in 1983-84, $3,375 million and so forth, until 1986-87 when it will be $4,851 million.

This may be a lot of figures, but concerning those figures, Quebecers should be told that despite the current situation in Quebec they are receiving a large part of the fiscal transfers, and on the face of such increases over the period ending March 31, 1982, let them not have Quebecers believe during the coming weeks that if there are tax increases as it has been rumoured for some months, that it is due to the Canadian government. Because when the facts on transfers are examined, the figures I just gave, it will be seen that $35,234 million, or a third of the fiscal transfers go to a quarter of the people. How many Quebecers have been told since 1976: We account for a quarter of the people, we do not receive a quarter of fiscal transfers, we do not have our fair share of fiscal transfers? Well, the actual share is a third of fiscal transfers.

Looking at the over-all situation, under equalization Quebec will be receiving 54 per cent of the transfers, or close to $16 billion over the five-year period, out of a total $29 billion. That contribution to equalization is part of the building of our Canadian federation under the principle that certain have-not provinces need more than others. And what is more natural considering the conditions that existed in the thirties when western Canada was facing serious financial difficulties and eastern Canada contributed to its development. Today, provinces such as Alberta are very rich as a result of their oil

resources. What is more natural under the present federative system than to try to equalize revenues as much as possible according to the natural resources of all provinces, not their per capita income but their financial position, so that the Government of Canada can redistribute the taxes collected from Canadians taxpayers to ensure some kind of equality—

• (1700)

Mr. Tousignant: —equity and justice!

Mr. Dubois: —as the hon. member for Témiscamingue has just said, equity and justice.

However, I point out to Quebecers that the Quebec government will no doubt say it is not enough. When one looks at the figures, one cannot help saying it is a lot just the same and enough to enable the Quebec government to supply services comparable to those enjoyed by the average Canadian, so long as they manage provincial finances with a minimum of efficiency and care. That is why, Mr. Speaker, I say to Quebecers that they should be wary when they are told in the coming weeks or months: "People of Quebec, we are unfortunately compelled to increase your taxes." Yet, Quebecers are not overtaxed so much, only 20 per cent more than in Ontario and more indeed than in the province of my colleague, the Minister of Veterans' Affairs (Mr. Campbell), a rather small province where the tax rate is lower than in Quebec.

It is in this *belle province* of Quebec that gas is more expensive than elsewhere. It is also in this *belle province* of Quebec that hydro costs more than elsewhere. We, Quebecers, have seen our tax bills go up by some 16 or 17 per cent. I was quite surprised, Mr. Speaker, that in my riding and throughout the province for that matter, with regard to gas, hydro and tax increases, people did not try to blame the Canadian government or, better still, Ottawa: I was very surprised to hear nothing to that effect. But, Mr. Speaker, those are the facts on the basis of which Quebecers, both men and women, have to judge the financial situation of their province as compared with that of the nation as a whole.

Mr. Speaker, may I now broach the figures that were quoted by the Quebec govermment at the last federal-provincial conference held in February. Referring to those figures, financial arrangements for the coming five years were being discussed; Quebecers were told on the national network that the federal government was making proposals for the year 1982-83, within the framework of a five-year plan. What splendid rhetoric, what wondrous mathematics! To be told that a five-year plan is being negotiated taking into account only the year 1982-83! The forthcoming years, up to the end of the plan, to the end of the five-year program, that is 1986-87, were of no consequence whatsoever. But it was good propaganda, and it was a good opportunity for indulging in the rhetoric Quebec does so well, and to tell the people: Listen here, according to the tables showing fiscal arrangements over the five-year period from 1972 to 1977, we got so much money; from 1977 to 1982, we got a little less, and over a five-year period ending in 1986-87, only 1982-83 was mentioned, the amount was even less than before.

Mr. Speaker, in view of this situation and the figures being mentioned, a number of questions come to mind. How come, as a result of proposals made between 1977 and 1982, Quebecers are receiving one third of fiscal transfer payments, and, in terms of figures I gave earlier, fiscal equalization payments according to the proposed formula will rise and keep pace with inflation over the next five years? Are Quebecers, in terms of the budget, is the province of Quebec—and we are only discussing fiscal equalization payments—is it not clear, Mr. Speaker, that the province of Quebec, by receiving this third, and I am referring to total federal transfers, can we say that Quebecers, with the taxes they are getting back . . . It is really extraordinary, and it should be pointed out again and again to Quebecers: We represent one fourth of the population of Canada and we are getting one third of the fiscal transfer payments. A number of Quebecers, faced with a certain degree of credibility reflected by the federal system, are beginning to question a government that is setting itself up more or less as our own Quebec government and telling us: You are not getting your fair share, let's stay in our own little Quebec, let's separate and we can check all this out ourselves. We are complaining about the present financial situation, when we are getting more money per capita. I think we should be asking ourselves these questions, and we should be giving Quebecers the answers within the coming weeks, and that is why, Mr. Speaker, in this situation, I am not ashamed to tell my constituents in Lotbinière: You are getting one third of the fiscal transfer payments although you only represent one quarter of the Canadian population.

• (1710)

[*English*]

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, it has been said by others who have taken part in this debate that this is a very important bill. Indeed, it is the fiscal framework of confederation, and this behooves us to address the bill very seriously.

Just over five years ago when I spoke during second reading of the act whose amendment we are now considering, I said that the act itself, which was brought in in 1977, represented federalism at work, embodying as it did a consensus which all parties involved in the negotiations concluded they could live with. That was the situation in 1977. All parties who were involved in the negotiations at that time concluded that they could live with the outcome of the negotiations.

When I spoke to this act some five years ago, I was able to note with satisfaction that it provided for adequate but by no means generous funding on the part of the federal government for four vital national programs. They were equalization, hospital insurance, medicare and post-secondary education.

I regret that I certainly cannot be anywhere as sanguine about this bill which is before us today. It is true that it does have some good features which merit mentioning, just as its very negative features merit great consideration. I want to mention the good aspects of the bill. It embodies a new set of arrangements for equalization which do reflect a real compromise between the two levels of government. It extends two very valuable ongoing programs which protect provinces against sudden declines in their revenue levels due to economic calamity or abrupt changes in the federal tax bases on which provincial, corporate and personal income taxes are levied. It carries out a pledge made to the three prairie provinces in the 1980 budget to rebate to them 50 per cent of the revenues from the oil export charge on oil exported outside Canada from those provinces. As well, it removes an inequity by which the established programs financing entitlement of wealthy provinces exceeded those of the have-not provinces. That was indeed an inequity and it must be removed.

However, these useful alspects of the bill cannot erase or make up for a provision in it which will discourage adequate funding of health and post-secondary education, reduce Parliament's ability to enforce existing national standards in health care, make agreements on more precise and enforceable standards almost impossible, and prevent agreement on goals of mutual interests to the provincial and federal governments in the field of post-secondary education. That is a provision which contains all these negative aspects. The provision to which I refer, of course, is the removal of the revenue guarantee component of the established programs financing.

This proposal, which will reduce the financial commitment of the federal government to health care and post-secondary education, those two very essential and vital services across this country, will reduce the federal commitment by some $5.7 billion over the next five years. It represents as well a rejection of the spirit of federalism. This is not only because it is being done unilaterally—that method is the favorite method of the Trudeau government—but also because it reneges on a commitment that the federal government made to the provinces and to these programs when the present act was negotiated back in 1976 and 1977.

I should also point out that every independent group, every organization which has studied this massive fiscal arrangements issue, whether it is the all-parliamentary task force on federal-provincial fiscal relations, the Economic Council of Canada, the Canadian Council on Social Development, or the Business Council on National Issues, has recommended against the termination of the revenue guarantee, or indeed any other step that would reduce federal funding, federal support, for health care and post-secondary education. Every group has advised against it.

One must ask, is everyone out of step but the federal government? There has been only one change in the position that the Minister of Finance (Mr. MacEachen) has taken since he announced his intention in the 1980 budget to reduce the expenditures in the social affairs envelope and achieve more savings for the federal government by reducing transfer payments to the provincial governments.

As hon. members will recall, the minister started out in 1980 by saying that he wanted to save $1.5 billion in two years. He now wants to save $5.7 billion in five years. It is a good thing that he did not have another year to get more greedy so that he could gut these programs instead of merely crippling them, which is what he is doing now.

At no point has there been any inclination on his part seriously to consider alternative approaches, whether those approaches have come from the provinces or from groups concerned with the programs that we are discussing. We live in hope that the minister may yet be persuaded of the folly of his obstinate approach and we will be proposing an amendment to the bill which we consider to be very reasonable and would permit the existing arrangement under the established programs financing to continue for another two years.

During that time the provinces would agree to increase their spending on health and post-secondary education by at least the rate of increase in the established programs financing escalator which, I understand, will be approximately 11.5 per cent in 1982 and 1983. One half of that two-year period would be spent in joint federal-provincial consultation with the interested groups concerned with post-secondary education and health care. The rest of that period would be spent in serious negotiations—not the kind of negotiations we have seen happening in the last few months—between the two levels of government on the appropriate support for a method of funding established programs financing by each level of government so that we may come to a real determination of the proper method of support and funding for health care and post-secondary education in Canada.

That period could also be the beginning of a process of establishing more precise and enforceable national standards in health, and of reaching agreement on goals of mutual interest to be pursued in post-secondary education. Surely that is an amendment which should be acceptable to any government which is truly concerned about the quality and accessibility of basic health care and post-secondary education services in this country. It is not asking for the unreasonable, and if the government is really concerned about these issues it will see that the amendment is accepted.

I will be anticipating support for it certainly from the Minister of National Health and Welfare (Miss Bégin), in whose interest it lies, and from the Secretary of State (Mr. Regan), who is in his seat and who I look to for support in regard to this amendment. The Secretary of State represents, among other things in his constituency, such noted institutions as Dalhousie University, Saint Mary's University and Mount Saint Vincent. I am sure he will want to see that there is no cutback in post-secondary funding to those institutions and that he will want to advocate to other members of the cabinet that this amendment be agreed to by all hon. members on the government side.

• (1720)

I point out to the Secretary of State that in substance the amendment we will be putting forward is the same as a recent proposal by the Canadian Association of University Teachers, so I am doubly confident that he will give it very favourable consideration. I see him shaking his head, and I trust he is doing so in the affirmative.

There certainly is no justification for a further reduction in the federal financial commitment to these programs at the present time when the revenues of all provincial governments are already being squeezed by the current recession. The strain on provincial budgets and, thus, on services such as health and post-secondary education this year will be very severe in any case. Terminating the revenue guarantee portion of the established programs financing can only add to that strain and can only justify the fears of the all-party task force on federal-provincial fiscal relations. I know most hon. members have read the report of that all-party committee and its recommendations. Among other things, the all-party committee said this:

—in order to maintain present standards, programs would have to be privately financed to a greater extent than at present.

Who is asking for that? The all-party committee went on:

In health, this would mean greater appeal to user charges and more extra billing; in education, higher fees. In either case, basic national objectives of equity and equality of access would suffer.

That was the judgment of the all-party parliamentary task force which unanimously recommended against terminating the revenue guarantee.

Yesterday my colleagues, the hon. member for Mississauga South (Mr. Blenkarn) and the hon. member for Don Valley West (Mr. Bosley), ably refuted the rationale the government has been using to support removing the revenue guarantee component from the established programs financing. When they took part in this debate they pointed out that the revenue guarantee was the price the federal government paid to get the provinces to agree to accept block funding for the hospital insurance program in 1977. That was the agreement then entered into, and for the past five years the federal government has claimed it to be a contribution to health and post-secondary education. The federal government itself has seen the revenue guarantee as an ongoing contribution to health and post-secondary education.

My colleagues stated as well that the termination of the revenue guarantee now cannot be treated as anything other than a reduction in program funding. They pointed out that this is the only major item in the government's spending program which is being so severely restrained and that the cutting of its cash support for health and post-secondary education is permitting this government to spend far more on other government programs. It is ignoring the basics of health and post-secondary education and diverting those funds to other items, which surely have to be of less priority than health and education. My colleagues pointed out that far from being a growing burden on the federal treasury, since the introduction of the 1977 fiscal arrangements total cash transfers to the provincial local sector have fallen from 27.3 per cent to 22 per cent of federal revenues and from 22.7 per cent to 19.7 per cent of federal expenditures.

Even more devastating for the government's argument is that even if there was no termination of the revenue guarantee component of the established programs financing, by the end of the 1983-84 fiscal year, according to the government's own projections, federal cash transfers to other levels of government would continue to fall both as a percentage of federal revenues and as a percentage of federal expenditures. That is the case even if we exclude public debt charges from federal expenditures. If we look at the purchasing power of all federal cash transfers to other levels of government, we find that from 1977 to 1981 they dropped in value by 1.3 per cent and that, according to the government's own economic and fiscal projections, between the 1981-82 and 1983-84 fiscal years they will drop in constant dollars by a further 8.8 per cent.

I mention these figures because the Minister of Finance took a different tack yesterday. Yet even in the face of these figures, which can be derived from the government's own projections, the Minister of Finance, the Minister of National Health and Welfare and the Secretary of State have the nerve to pretend that reductions in the real value of all federal transfers of that magnitude will not result in higher taxes and a lower level of services at the provincial/local level. I wonder if they are dreaming in technicolour when they make that kind of statement, because no one else is making it. Everyone else who has examined the reduction in federal transfers to the provinces says it will result either in a reduction of standards or an increase in provincial taxation, or both.

I am also concerned by the implied assumption of the Minister of Finance when he justified these cuts on the ground that the federal share of the total government revenues after transfers is much lower now than it was in 1959. That is a base year which was used by the Prime Minister (Mr. Trudeau) when he referred to this matter in his November 24 speech in Vancouver. He used 1959 as a base year. Yesterday the Minister of Finance used 1961 as a base year. They both said that this represents a very dangerous erosion of the power of the national government.

I want to take a look at that because, leaving aside for the moment the fact that the federal share of revenues after transfers is now at the very same level as it was ten years ago, its share of expenditures after transfers is at the highest level it has attained since 1966. I believe that when we examine why there was a decline in the federal share of government revenues after transfers between 1959 and 1971—or between 1961 and 1971, as the Minister of Finance stated yesterday—we will conclude that it reflected not a loss of power by the national government but, indeed, an assertion of power, because during that period five major national programs were initiated: hospital insurance, the Canada Assistance Plan, equalization in its current form, expanded transfers in support of post-secondary education, and medicare. Those five large national programs have used the federal spending power to finance services in fields of provincial jurisdiction. Surely that

was proof positive of an assertion of the federal power during that period of time.

• (1730)

The purpose of all these programs was to provide for a basic national minimum standard of services across the country, services which would be portable from province to province and would be provided, in the case of health programs and social services available under the Canada Assistance Plan, under terms and conditions specified by the national government. Again this was the national government asserting its will and power. It set the national standards by which all these programs would operate. The effect of these programs in making Canadian citizenship real and important, in so far as it relates to access to social, educational and health services, has been immeasurable. They have also encouraged national economic decisions relating to the mobility of Canadian workers and Canadian capital, making the availability of employment and opportunity for profit rather than the availability of provincially-supplied social and economic infrastructure, the key determinants in such choices.

In short, these programs, which I say are a reflection of the assertion of the national will during that period, have been among the major success stories of the Canadian nation. However, because both constitutional scruples and considerations of administrative efficiencies made it seem wise to the federal government, which initiated these programs, to leave direct financing and day to day administration of them to the provinces, their establishment meant a transfer of money and tax points to that level of government from Ottawa.

The federal government initiated these programs and the provincial governments were asked to carry out the day to day administration. As a result, there were certain transfers of cash and tax points. This was not an unfair bargain. The federal government, which initiated the programs, received full credit for them when they were established. Also the federal government escaped the day to day headaches of administering them, and the negative political disability of labour disputes and controversies over whether services were being adequately or fairly provided were assumed by provincial governments.

The federal government had the option when the programs were instituted and every five years when they were renewed, of making its financial assistance conditional upon provincial adherence to specific program standards. This option was exercised with hospital care, medicare, and the Canada Assistance Plan, but not with equalization or post-secondary education transfers. If the Minister of Finance (Mr. MacEachen) wants to claim that the Diefenbaker and the Pearson governments were wrong to have set up these programs, that they were wrong to provide for an expansion of and a greater degree of equality in the important services provided in these programs, then of course he is acting properly in reducing his obligations under EPF on the grounds of fiscal imbalance. If he wants to claim that the governments of those days were wrong to bring these great national programs into being, of course he is quite right in going ahead with the niggardly approach he is taking today. But I think he will have to go a long way before he finds many Canadians who will agree that hospital insurance, equalization, the Canada Assistance Plan, aid to post-secondary education or medicare were mistakes.

What happened to the so-called fiscal balance once all these programs were in place across the country in 1971? In 1971 the federal share of revenues after transfers was 38.3 per cent, and in 1981 it was still 38.3 per cent. More significant, on the spending side, the federal share of expenditures after transfers rose dramatically from 37.5 per cent to 42.4 per cent. Compared with ten years ago, the federal share of revenue is unchanged and its share of spending is up 5 per cent. If anyone has cause to be worried about the shift in the fiscal balance in the past decade, I suggest it is the provinces and the municipalities, not Ottawa.

Comparisons are often made between the level of services provided in health and post-secondary education under the cost-sharing arrangements which were in place until 1976-77 and the level of services under the block funding arrangements which came into effect in 1977-78. There can be no doubt that the real spending of these services increased much more rapidly in the first period to which I referred than in the second, but I believe this was due less to the shift from one form of funding to another than to three other factors which are all too often overlooked. The first of these is the simple fact that real growth in the economy was far more rapid between 1971 and 1976 than it was between 1976 and 1981. In the first period real GNP rose by 26.3 per cent; in the second period it rose only by 12.4 per cent. Consequently, both provincial revenue bases and federal transfers tied to GNP were putting less new purchasing power in the hands of provincial governments, unless they opted to increase their own tax rates. That meant that resources to expand services were less plentiful than they were during the previous five year period.

Second, the 1971 to 1976 period coincided with the filling out of the basic health and post-secondary systems in most provinces. This was the period when they undertook to carry out the commitments which they made earlier. New hospitals, colleges and universities were being built, staffed and equipped to accommodate the demand for health services which was really unleashed by the introduction of medicare and rising enrolments as the baby boom generation came out of high schools. Naturally this meant higher growth rates in costs for these services. However, by 1976 enrolments were levelling off and the growth in demand or health services was moderated. Less expansion of existing facilities was needed to accommodate the demand, and growth rates in expenditures could drop off to some extent without services deteriorating.

Finally, the third reason I would mention is that global federal transfers in cash and tax room for all programs affected by revisions to the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, increased to the real value far less rapidly than they had under previous fiscal arrangements.

Resources were shifted from the Canada Assistance Plan in the 1972 revenue guarantee to the established programs

financing. For the first three years of that program its growth rate was further enhanced by transitional levelling-up payments. This explains why, by singling out established programs financing and using data only from its early years, inflated claims could be made by the federal government as to the share of established programs which it was funding. However, those same arrangements cut the 1972 revenue guarantee in half and sharply reduced growth in equalization, so that when all transfers are taken into account the picture changes sharply.

• (1740)

Between 1971-1972 and 1976-1977, total cash and tax transfers to the provinces for programs affected by the Federal-Provincial Fiscal Arrangements 1977 Act and Established Programs Financing Act, 1977, rose by 33.4 percent in real terms. Between 1976-1977 and 1981-1982, they rose by 9.3 per cent in real terms. As a result, total federal cash transfers as a percentage of provincial local revenues fell from 18.9 per cent in 1978 to 17.5 per cent in 1981. As a percentage of provincial local expenditures, they fell from 19.2 per cent to 18.1 per cent. In other words, the federal government is now paying for a smaller share of total provincial local expenditures and accounting for a smaller share of provincial local revenues than it did when block funding came in.

Clearly, that has been a further constraint on top of the slow economic growth in recent years to provinces wishing to expand services. Let me make it clear I am not absolving the provinces of responsibility for the restraint which they have imposed on health care and post-secondary education. Even when the factors I have mentioned are taken into account, some of them have been clearly far less generous than they should have been. I have no reservation about making that statement. But I would say to hon. members opposite that those governments have to account to their oppositions and to their electorates for any negligence on their part for the spending decisions they have taken. I am also saying that much of the responsibility also rests on the federal government, not only because it has been less generous in the past in its funding of these programs but also because of its inability to maintain a healthy and viable economy in this country, which has had such a tremendous impact on the whole question of federal transfers.

If the Minister of Finance goes ahead with what he is proposing now, the federal government will deserve even more of the blame for the inadequate funding of these services and for the erosion of national standards which unfortunately will surely come about. That will be the result of what he now proposes.

Our approach to this issue is constructive. We do not intend to obstruct this legislation. We are prepared to support the new equalization formula and all its other provisions after a reasonable period of examination in committee. But for that part of the legislation we cannot support—the reduction of the government's obligation to post-secondary education and to health care in this country—we are proposing through our amendments a viable alternative which we believe to be fair to both levels of government and, most important, fair to the programs involved.

The votes of members opposite on that amendment will tell us if they are truly concerned for those programs or if their only concern is that the programs are costing the federal treasury too much money.

After examining the probable consequences of a reduction in the federal obligation to support health and post-secondary education through its cash transfers to the provinces, the Economic Council of Canada, in its submission to the parliamentary task force on the federal-provincial fiscal arrangements concluded with this statement:

> In our view there does not seem to be any principle that supports such an outcome.

That is what the Economic Council of Canada said when it recommended strongly against the removal of the revenue guarantee and the reduction of funding for post-secondary education and health care services in this country. It is our conclusion as well. If the bill is not amended to postpone that regressive and reprehensible step while real negotiations on health care and post-secondary education take place, despite all the other provisions in the bill—some of which I have mentioned are good—we will be forced to vote against it when the time comes for a vote.

I hope, however, that there will be a real outbreak of common sense on the government benches and that members opposite will accept the amendment we will be putting forward so that Canadians everywhere will not be faced with a situation where a federal Liberal government unilaterally decides that the standards of health care and post-secondary education in this great country will be reduced because of measures such as this bill.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I wish to compliment my colleague, the hon. member for Kingston and the Islands (Miss MacDonald) for a very in depth and proper consideration of the problems which the provinces of Canada are presently facing. The statistical backup of the situation as it exists is real and undeniable and should be considered by all of those who have followed the lead of the Prime Minister (Mr. Trudeau) and his cabinet in every proposition that has been made to Canada.

Mr. Hnatyshyn: With one or two exceptions.

Mr. McCain: The exception are so minimal that they have not made much of a contribution to Canada. They have amounted to lip service only and they have not really been there when the votes are counted.

I want to read an excerpt from a speech delivered by the then member for Don Valley. It is reported on page 2125 of *Hansard* for May 7, 1974. It reads:

> Not only are individuals being badly hurt, but we are reaching a stage in this country where many of our institutions, many of the things that are fundamental for the wellbeing of the country are beginning to break down and be destroyed.

What was at that moment in time an economic prophecy has become a sad reality as we face the situation proposed by this bill on this day in the House of Commons, because the institution of federalism has been challenged in a fashion which is not in the best interests of our nation. We have seen provinces at loggerheads with the federal government and we have seen the federal government issue some edicts to the provinces which they cannot digest in good faith. It will give them trouble. An editorial article in *The Globe and Mail* today included a comment made by the Prime Minister last month which reads:

> The old type of federalism—where we give money to the provinces, where they kick us in the teeth because they didn't get enough, and they go around and spend it and say, of course, "It's all from us"—that type of federalism is finished.

I want to say to you that the provinces entered into various agreements with the federal government and they entered into them in good faith. At no time has there been any denial by the province of New Brunswick that it is dependent because of its have-not status upon the moneys from the federal treasury, and at no time has it lacked public statements of appreciation for the contribution which was made to the wellbeing of that government and to the people which that government served. For the Prime Minister to pick up the route which was adopted by our minister of health in the House from 1979 to 1980 until she got her fingers rapped and claimed that the provinces are not spending the money in the pursuit of the purposes for which it was paid is not in accord with the facts as they are. To verify that one merely has to refer to the all-party committee which investigated provincial expenditure. As my friend, the hon. member for Kingston and the Islands (Miss MacDonald) stated in the course of her remarks, they were not diverting these moneys from the purposes for which they were allocated by the Government of Canada.

• (1750)

We cannot continue—I plead with this House and the cabinet ministers—on the basis of confrontation, which has been characteristic of this government for so long. Putting finances aside for the moment, I plead and appeal to the government to get down to the nitty-gritty of how to re-establish the framework of friendship which existed in virtually every other federal-provincial negotiation on cost-sharing and federal funding. The article which I read from continues:

> But there is a difference between renegotiating a contract and delivering ultimatums.

These are not my words; it comes from today's issue of *The Globe and Mail*. It is self-evident that even the press recognize that the provinces are no longer negotiating with the federal government; they are receiving ultimatums. They are virtually immovable ultimatums. The government does not want to deviate from its initial position, and consequently we find the provinces in the position of having eventually to submit themselves to whatever they can get regardless of what it may do to them. The article goes on to say:

> Mr. Regan did offer last month to extend support for post-secondary education, on the present terms, through 1983-84, but he laid down three conditions: that the provinces agree to match federal funding of post-secondary institutions for the next two years, which seems reasonable; that they agree in principle to let national goals govern their universities and colleges, which seems unreasonable; and that they discuss mechanisms to improve accountability for their spending, and idea which smacks of unwarranted federal interference in provincial affairs. Ottawa's main preoccupation seems to be with receiving credit for the money it raises through its taxing powers—a foolish exercise which is unlikely to concern the average taxpayer who pays the shot whether a federal or provincial government removes the money from his or her pocket.

Mr. Cullen: Blow it away and no accountability.

Mr. Epp: No accountability? Be serious.

Mr. McCain: Mr. Speaker, I am shocked that a former member of the cabinet of this nation would make such a snide and irresponsible remark. I would ask you to refer to the report which was issued under the chairmanship of the hon. member for Gloucester (Mr. Breau). He will deny the insult which you just passed out because, believe me, there are voters looking over the shoulders of every provincial government in this nation, and irresponsible expenditures—just listen for a minute, will you?

Mr. Cullen: I am listening to the hon. member.

Mr. Deputy Speaker: Order, please. I am sure the hon. member is aware that remarks should be addressed to the Chair.

Mr. McCain: You might remind that former cabinet minister of that because he seems to be somewhat ill-informed, Sir. I say that respectfully and without any intent to offend the position of the Chair.

Mr. Taylor: The only time he makes a speech is when he is sitting down.

Mr. Cullen: You have not been listening, Gord.

Mr. McCain: If these provincial bodies do not render a satisfactory level of service to their voters they do not stay in office, believe me. That is one of the checks and balances of the system. All irresponsible accusations to the contrary, Mr. Speaker, those moneys have been allocated in the best possible way by the government of the day in every province in Canada.

These are not my opinions which I have read into the record, Mr. Speaker. These are the opinions of a writer in the press. I want to repeat what it said:

> —a foolish exercise which is unlikely to concern the average taxpayer who pays the shot whether a federal or provincial government removes the money from his or her pocket.

The article goes on to suggest that the government has other ways of approaching this:

> It may even offer bursaries—additional to its level of funding—to encourage students to enter these fields.
>
> But it should not use coercion to tell the institutions what to do. It should not use its taxing power to blackmail the provinces into letting Ottawa intrude in areas under provincial jurisdiction. The educators have enough worries dealing with one level of government—they should not have to cope with a federal level which has a history of leaping in and out of shared-cost programs when the mood strikes it.

Under such a climate, which is properly assessed in this article, post-secondary institutions cannot function. The article goes on:

> The federal government encouraged the provinces, through shared funding, to expand the country's system of colleges and universities. If it wants to change the rules, it should do so through negotiation and consensus. Mr. Trudeau's notion of a new and unyielding federalism will do neither side any good.

I guess, Mr. Speaker, I am concerned with perhaps every aspect of our economy which will alter the future of young people, middle-aged people, and the security of the senior people of this nation. We have a problem: any cutback in post-secondary education assistance by this government is going to exacerbate the existing problems, particularly with respect to requirements of high technology. This is a subject which the Minister of Finance and other ministers have belaboured for quite some time. This was to be the future of Canada. Yet today we read in two different papers that Canada may need to bring in up to 25,000 high technology specialists for operations for which we do not have trained people. Is this the time then to suggest to the provinces, the universities and the people of Canada that there should be any reduction whatsoever in the federal contribution to post-secondary education, whether it be a community college, a vocational school, college or post-college? Surely not, Mr. Speaker, at a time when we might need 25,000 specialists if our economy takes the turn we hope it will take. May I call it six o'clock, Mr. Speaker?

Mr. Deputy Speaker: It being six o'clock I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Ethier): Order, please. When the House rose at six o'clock, the hon. member for Carleton-Charlotte (Mr. McCain) had the floor.

Mr. McCain: Mr. Speaker, I mentioned that high technology, as the future employer, developer and economic base for Canada, will be most damaged by any cutback of federal funds directed to college education or community college education of those who will be engaged in that industry. There has perhaps never been such a need for recognition that research is necessary to make possible a valley in Canada such as "Silicone Valley" in California where chips are made. In Canada we have the expertise. Around the city of Ottawa, we have some of the leadership, entrepreneurship and general capability to put that into shape. We have the training capability in our colleges and community colleges. If there was ever the need for this to be accelerated, not braked, it is now. The hue and cry from the college crew which is working on this subject matter is that they do not have the amount of money necessary to give this skill, this science, the attention which it presently needs. In the present economic climate in Canada, we are losing to those who will pay more, the minds which could develop Canada as the "Silicone Valley" was developed outside of Stanford University.

This budget and the federal-provincial agreement will deter the development of the very high technology aspect of our society which was so highly played up in the budget presentation and in speeches which followed. We are here negating the principal thrust in the fields of education, science, development and employment. However, there is nothing new about this. As early as 1973, it was my pleasure to be at Guelph University where I had dinner with some of the professors who were very anxious to see graduate work undertaken at Guelph on a larger scale. However, it was not taking place as they wished, and they said, "We have to encourage our students to go to schools outside of Canada to get their post-graduate education. We have not been extended the privilege of doing agricultural research which will encourage a student to get the base he requires in his agricultural education. We do not have the salary, the capability or the research opportunity to attract people". As a result, those faculty members were advising people in 1973 that there was too little research and the pay was too low. They said that Canada was not interested in agriculture. We had a brain drain in the agricultural field. Now those brains in the high technology field will join those brains in the agriculture field, and too many will depart from our presence in Canada at a time when we can least afford it. These are some of the consequences.

I cannot understand why the Secretary of State of Canada, (Mr. Regan) a former premier in the province of Nova Scotia, would give his okay as a cabinet minister to any federal-provincial agreement which will reduce the moneys available for colleges anywhere in Canada, but particularly in the province of Nova Scotia. I cannot understand how that Secretary of State could have so little understanding and knowledge of the educational needs of the Atlantic provinces, having been a premier. I accuse that man of turning his back on the educational needs of Atlantic Canada, in general, and of the province of Nova Scotia, in particular. This is a very serious situation. Few men have had the privilege of coming to the House of Commons with the knowledge possessed by the present Secretary of State concerning the demands and the needs. Few men understand how many people from outside Atlantic Canada, and particularly from outside Nova Scotia, are educated in those universities in the Atlantic area of Canada. Yet they are to be shortchanged by the ultimatum from the Government of Canada while he is the Secretary of State and responsible for that particular item.

• (2010)

Let us go a little further in what the provinces' needs are going to be. The provinces' needs are going to multiply in the particular economic climate in which we find ourselves. For instance, we found that in early 1980-81 corporate profits were declining by 13.5 per cent and unemployment was going up. Is it correct, as has been stated in the press, that in the first quarter of 1982 corporate profits are down 31 per cent from those of a year earlier? Is that correct? If it is not, it is correct in round figures. It is in that climate we now have budget

estimates and dominion-provincial agreements under consideration in this House. There have been few, if any, years in the history of the provinces when they could less afford to have a decline in their income. Yet they are going to have a decline, because the economy is down; and the federal government is going to save $5.7 billion of its own expenses in reduction in grants, if I remember correctly the figure which was quoted by the member for Kingston and the Islands.

So they are caught in a double squeeze, with prices rising in every aspect. What is their position? The position is, among others, that they will have to borrow 20 per cent more in the 1982-83 year than they had to borrow in 1981-82. That is their position.

Part of the cause, according to this article in the newspaper, quoting a firm's current provincial finance letter, is as follows:

> The significant increase has been caused by the recession and problems over revenue-sharing with the federal government. The estimated figure for next year is 40 per cent more than the cash requirements in fiscal 1980-81.

That is a lot of money. So we are going to shortchange them instead of giving them the assistance they need. It states further:

> The economic slump increases provincial funding needs by putting upward pressure on social assistance spending, while cutting into tax revenue from hardpressed individuals and corporations.

To quote again:

> But in fiscal 1981-82, the Canadian market provided only $1.15 billion or just more than 10 per cent of the total requirements. By contrast, the U.S. market provided the equivalent of $4 billion, while the Eurodollar market chipped in another $1.5 billion.

This means, Mr. Speaker, that the provinces have been put in the hazardous position of borrowing in foreign currencies at an uncertain time in our economy. Yet they are compelled to take the risk of exchange losses and compelled to go into the foreign market because the Canadian market cannot supply the money from provincial borrowings. That, of course, means that we have somewhere between half or three-quarters of a billion dollars in extra outflow of Canadian money in interest payments on that debt. So what we are doing is just rubbing salt into the economic wounds of Canada both at the federal and the provincial level. We are putting ourselves further and further away from any possibility of a balance of payments and we are using the provinces as our goats in this area. That is what we are doing and that is the climate in which we are doing it, and it is wrong.

This budget was brought in at a time when Statistics Canada complained. You always have to be very careful of what you quote in this House, because they sometimes think it is not authentic. But I guess hon. members opposite like Statistics Canada. So let me quote the following:

> Six days before the budget was introduced, Statistics Canada repeated its warning that the "market slowdown in activity could develop into a recession during the coming months. The sharp decline in indicators of economic activity has already led firms to cut production, and layoffs had become widespread."

The Conference Board of Canada said:

> Next year holds a bleak prospect for the Canadian economy and for households in particular ... Continuing double digit inflation, interest rates, increasing unemployment, declining business investment and the weakness in the United States all combine to rule out the possibility of a quick turnaround in the pace of economic activity!

That is the climate in which the Government of Canada wants to reduce its payments to the provinces upon good faith contracts made as much as 20 to 25 years ago. Mr. Speaker, this is not acceptable.

Business bankruptcies in 1981 were 22 per cent higher than in 1980. Farm bankruptcies were 18 per cent higher than in 1980 and 109 per cent higher than in 1979. The inflation rate in January was 11.4 per cent and 12.5 per cent; the annual average rate of inflation in 1981 was the largest annual rate in 33 years. Gasoline prices have risen 75 cents a gallon since this government came into power. In the face of all this, we are asking the provinces to take less and we are including education amongst those areas of cutback.

This is being done to the provinces, and to the Atlantic provinces in particular, at a time when virtually every service is costing them more than it had hitherto, in a catch-up process to try to reach the level of payment that is given to doctors, nurses, technicians, etc., in other parts of Canada, such as Ontario, Alberta, British Columbia, Saskatchewan. The pressure upon those governments to recognize those standards of pay which have been given or granted in other provinces is telling now on the budget of every province in Atlantic Canada. That is the time when we are going to cut them back. Mr. Speaker, the timing could not be worse.

Mr. Wilson: Hear, hear!

Mr. McCain: To save a paltry $5.7 million over the next five years we are going to run those provinces through the economic meatchopper. Where are they going to get that money? Every source of revenue in those provinces is down. The revenue from the gasoline tax is down; the revenue from the income tax is down; the revenue from corporate tax is down; and the revenue from private income tax is down. We are going to step on them when that revenue is down. We are going to grind them in the dirt. How, Mr. Speaker, how can this government have that little conscience?

Welfare payments in the province of New Brunswick are really reaching the point where the minister of social services has put before the committee considering that budget, an estimate, and he has openly stated that he has absolutely no certainty that it is within 20 per cent of what he may require, if the economy continues to go as it is.

We have backed off at the federal level from responsibility for unemployment insurance. We have transferred that expense to the maritime provinces in the form of welfare, social assistance, and it is becoming a backbreaking load. What tax can they increase? The burden of taxation on a per capita basis is about as high as the public can stand in that area, regardless of which province you come from. At what point in time do you reach diminishing returns. We know what happened in the province of Quebec, when it imposed an exorbitant gasoline tax, in an effort to come closer to balancing the budget. We know what happened there; they had to back off. At what point in time do you break the back of the economy in that area? That is the question at which I think the provincial premiers are taking a long, hard look. This is happening in the province of New Brunswick at a time when

doctors are trying to negotiate a better paying situation. There is not any question of doubt, Mr. Speaker, that the doctors in most of Atlantic Canada, if not in all of them, have less real take-home pay today, than they had 15 years ago. The increase in payment when related to the increases in office and other costs has by no means kept pace with inflation except perhaps in certain very special fields which are always quite lucrative and provide for the specialist very adequately. However, in the normal practice of medicine in the average community, the average take-home pay is down.

• (2020)

Doctors in New Brunswick who have the skills which we need and which could be practised in any jurisdiction in the United States and most jurisdictions in Canada are taking a hard, long look at abandoning the practice of medicine in that province. This government is going to cut from Atlantic Canada and the other less favoured provinces $5.7 billion at a time when costs are escalating faster than perhaps in any other area.

This, of course, is but one small measure of it. When we backed away earlier in our negotiations with the province on the cost of RCMP as a police force for New Brunswick, we stuck it to them again. It was not a case of negotiating. It was a pure, sheer ultimatum. There were no negotiating opportunities presented to them whatsoever.

There are going to be those who say the payments went up 10 per cent. When they say that, I wish they would look at the fact that the costs in those provinces are going up more than 10 per cent and they cannot control them in this climate created by those who are seeking higher pay.

There is no question but that as the income tax revenues in the Dominion of Canada go down, payments to the provinces will also decline. It is not a specific payment. It is paid on a points basis of what is collected. These are not block or fixed payments. They will decline as the economy continues to decline. This will exacerbate an already serious problem. those from Atlantic Canada who sit in the House and support this situation deceive themselves by thinking that everything is rosy in the less favoured provinces. I cannot do that.

This reminds me of the Liberal dealing. It started in 1947 when the first negotiations were begun so that the federal government could have the income tax field and it would give the provinces a share of it. It dealt with and negotiated province by province. There was one good deal, one bad deal. Each deal got better with one province after the other. Finally, in 1952 the provinces insisted that the federal government sit down at the same table and work out the same deal for all.

That too was a very scrawny deal when another Liberal government in its lack of wisdom dished out to the provinces in the Atlantic area. They did that at a time that is significant and proper for comparison to this situation. The province of New Brunswick was in such a difficult financial position that it virtually had to get the approval of a committee appointed by the world of finance in this nation as to what it was going to spend, how fast, what, when and where it could borrow.

That province was virtually in receivership. We did not quite get there, but that is virtually where we were. At that time a very scrawny deal was made with the Atlantic provinces, New Brunswick in particular. It was not until a Conservative government took office in 1957 that the needs of Atlantic Canada were recognized and the situation became liveable.

We are now rolling back the clock. Is it maybe because the government is two or three years away from an election? Is that the story? Are we going to be scrawny and scabby in our treatment of Atlantic Canada now and then become Santa Claus just before the next election? Is Ottawa going to give money directly to the students rather than to the university coffers administered by the provinces?

Let us not hear anymore about the misdirection of these moneys as was suggested this afternoon by a former cabinet minister. Let us bear in mind that the joint committee found that the provinces in fact spent their money for the purposes for which it was allocated. We do not want any more cheap talk like that interjection this afternoon.

Let us be realistic. Let us recognize the real need. There is declining income, increasing expenses at the provincial level, declining cost-sharing and declining equalization. I agree that the equalization payment is not too bad. It will not keep up with inflation or with the rate of expense, but it is the best of the deal. The rest of it on a declining basis will result in a saving of $5.7 billion, but that will be on the backs of the provinces and the provincial taxpayers, with this government collecting taxes at a rate hitherto unheard of in this country.

I plead with the Minister of Finance (Mr. MacEachen) and the Secretary of State, a former great Nova Scotia premier, to take a hard, long look at what they are doing to the underserviced areas, and to give them what they deserve and that to which they have been historically accustomed to receiving.

Mr. Robert Bockstael (St. Boniface): Mr. Speaker, the legislation now before the House in Bill C-97 relates to a central and irreplaceable feature of our federal system, namely, the major intergovernmental fiscal transfer programs.

As hon. members are aware, it is traditional to review the federal-provincial fiscal arrangements every five years. The bill reflects that tradition and also reflects the numerous consultations that have taken place between two levels of government over the past 14 months. It provides for important modifications to some of the fiscal transfer programs and adapts them to current economic and fiscal circumstances.

The major transfers from the federal government to the provincial governments, such as equalization and established programs of hospital care, medical care and post-secondary education transfers, have grown over the past 25 years. When equalization began in 1957-58, the amount was approximately $135 million. Total transfers, excluding tax rental payments, were about $350 million in 1957-58. In the coming fiscal year,

the federal outlays for equalization and established programs financing will amount to almost $16.5 billion. This will account for about 20 per cent of all federal expenditures.

During the past few months critics both in the House and outside have suggested that the federal government is cutting payments to the provinces. They accuse us of endangering health programs and the support for post-secondary education. They conveniently choose to ignore the fact that the federal government intends to provide significant increases in all transfer areas and that our dedication to the support of health and post-secondary education programs remains vigorous and unchanged. For example, payments for equalization will increase to $4.7 billion in the coming fiscal year from some $4.1 billion in the year now ending, an increase of $600 million in the first year. For established programs on medicare, hospital and post-secondary education, the federal contributions to the provinces will be $11.6 billion in the new fiscal year; up from the $10.4 billion in 1981-82, an increase of $1.2 billion. That figure for 1981-82 excludes the element that compensates for termination of the 1972 revenue guarantee. It is an element which has entirely different roots from those of the federal transfers in respect of health and post-secondary education.

• (2030)

It is interesting to examine the amounts that have been allocated to our western provinces to help finance health care and post-secondary education. Alberta, our wealthiest province, will receive an additional $100 million next year for a total of $1.134 billion. It is estimated that over the next five-year period covered by this legislation, Alberta will receive $7.7 billion to help finance these vital social programs in that province.

The province of British columbia will receive an extra $167 million in 1982-83 to bring its share of transfers in respect of health and post-secondary education to $1.383 billion. It will receive an estimated $9.2 billion over the next five years.

The transfers in respect of health and post-secondary education to Saskatchewan will increase to $482 million next year, $54 million more than the $428 million they received in the current year. Saskatchewan will receive an estimated $3.1 billion over the five-year term. Manitoba will receive another $44 million in the coming year, for a total of $464 million for health and post-secondary programs and an estimated $2.9 billion over the next five years.

The federal government will, of course, be continuing the vitally important fiscal equalization program. This program is recognized by all Canadians as an integral part of the Canadian federation. It ensures that all provincial governments are able to provide reasonable levels of public services without having to impose unduly high tax rates. The western provinces have always been strong supporters of the principle of fiscal equalization. I should note, however, that Alberta and British Columbia received equalization payments when the program began in 1957-58 and for the subsequent five years. Indeed, Ontario is the only province which has never received a fiscal equalization payment.

The bill broadens the measure of fiscal capacity which underlies the calculation of equalization. The base has been broadened in response to representations from the provinces themselves. Municipal taxation payments and municipal revenues from the sale of goods and services have been added to the measure of fiscal capacity. In addition, in order to ensure that all types of provincial revenues are treated in the same manner, 100 per cent of natural resource revenues will now be taken into account when measuring fiscal capacity.

As a result of this broadening of the measure of fiscal capacity, Saskatchewan will no longer be eligible for equalization payments beginning in the 1982-83 fiscal year. However, as we are all aware, the growing economic strength of Saskatchewan in recent years has resulted in a declining relative importance of equalization payments for that province. In fact, during 1975-76, Saskatchewan was not eligible for equalization payments. This continuing trend and the broader measure of fiscal capacity reflect the growing fiscal strength of the province of Saskatchewan.

My home province of Manitoba continues to be eligible for equalization payments.

An hon. Member: Not for long.

Mr. Bockstael: It will receive some $431 million in 1982-83. Projections indicate that Manitoba will receive almost $2.4 billion in equalization over the next five years. It was with Manitoba primarily in mind that a special transitional arrangement feature was incorporated into the revised fiscal equalization program of this bill.

Mr. Blaikie: Manitoba still gets the worst of the deal.

Mr. Bockstael: The federal government has introduced this measure since it appeared that Manitoba would not qualify for an increase in its equalization payments in the 1982-83 fiscal year. This transitional measure will provide for some $165 million in equal payments to Manitoba over the next three years. The bill will also ensure the continuation of the fiscal stabilization program for an indefinite period. Although no payments have been made under this program, residents of western provinces in particular will appreciate the importance of this provision. The fiscal stabilization program ensures that the federal government will, in effect, guarantee the yield of the provincial tax system and the equalization payments in each province, from year over year, absolute declines.

This measure has been of considerable importance to provinces when borrowing abroad. This provision of the bill indicates the federal government's ongoing commitment to the principle of supporting provincial revenues. Members should also be aware that another important feature of the federal-provincial fiscal arrangements, namely, the income tax agreements, will be continued. The authority of the Minister of Finance to enter into these agreements is contained in Part III of the 1977 Fiscal Arrangements Act. This part of the 1977 act is not being amended by the present bill.

I would like to point out that the income tax collection system is very important to our Canadian taxpayers and that our western provinces have been strong supporters of that arrangement. However, I recognize that Alberta saw fit to undertake to administer its own corporate income tax this year. But we sincerely hope that they will continue to harmonize their corporate income tax system in conjunction with the federal system and that of other provinces.

In this connection, I note that in Bill C-97 the personal income tax revenue guarantee provision, which is basically an element of the income tax agreement system, will be extended for another five years.

This provision reflects the commitment of the federal government to the principle underlined in the income tax collection agreements and its resolution to continue and strengthen these arrangements.

Another part of this bill, which is of special importance to the west, authorizes interim payments to three provinces to cover their share of the oil export charge relating to the period between November 1, 1981, and January 31 of this year. Saskatchewan will receive $273 million; Alberta will receive $174.5 million and Manitoba will receive $1.2 million.

The negotiations which preceded the introduction of this legislation were not easy. They never are. Provincial governments are always seeking to obtain as much funding as possible from the federal treasury, and they cannot be faulted for this. But given the over-all need for restraint in federal expenditures it was important that restraint be applied in all spending areas, and the area of transfers to provinces could not be excluded. As the Minister of Finance (Mr. MacEachen) said in his budget speech, the aim was not to cut back these transfers but to moderate their rate of growth. This bill achieves that goal while still providing increased payments to all programs.

• (2040)

I would like to illustrate that point. When we add up the estimated impact on provincial revenues of the proposals in this bill along with the estimated increase in provincial tax revenues that will be brought about by the tax changes in the budget, we get a clear picture of how much provinces will benefit. These increased benefits are in terms of cash transfers and the growing yield of the income tax points that were transferred to the provinces in 1977.

For the coming fiscal year, total benefits to the provinces from this package will show an average increase of 11.5 per cent over the year ending on March 31, 1982. Over the next five years, the average annual gain will be 11.8 per cent. Projections indicate that the Government of Canada can expect to provide more than $105 billion to the provinces in the next five years.

Mr. Wilson: Less what?

Mr. Bockstael: While the arrangements which are about to expire provided the provinces with over $61 billion in the previous five years, the difference represents an increase of an estimated $44 billion, that is, an increase of about 75 per cent in a five-year program. No one can logically refer to such an increase as a cutback.

[*Translation*]

Mr. Speaker, I would like to point out the benefits of these financial arrangements for the province of Manitoba, as follows: Federal transfers to the province of Manitoba for health and post-secondary education will increase by $44 billion over the year ending on March 31. The new total for 1982-83 will therefore be $464 million, which represents a total of about $2.9 billion during the next five years. Manitoba is still eligible to equalization payments, and in 1982-83, these will amount to $431 million for our province. According to our figures, these transfers will represent $2.4 billion over five years. Under a transitional arrangement, Manitoba will receive about $165 million during the next three years. Manitoba will also obtain its share of the oil export charge; this share will amount to $1.2 million. The fiscal arrangements contain other guarantees for Manitoba. The measures contained in Bill C-97 provide for an average increase of 11.8 per cent a year for the provinces for the five-year term of the agreement.

The proposals of the federal government therefore provide nearly $5.5 billion to Manitoba over five years. There is no reason to believe that the federal government is trying to reduce its contribution to health and post-secondary education programs and to established programs financing when there are increases in every area.

[*English*]

Hon. Jake Epp (Provencher): Mr. Speaker , in this debate on Bill C-97 I intend to concentrate today not necessarily on numbers—although I will mention some of them, that is, those which pertain to this bill—but, rather, on what I believe is the spirit of federalism which is needed if the numbers which are before us in this bill are to be effective in terms of the delivery of the system.

I found it somewhat interesting that my good friend, the hon. member for St. Boniface (Mr. Bockstael), was willing to be used merely to bring forward numbers in the manner he did, because I think he, as other hon. members have done, recognizes that the numbers used by the Minister of Finance (Mr. MacEachen) have been brought into some very serious question as equalization has been debated, not in this place but in federal-provincial conferences, over these last few weeks.

When one takes a look at federal-provincial relations, certain Canadian characteristics come to mind, and I think it is important that we remind ourselves of some of Canada's characteristics. One which comes to mind very quickly is our vast space. Members of the House might well ask what that has to do with equalization or fiscal payments. It is the very fact of the geographical size of the country—and therefore the diversity which results from that size—which requires us to be very careful when we look at financial formulas to see that they in fact serve that geographical diversity. Obviously there

will be different conditions and different financial impacts, for example, in an Atlantic province such as New Brunswick, as opposed to a populous province, such as Ontario, or a province which has a very strong resource base, such as Alberta. I believe the vastness of Canada is an important and direct consideration in determining whether a financial formula is adequate and seen to be fair.

Second—and I have already touched on it—I would like to discuss the diversity of Canada. No matter what we think of the regions from which we come, the fact remains that while we say our diversity is a Canadian strength, that diversity also results in some areas of the country not being able to produce the same amount of revenues as other areas. Consequently, since the early 1860s the concept of a federal state to respond to both this plurality and this vastness was a concept which the Fathers of Confederation saw as necessary and, in the Canadian context and in the context of what we are debating in the House tonight, I think it is still necessary.

Let me explain. People might say that a democratic system is cumbersome. There is sometimes interminable debate in this House, in provincial legislatures and in committees, but the fact remains that in a country as diverse as Canada dialogue must be open and have a purpose, and that purpose is to create a meeting of minds. In the face of our diversity we should be able to meet and come to agreement through negotiations, and such agreement should serve us all. Dialogue also means we must have a federal system, and it is incumbent upon us in the House and in the provincial legislatures and governments to make federalism work.

What we are dealing with today is not the idea of federalism, but, rather, the fiscal arrangement which makes federalism work. It is one element of federalism. I want to say in the early part of my remarks that I believe federalism works. If we have seen federalism fail, it has not failed because of the system. Granted, the system is not perfect, but federalism has not failed because of the system but because of an unwillingness to make it work. I do not know how many hon. members of the House recognize that in a given calendar year a province could be involved in as many as 360 different federal-provincial negotiations. They could range all the way from a minor arrangement in a narrow area of agriculture to a major reworking, after a five-year period, of the financial arrangements between federal and provincial governments. If that number of meetings takes place, obviously it is understood that federalism works and that those meetings lead to some success.

• (2050)

The hon. member for Kingston and the Islands (Miss MacDonald) has been involved in this debate since 1977 when the matter first came before the House. She pointed out that there was a number of positive parts to the bill. We have become familiar with positive elements in terms of federal-provincial arrangements, such as medicare, hospitalization, funding of post-secondary education and the principle of equalization. I do not think any hon. member of the House, no matter of what political affiliation or partisanship, would disagree that those are elements of the federal system we want to preserve and would like to see strengthened. The question is not whether the federal government should receive a larger share or a larger placard because of its involvement in those areas, but how we can improve the ability to deliver those services to Canadians. This should be the only question facing us today.

What conditions are facing us tonight in an attempt to deliver such services? I have already mentioned the imperative of consultation. We can have discussion, but we must question whether it is dialogue. Often there are discussions at federal-provincial conferences, but frequently we do not have dialogue where there is a meeting of minds. In this respect, negotiations started back as far as December, 1980. The Minister of Finance said in the House today that he had consulted with the provinces for a long period of time and finally had to make a decision. I do not think the length of time is that meritorious. What is important is whether the Minister of Finance actually entered those discussions with the distinct purpose, not to win necessarily for the federal government, but to win for Canadians. That is the question I ask today.

If we return to the agreements of 1977 and the negotiations which took place in 1976 and 1977, we realize that there was co-operation, agreement, consensus, give and take. An agreement was reached because the people sitting at the table knew that the best thing which could happen for Canadians would be agreement. I say to the minister that I do not believe the same spirit was in the discussions which led to Bill C-97. Today we have unilateral action.

Often people say that federal-provincial relations are not of deep concern to average Canadians, but what has impressed me as I have travelled around the country is that the statement which concerns Canadians is the one of the Prime Minister (Mr. Trudeau) that co-operative federalism is dead. Everywhere I travel Canadians are concerned about the statement because they fear that the federal government now feels that its purposes are better served by confirmation than by consultation and agreement. Possibly some of my colleagues would disagree with me when I say that the Prime Minister is at his political best when he is in a fight or taking on someone. I suggest that equalization, post-secondary funding, medicare and hospitalization are too important to be brought into the arena of confrontation, as I believe the Prime Minister has done. If that is the case, then we reject the spirit of federalism which must work and has worked in the past. Equally important, we renege on past commitments regarding fiscal transfers. People have plans and programs regarding past commitments and they believe there must be some continuity in the programs.

There is a second point which must be made as we look at the bill tonight and that is the question of block funding. When block funding came into being, members of the New Democratic Party were some of the most open opponents to it. From their perspective they argued that at least it would enable the provinces to divert some moneys, which were designated for hospitalization, medicare or post-secondary funding, to other

provincial programs. They made that point and brought to the attention of the public that if that reality did not at least exist, the possibility of it happening was there. The task force chaired by the hon. member for Gloucester (Mr. Breau) looked at that question. It reported back to the House that there was no evidence that funds designated for post-secondary education, hospitalization or medicare were shifted to other programs.

There is one point which was made by people who were opposed to block funding which remains valid, that is that the programs are so important to Canadians that they do not want any cloud surrounding fiscal transfers which might give cause for apprehension that the programs might be under attack.

The third point which confronts us when we look at Bill C-97 is the entire matter of figures. Whose figures does one believe? The hon. member for St. Boniface referred to some figures tonight. I have heard them before; those are the figures of the government. I hope I do not have the reputation of being the most cynical member of the House, but the Minister of Finance has had some difficulty with figures since November 12. I wonder whether we should believe him tonight any more than we have been able to believe him since November 12 regarding the figures which the department has pumped out. One underlying factor which remains about the figures is that Canadians have a deep, deep suspicion that the figures being used are not necessarily the correct or complete ones. At this moment there are provincial governments that are reworking the figures because of changes made in the Department of Finance. Let us be careful about the figures. The minister cannot have it both ways. On the one hand he cannot say that he is increasing payments when on the other hand he says that everyone must share in restraint. I do not know how one could square those two points of view, but the minister is trying, and I will leave it at that.

The fourth condition which confronts us when we look at Bill C-97 is the desire of the Liberal government to be more visible. In my more candid moments I would suggest that it would be best for the Liberal government if it reduced its visibility. Speaking seriously, Liberal members say they are not getting sufficient visibility for the federal dollars that are spent. That is why, even before the footings were in the ground a sign was put up with a DREE grant months before to show that a plant was going to be constructed and DREE had been involved. While I can appreciate the federal government wanting visibility, and I have no difficulty with that even though I think it is somewhat questionable, whether we should concentrate our efforts on that kind of a process, I must ask the question: what is the commitment of Canadians to their country? We must give them a certain cause to believe that the federal government does touch people's lives daily, not only in a negative way but also in a positive way. So often the federal government touches people's lives in a negative way through regulations, taxation and so forth. But when you ask Canadians what is the highest visibility of the federal government in your life, generally they answer, the Post Office, although that has not been too positive to date either. But when you put a question to them regarding the federal government's visibility in the area of post-secondary education and hospitalization, that generally engenders a positive response. If that is the case, and the federal government wants a higher positive visibility, should it then not be doubly careful in its approach to fiscal transfers and financial arrangements, and approach the question with as open a mind as possible so as not to further erode Canadian's identification with positive federal programs?

• (2100)

I do not want to reflect tonight on what is happening, for instance, in western Canada and the alienation in western Canada from the federal government because this bill is not the umbrella under which I should do it, but I do want to point out something to the federal government. I suggest that it be very careful when looking at federal-provincial relations. The federal government should use the camaraderie, the goodwill and the personal contacts that have been developed in order to build a federal presence and to make it a reality, rather than making the federal presence, to those who say the country has nothing to offer them, a reason for them to want to leave. That is my responsibility as a federal member, but it is doubly so the responsibility of members opposite.

Another point surrounding Bill C-97 is the whole question of national standards. As I understand federal-provincial arrangements in the area of medical and hospitalization especially, the purpose was to give the have not provinces, those with less revenue, the ability to provide a certain standard of hospitalization and medicare.

I have a question for the federal government. Has the federal government calculated, through the efforts of the Minister of National Health and Welfare (Miss Begin), whether when these arrangements come into being the have not provinces will be able to maintain the standards? Is the federal government convinced that those standards can be maintained by, for example, the province of New Brunswick? Are members opposite convinced that that can be done? Have they looked at that question seriously?

Just today the province of Manitoba is in a difficult position because doctors are closing their offices for a day or two for study sessions. What about this question of extra billing? The question of extra billing possibly does not hurt any member in the House, but does it hurt our senior citizens? It is not necessarily the financial aspect as much as the fear that hurts. As people advance in age, they fear a lack of security. Fear so often becomes a part of their lives. There is one area where that security has been much better rooted in Canada than in the United States. When an elderly person needs medical care, the resources available to him or her should not be removed for lack of funds nor should the person be in debt for the rest of their days. That is why I ask the Minister of National Health and Welfare tonight whether she has studied these figures to the point where whe can say unequivocally that our national standards will be maintained, not in the have province but in the have-not provinces?

Then we have this whole question of equalization which surrounds this bill. At the beginning of my comments I said I

was not going to get involved in the various numbers. Others have done that and others will continue to do that. Equalization is a uniquely Canadian development. It is part of our federal system. It is an outgrowth of what I mentioned earlier about our space, our pluralistic society and our diversity.

I believe every member of this House agreed to putting the principle of equalization into our Constitution, and that that principle should have constitutional form. But even before the Constitution is home we are debating today in very practical terms whether equalization is as valid as it was made out to be during the constitutional discussions. In this regard I refer members to the committee discussions. I find that not only disturbing but ironic.

I want to spend some time on how this proposal will affect the have-not provinces. In the House yesterday the minister indicated that he had support for Bill C-97 from the have-not provinces. I believe he feels that he has received support from the provinces of Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island. I will not address that matter but will leave it to members who come from those provinces to do so. However, I want to address that question from a Manitoba context.

Perhaps you will be surprised, Mr. Speaker, that I might be very much in agreement with the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) on this topic. I have not been in agreement with him very often in the House, but if I am in agreement, I think I should be forthright enough to say that I am. The reason is that I believe you will find members of the New Democratic Party, both federally and provincially—and I feel a little strange to speak for them in this context—or members of the Progressive Conservative Party, provincially as well as federally, agreeing as we look at the figures, that the province of Manitoba will be very hard hit by the provisions of Bill C-97. That conclusion has been reached not only by Manitobans. If hon. members speak to other people who have studied the bill, they will hear the same point conceded. I am addressing this subject today not in any partisan way, but I am questioning whether any government in Manitoba has the ability to provide the service for Manitobans. My responsibility as a member from Manitoba is to make sure that question can be answered in the affirmative. That is why I asked the question today of the Minister of National Health and Welfare. I asked whether or not the people of Manitoba, through their government, will in fact be able to maintain national standards.

• (2110)

Mr. Blaikie: She has not been in the House since the debate started; how can she answer the question?

Mr. Epp: Keeping in mind equalization and national standards, how can that province maintain those services? Let us look at some of the statistics. This is public knowledge; it was produced by the Manitoba government and the Department of Finance and presented at the last first ministers' conference on the economy here in Ottawa. The cutbacks to the have-not provinces will in no way have an equal impact. For example, the have-not provinces will bear 71.6 per cent of the cutbacks, yet they only have 43.5 per cent of the population and only 36.6 per cent of national output. Where is the principle of equalization? In contrast, for example, the have provinces, such as British Columbia, Alberta and Ontario, will bear 28.4 per cent of the cutbacks with 56.5 per cent of the population and 63.4 per cent of national output. So the ability to pay for those services obviously now, with the weighting of the formula, falls very much in favour of the have provinces.

The Minister of Finance says we must have restraint. He says you have to have restraint in post-secondary education, medicare and hospitalization. It is, however, interesting to note, Mr. Speaker, that allowing for inflation, the budgeted increase in federal expenditures is 13.5 per cent. However, if you look at these expenditures in all areas other than provincial transfers, you find that the government's budget increases by 16.1. So I ask the government: What are your priorities? Obviously they are more heavily weighted in areas other than post-secondary education, medicare and hospitalization.

Do statistics mean anything, Mr. Speaker, if one does not relate their effect in some way to the average family? Well, the federal cutbacks will affect a family of four in the following way. In the year 1982-83 the total impact per family of four in Manitoba will be a reduction of $465. That is the highest of any province. The average is $162. In 1983-84 the net impact on a family of four in Manitoba will be $640. The national average will be $246. In 1984-85 it will rise to $745, and the national average of $370. In 1985-86 it will rise to $835, with a national average of $350. In 1986-87 it will rise to $949, with a national average of $410. I did not go into the other provinces, Mr. Speaker, because I did not want to bore the House with a lot of statistics. I am pointing out, however, that there is no question that the average family in Manitoba will have to pay a disproportionate amount of provincial and municipal taxes if it wants to meet national standards.

We in Manitoba have a choice, Mr. Speaker. The choice we can make through our provincial government is to reduce medical costs. But what happens to our standards? We can get into extra billing. But what happens to the senior citizen? What happens to those who do not have the ability to pay? More fundamentally, why should the Manitoba resident be faced with the prospect of extra billing or lower standards when residents of other provinces are not faced with the same cuts? You might say, Mr. Speaker, that I am being too provincial or parochial. I hope I have not been, because that was not my intention. The reason I raise the Manitoba figures is not only that I come from that province, but that almost everyone who has looked at the figures agrees that Manitoba will be the hardest hit. I think it is important, and I want the House to take note of it because it is a somewhat unique experience, that on this issue the members of the NDP and the Progressive Conservatives from Manitoba are united.

Mr. Kempling: That is strange.

Mr. Epp: It is strange, but I believe it is so for the simple reason that we look at the impact on our province and it comes

back to the point I make that the question is: can we deliver that service to the people? That is the issue; I have no other interest. Underlying this whole issue of federal-provincial relations and government in the modern age is a question I have been troubled with for some period of time. Perhaps this bill is a good vehicle by which to raise this question in the House. Hopefully, it will occupy the time of members in the future, at least to some degree. The question is this: as we develop the social welfare state programs which are good in themselves, at what point do we get to what some observers now call the ungovernability of the social welfare state? The problem lies in expectations and programs becoming so onerous in terms of financial commitment that it becomes very difficult for governments at any level to establish priorities. Obviously, I feel that the priority this government places on cutbacks in medicare, hospitalization and post-secondary education is wrong and that it is a misplaced priority. However, how do we, as hon. members of the House, grapple with this question? How does one set priorities? How does one set national goals? What I see happening more and more is that when a proposal is made, people react to it in terms of a special interest group rather than in terms of the national context. Some people might want to accuse me tonight of having done the same thing. However, I will leave this question with the House: do we have both the willingness and the instruments in the House, in our committees, through public accounts, to hold the government accountable and to address the question of how we set and fund priorities in such a way that they will best serve Canadians? I suggest that we do not.

• (2120)

The question then remains: how do we change this place? We need to address that question because if we do, I suggest that Canadians would then have a better understanding and feeling for the federal system. I am not referring to better feelings toward the federal government. That is another issue. I am referring to the federal system.

Therefore, I say to Your Honour that I commend the amendment of the hon. member for Kingston and the Islands. We should get this matter to committee quickly and get answers to some of these questions. Obviously, one of the questions I want answered is the one that we have asked tonight of the Minister of National Health and Welfare. The other one is: how do we establish priorities so that we can better serve Canadians?

Some hon. Members: Hear, hear!

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am very pleased to have the opportunity to rise this evening to address Bill C-97, an act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces.

This is a bill at second reading, which is the stage of debate where we deal with principles of a particular bill, knowing that from here it goes to committee for detailed examination, clause by clause. Therefore, tonight I will restrict my comments to those of the various principles reflected here in Bill C-97.

I must say that I listened with a great deal of interest to the hon. member for Provencher (Mr. Epp). During his comments, and during those of my colleague, the hon. member for Winnipeg-Birds Hill (Mr. Blaikie), it became clear how we on this side of the House, in opposition, differ from the government. I have listened to the last number of speeches as hon. members of the government stood up, as did the hon. member for St. Boniface (Mr. Bockstael), and laid out pages and pages, minutes and minutes of statistics and data dealing with fiscal relations. As I listened I wondered if each of those hon. members fully understood what they were saying, if they believed those figures, if they understood those figures, if they had, in fact, assembled those speeches themselves or if they had been handed speeches written by some civil servant or bureaucrat. I must admit that that is the way it sounded to me. However, in listening to speeches on this side of the House at this stage of debate where the principles involved in these various bills are to be analysed and discussed, quite a different discussion took place. The context of the comments by the hon. member for Provencher and the hon. member for Winnipeg-Birds Hill were set in the context of Canada. In other words, when we are dealing with something as complicated as federal-provincial fiscal relations, the fact that we live in the country of Canada, with its very unique geography and social fabric, means that we must deal with our kinds of problems differently from the ways in which the countries of Sri Lanka, Belgium, Switzerland or others deal with theirs. In geographic terms, we are the second largest country in the world. We are diverse and multicultural in context where one region of Canada differs dramatically from another region. Therefore, we as Canadians have a special problem facing us when we speak about federal-provincial relations or federal-provincial fiscal arrangements.

Certainly, as the hon. member who spoke previously indicated, we have a commitment to federalism in this country. The federal system can work. We have seen it work in other nations. We have seen it work in our own country in times past; but it is certainly not working well today. It is a good system. It is a system which lends itself well to Canada. However, like any other system, it is only as good as the people involved in it. Where there is a commitment on one or more sides not to be co-operative, not to work together in a state of harmony, to exist in a stance of confrontation, to be competitive and to be argumentative, the federal system does not work well under those terms. It falls to the government to set that kind of tone.

If we are to have a federal system which works in our country, the tone must be set by the federal government which then permeates throughout the nation into the various levels of government at the provincial, regional and local levels. Yet the kind of approach we have seen in this country, especially over the last number of months, does not lend itself to the kind of co-operative federalism that we in this House would like to see.

Tonight I want to speak about six principles involved in Bill C-97. The first principle I want to look at is the principle of unilateral action which has been taken by the government. The provinces have not agreed to the proposal we are discussing tonight. The provinces have not been in favour of the figures we have heard read out by hon. members from the government side who have previously spoken. The government, once again, has ignored the people of Canada in this particular bill. That comes as no surprise to hon. members on this side of the House.

We have seen how the government has approached the monetary policy as of late when, essentially, its decision to go with a high interest rate policy and a fiscal policy resulted in an ongoing recession. Is that what Canadians want at this time? Is that what Canadians who are appearing in delegations before our caucuses or before the special committees of this House are calling for? No, it is not. One looks long and hard to find a single individual in this country who is asking for a high interest rate policy. However, the government flies in the face of that particular reality. What about the VIA Rail cutbacks? Is that what the people of Canada were asking for along those particular lines? What about the energy pricing agreement? Again, we have seen, time after time, government action which essentially flies in the face of the people of Canada. I think the saddest comment we have heard in the last number of days was when the Prime Minister (Mr. Trudeau) said that co-operative federalism is dead in Canada. The second most discouraging occurrence was when the Minister of Finance (Mr. MacEachen) brought in Bill C-97 and clearly demonstrated that co-operative federalism in this country is dead. At a time in our history when co-operation is needed like never before, the federal government ignores the leadership role which it ought to be playing today in terms of developing that state of co-operation in Canada.

The second principle I want to refer to this evening is a principle which touches on the matter of the omnibus bill which recently resulted in the bells ringing here for two weeks. One could say that the bill we are discussing this evening is not unlike the energy security bill in that it contains a number of clauses which the minister has indicated must be dealt with before the end of March. He has given us a handful of days in which to deal with perhaps one of the most complicated matters we have had before the House in the last two years. He has given us a few days in which to deal with perhaps one of the most important pieces of legislation in terms of the future wellbeing of Canada and the provinces. It gives us a handful of days to deal with this, because it has to be done by March 31. That is not true, Mr. Speaker. Certain sections of the bill ought to be dealt with by March 31, but not all sections.

• (2130)

Again, the kind of thing we would have liked to see on this side of the House is a bill broken up adequately to allow an appropriate level of debate and analysis and adequate time to deal with this. Again, we are looking at this case, this rather unilateral action, when it was introduced into the House as of late.

Of course, as we have seen, one of the most important principles in this bill refers to the matter of post-secondary education. This bill will threaten the health of post-secondary education. There is no question that this bill will slash something in the neighbourhood of $5.7 billion from previously established levels of payments to the provinces between now and 1987. The provinces will inevitably have considerably less money in their treasuries as a result of this particular bill.

It is interesting to note what the task force on fiscal arrangements had to say, and I would like to quote it. The task force itself concluded that:

> —by virtue of the internal allocation established by the federal government, fiscal transfers associated with the revenue guarantee must now be considered part of the health care package and/or post-secondary education in the renewed EPF arrangements (projected April 1982) in proportions to be negotiated . . . and then considered earmarked for each program area and not meant for other purposes.

When one looks closely at the revenue guarantees that will be altered, we see a number of very substantial losses to the provinces that will occur in the 1981-82 period.

I want to read into the record, taking just a few moments, just what some of these losses will be to each of the provinces. The province of Newfoundland will lose in excess of $17 million; Prince Edward Island will lose nearly $4 million; Nova Scotia will lose $25 million; New Brunswick, $21 million; Quebec, $186 million; Ontario, $254 million; Manitoba, $30 million; Saskatchewan, $29 million; Alberta, $63 million; and British Columbia, $80 million.

It is difficult to understand how members opposite stand up time after time and say that there will be no losses to the provinces, that in fact the provinces are going to gain over the next number of years. It is perfectly clear from this side of the House that the arrangements have been altered and that what the provinces had been planning for will be seriously reduced, reduced to the extent of the province of British Columbia losing in this next year alone $80 million.

Over the next five-year period, the provinces will be losing nearly $6 billion as a result of this bill we are debating this evening. When we start talking of $6 billion, Mr. Speaker, that is not small change, particularly when one understands that the major areas of impact will be post-secondary education and health care.

What does it mean when the provinces will have substantially less money in their treasuries? It means very clearly that post-secondary education will suffer. In my own province of British Columbia we have seen serious program cutbacks throughout the universities, the colleges, the technical schools and the trade schools. We see increases in tuition fees, which goes against the very grain of education, when we see education being more and more an opportunity available to only a certain sector of society and more and more people finding it difficult to pursue post-secondary education as a result of the increased tuition fees and costs associated with education.

We see serious cuts in laboratories, in libraries, in research facilities of one kind or another. What does that mean in a country that is struggling so hard to increase the level of research and development to prepare us for the technological revolution that already is upon us?

Mr. Blaikie: The Liberals have the multinationals for that.

Mr. Riis: We hear time and time again that research and development in Canada is approximately on par with that of Egypt in terms of the gross national product spent in this very critical area. That is no reflection on the country of Egypt. I think anyone would agree that Egypt is not a world leader when it comes to technological innovation, and certainly Egypt is not considered one of the advanced western industrialized nations.

Mr. Blaikie: They have a sphinx for minister of finance.

Mr. Riis: It gets very, very serious, when one considers the competition that we face as Canadians at a time when research and development through to production is at such an abysmal low. Yet at that same period of time the government is cutting back funding to post-secondary education.

Mr. Speaker, I think one of the most sad aspects of these educational cutbacks has to do with our reputation nationally. We have some of the best research institutes and universities in the world. There is no question that a number of our universities, research facilities, libraries, laboratory facilities, rank with some of the best in the world. Yet today the presidents of those same universities, those same research institutes, are saying that that no longer will be the case, that as a result of the attention they are receiving now from federal ministers as well as provincial ministers their ability to expand their research facilities is being continually threatened as cutbacks occur in those very critical areas.

It is a sad day, Mr. Speaker. Recently I had the opportunity of visiting two of the community colleges in my own riding. I was talking with the administration, the faculty, the students and staff, and listening to what they had to say about the future of those small colleges in British Columbia. The future looks very, very bad.

I do not throw stones only at the Government of Canada. I think the provincial governments must take some responsibility in this regard. In fact, provincial cutbacks, now followed with these federal cutbacks, will soon seriously erode the advances that community colleges have made, in British Columbia as well as in other provinces, over the last number of years.

Another principle involved in this particular piece of legislation relates to the matter of the deficit. Here presumably is an effort by the federal government to reduce the deficit. I think it begs the question: who created this deficit. Was it the students and faculty, the patients, nurses and doctors? No, it was the Government of Canada that created this deficit. When one looks at some of the infamous items along that particular track, the Mirabels, the advertising funds, the patronage contracts, the CANDU grants, the millions of dollars going to fund mines in foreign countries, the millions of dollars going to build statues in northern African countries, the tax give-away, the tax loopholes, we could go on and on, is it at all surprising that we are into this deficit situation in which we find ourselves today? How does the government plan to deal with that? They identify something that presumably they consider to be rather frivolous spending, government spending, education and health care. That is the kind of government spending that we on this side of the House do not consider to be government "spending" but an investment in the future of the country. It is a government "investment". As in any good business, you have to spend money in order to make money. We have to invest in the future of this country. We are suggesting that ought to be maintained and expanded, and not cut back as this government is proposing. Education is certainly not government spending but government investment.

To make matters worse, Mr. Speaker, we read in the newspapers in recent days that the Minister of Employment and Immigration (Mr. Axworthy) says that we will have to invite 20,000 skilled tradesmen into Canada next year because we do not have enough skilled tradesmen in our own country. At the same time we are saying we do not have the skilled tradesmen and have to invite 20,000 people from overseas to come to Canada, we are cutting back on our education required for the training of professional tradesmen in those areas. That kind of logic tends to baffle one.

• (2140)

We have heard of the principle of recognition. It is a human characteristic to want to be recognized for work that one does. The government feels it has not been recognized for its good works. It wants to control the funds going into education and health care so that when funding occurs it will be recognized for the role it has played. The Liberals in the west say they are not recognized for all of their good works.

I suspect that the way to become recognized for good works is to do good works, not to ask for a billboard or a plaque on the wall of a new facility. That is not the way to obtain recognition and appreciation for the work you do. The hon. member for Winnipeg-Birds Hill said and also the hon. member for Regina East (Mr. de Jong) that if the government wants billboards, let them build them and say it is due to the investment of the federal government. If it wants neon lights, so be it. However, let us stop cutbacks in these critical cornerstones of Canadian society simply because it does not receive the recognition it feels it deserves. Surely there are better ways of handling that than cutting back and advancing at a later time.

Fundamental to this bill in terms of a very critical principle is the whole matter of health care, accessibility to health care and the feeling that essential health care services should be available to all people in this country. It is rather ironic that the Minister of Finance at an earlier time when he was minister of national health and welfare introduced the concept of medicare. He felt very proud of that. He ought to be given credit where credit is due. However, today he takes steps to cut

the very basis of medicare across our country, making it into a rather patch-quilt type of medicare program. Now the provinces will receive cutbacks by the federal government in this very critical area.

I suspect that a number of more right-wing governments at the provincial level will use this as a golden opportunity to cut back on health care in their provinces, to turn it over more to the private sector, to privatize medicare. We will see more extra billing, user fees and the like brought in. What that means very clearly is that essential health care will be kept from the people of Canada, especially those who need it the most and can least afford it.

In a country like Canada we cannot afford to have a checkerboard system of health care. We need to have standards that are enforced from one end of this country to the other so that all Canadians, whether they be on Vancouver Island or Newfoundland, can expect the same level of health care.

I listen with interest when the Minister of National Health and Welfare (Miss Bégin) goes about the country saying how hard she is going to work for a universal level of health care. She says it loud and clear at all stops. What is the action? What does she deliver? It will be difficult for her when she gets around the table with the ministers of health in the various provinces and tells them that the federal role is to cut back on funding, and they have to improve health care in their provinces and end extra billing. She will have to tell them that the federal government will withhold funding and ask them to expand theirs at a time when everyone in the House knows the provinces are faced with real financial stress. I do not think Canadians will stand for this kind of nonsense. They will not stand by and watch these two cornerstones of Canadian society begin to crumble. Post-secondary education is critical for our future. Accessible health care is something we now assume to be a right that Canadians can come to expect.

We see around us forces tearing our country apart. I can understand the motivation of western separatists. Just the other night in my community of Kamloops the Western Canada Concept held its meeting which over a hundred people attended. It is not that they are particularly interested in having a separatist party in western Canada. They are angered at this government, frustrated at the way the government appears to be insensitive not only to western needs but to all needs. I am talking now from a western perspective.

Mr. McCauley: Did you speak for Canada?

Mr. Riis: Of course I did. There are western separatists, Quebec separatists, northerners disgruntled with the attitude of this government against them. Native people are upset. Women see that long overdue legislation is not even introduced on the floor of the House. People in Newfoundland are disappointed. There are many external forces ready to rip this country apart.

The economy will worsen. All of us in the House know that over the next number of quarters it will not get better. People will react in one of two ways. Either they will take on the stance of the survival of the fittest and turn against their friends and neighbours in an effort to survive on their own, or they will come together in a co-operative way to tackle the common foes we have identified. To ensure that the latter takes place will require leadership and encouragement by the federal government. It is the government that must set the tone to lead to co-operative efforts by Canadians. It has to lead the way to co-operative federalism. That is not the kind of leadership we see being demonstrated in this bill on federal-provincial fiscal relations. I want to end by saying that we have before us a golden opportunity, an opportunity that is ours to take to provide the necessary positive co-operative leadership. We simply must have the will to do that.

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, I am very pleased to participate in this debate on federal-provincial fiscal arrangements because of the very great importance of his legislation to our country. This is a very complex bill. It is difficult to comprehend all the parts of it and the implications of the changes being proposed. We have had a very interesting and productive debate in trying to draw out these different aspects of the bill. In my opening remarks I would like to take an overview and look at some of the aspects of this bill from the standpoint of our federal system.

I think all members of the House will agree that the co-operative federalism which has been a part of our country has been a keystone of confederation over the past number of years. In that regard, we were all shocked at a comment made by the Prime Minister (Mr. Trudeau) last month. It is as follows:

> The old type of federalism—where we give money to the provinces, where they kick us in the teeth because they didn't get enough, and they go around and spend it and say, of course, "It's all from us"—that type of federalism is finished.

• (2150)

I think that was a very disturbing comment on the part of the Prime Minister. He served notice here that the way of life, the existence and relationship between the two levels of government has been fundamentally changed.

What we have enjoyed over the past 115 years will be quite different. It has aroused great concern among Canadians, and I say to you, Mr. Speaker, that surely this is the wrong attitude to be taken by the Prime Minister. It is not in keeping with Canadian tradition.

I believe that we all recognize that the provinces have been hard bargainers in this whole process, but we also must recognize that they are partners in confederation. What we should be doing in the House of Commons is not debating the question of killing one form of federalism or another but trying to explore in what ways we can make the federalism that we have today work better.

We had a preview of the attitude of the Prime Minister last year during the constitutional debate. We saw the same arrogant attitude adopted by the Prime Minister and his government during the debate last year when eight of the ten provinces were opposed to what the government was proposing

to do. The partners of the federal government were being ignored in the debate on the Constitution. At that time, the official opposition, and, according to a number of polls, about 65 per cent of Canadians were opposed. It was only as a result of the opposition from this side of the House and by many, many Canadians that the federal government referred the matter to the Supreme Court, which found that the approach taken by the government was unconstitutional—legal but unconstitutional—and it was only then that the Prime Minister and his government listened to the provinces and agreed to sit down around a table to work out an agreement, to work out a compromise that would be satisfactory to nine out of ten of those provinces.

In the words of the Prime Minister, the provinces could have been kicking him in the teeth then but he would not have listened. He would not have listened until he was forced to listen by the power of public opinion and the attitude of the House about the direction in which he was heading.

We want to attempt to take that approach, not to the degree to which we were forced to resort last year, but to take that kind of approach this year in order to try to force the Prime Minister and the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) to slow down and consider the implications of this legislation on the relationship between the two levels of government. It will be hard with the arrogant attitude of the minister but we on this side of the House want to try to get some common sense introduced into this debate and into this legislation.

Let us review the fundamentals of the Canadian system, the different levels of government, federal, provincial, and municipal. Within the Constitution the provinces have jurisdiction over health and education. In past years, the federal government has used its taxing power and the financial strength of its position to exert its influence and to establish national standards and programs. This is acceptable and I think we can understand the use of that power. However, it is the change in the use of that power that is at issue today.

The government now finds that it has run out of money through profligate spending over the past few years. This is evidenced by the 22 per cent increase in spending this current year, as well as the expenditures which have occurred almost every year over the past ten years in excess of the growth of the national economy. That is what has led us to the position we are in today where the government cannot afford to do those things Canadians wish it to do.

The government had large revenues in earlier years; it established a number of programs and forced its will on provinces; it invaded the provincial fields of education and medical care. But now it does not have the money nor the will to control its spending so that it can continue to finance its obligations and responsibilities to these programs. It now wants to shift the problem over to the provinces, it wants to shift the deficit problem which has built up to such enormous proportions at the federal level down to the provincial level.

If there was true restraint shown at the federal level we could understand what the federal government is trying to do today, but it has yet to show any degree of restraint which is consistent with those ringing words in the last budget, "this is a budget of restraint". There has been a 22 per cent increase in spending, 50 per cent faster than the growth in the national income.

The only sign it shows of cutting spending is by shifting the burden of the established programs funding on to the provincial governments. The provinces are now moving into a deficit position, a position which will make it more difficult for them to finance this shift in spending. This is true particularly in Ontario and in the eastern provinces which do not have the substantial energy revenues of most of the western provinces. That is not co-operative federalism. That is predatory federalism, and it will not and cannot work in this country.

I was recently talking to a long-term observer of federal-provincial affairs. He made the observation to me that federal-provincial relationships today are at the lowest ebb that he has seen in his 35 years of experience. We have seen examples of this quite clearly. For example, there was the recent federal-provincial conference on the economy. I have already referred to last years constitutional legislation. The energy legislation of last year is another example, but this shift in government spending is the last straw that we have seen cast by this government in a very difficult area.

This is occurring at a time when there are great strains on federalism. We see separatism being discussed in the provinces of Quebec and Alberta as well as some other western provinces. It also comes when there are great pressures for increased regionalism and increased involvement in the affairs of the regions by the regional governments themselves.

This is not just a Canadian phenomenon. It is worldwide. There are many countries in the world which are suffering the strains and stresses of this same phenomenon. We must understand in Canada that it is not because we have some difficult people in certain parts of the country whom we find it hard to get along with but that it is due to a worldwide situation.

This is no time for confrontation and it is no time for unilateral action. This is a time when we need co-operation to nurse the tender relationship which exists between the two levels of government.

Let us study the effect of these stresses and strains between the federal and provincial governments. Let us review this in an international perspective with regard to what it is doing to our economy. Every time there are disputes between the two levels of government in Canada, those stresses are transmitted and reflect in the attitudes of people in other countries.

Probably the most blatant outbreak of this stress and strain occurred last year during the constitutional and energy debates. We saw in Canada an outflow of capital fully six times the level of the average in the 1970s. Without going into great detail, the impact of this is high interest rates and lost jobs and therefore all Canadians suffer. It is not just an impact which is felt in the rarefied atmosphere of federal-provincial relations. It is felt by all Canadians. It is something that is felt

by all Canadians through the economic impact of the outflow of capital and the strains at the level of federal-provincial relationships.

• (2200)

Mr. Speaker, may I call it ten o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

THE BUDGET—IMPACT ON VOLUNTARY SECTOR AND MUNICIPALITIES

Mr. Walter McLean (Waterloo): Mr. Speaker, this evening I am hoping to receive some indication from the Secretary of State (Mr. Regan)—or a parliamentary secretary—in his capacity as minister responsible for encouraging voluntary action programs and groups, that the government understands the devastating effects its November 12 budget has had on the "caring services" offered by Canadian volunteers.

On December 2 in response to my questioning the Secretary of State said he had no intention of asking the Minister of Finance (Mr. MacEachen) to modify the budget so it does not penalize volunteers and local governments across Canada in their caring efforts.

Since that time I have sent a letter to the Secretary of State asking for his comments on specific recommendations, of which his cabinet colleagues are well aware. I hope he will address tonight, through a parliamentary secretary, some of these points.

The voluntary sector in this country wants information regarding the government's long-standing commitment to bring forward a national policy on voluntarism. The widespread conviction, which I wholeheartedly share, is that the budget's total neglect of the needs and contributions of the voluntary community stems from the fact that the government has never yet signalled our civil service—least of all officials of the Department of Finance—that it values and appreciates the role of this sector.

Without any national policy direction from their political masters our civil servants continue to be hamstrung in their efforts to bring forward some practical and creative recommendations. During "Consultation '81," held in January, 1981, ministers of this government committed themselves to the development of a comprehensive voluntary action program. It would establish guidelines, federal department by federal department, for aid and support for our voluntary sector. But no such initiative has yet come from the cabinet.

One specific measure of which both Department of Finance and Department of the Secretary of State officials have become aware in recent years is the "give and take" tax proposal for charitable donations promoted by national voluntary organizations. This proposal has the potential to improve substantially the fund raising capacity of charitable groups. It would also encourage average taxpayers to support more generously the irreplaceable services donated by this country's 2.7 million volunteers. Can we expect that this long overdue measure will be incorporated in an anticipated policy on voluntarism, or possibly in a new budget when it is brought down?

Yesterday the House heard the speech of the Minister of Finance introducing his proposed legislation to alter federal transfer payments to the provinces. The minister made no mention and demonstrated no understanding of how this legislation will affect the voluntary sector. The minister and the cabinet should take note of the following excerpts from the presentation of the Social Planning Council of Kitchener-Waterloo to the Progressive Conservative task force on the budget this past January 12, 1982.

> It is the budget's effects on the transfers to the provinces under the Canada Assistance Plan and the Established Programs Financing Act that will affect local services most directly.
>
> In our 1981 report entitled "Shifting the Load; a Study of the Future Funding of Human Services in Waterloo Region" we projected that, because of federal reductions, municipalities would have to contribute 55 per cent more than at present just to maintain current levels of service. We feel that putting any further demand on the municipal tax base is both inappropriate and counterproductive. Municipal property taxation was originally designed to raise revenues for municipal services, such as education, roads, sanitation and local planning. It was not designed to cope with broad national problems, nor to maintain reasonable national standards of health and social services. This is the responsibility of the federal government.

You will note, Mr. Speaker, that the proposals of the Minister of Finance put the brunt of the increased social burden directly on those groups and individuals most needing the otherwise unavailable caring services of the voluntary sector; senior citizens, the disabled, single parents and others whose incomes will not rise to meet new tax demands. The new tax demands are the only recourse of municipalities to the minister's plan to shift the load. Surely, as the council concluded, it is in times of economic hardship that services to people in need should be increased, not threatened.

• (2205)

In conclusion, the government's budgetary proposals to cut EPF transfers will result in increased user fees for medical services, creating an immediate need for larger voluntary health services. EPF cuts will force post-secondary institutions to curtail their valuable contribution to the community, and voluntary agencies will be unable to plan effectively because the needs of the community they serve will multiply suddenly overnight.

I ask the Secretary of State (Mr. Regan) tonight to stop and think about how the government's fiscal direction will affect the fabric of Canada, and to present immediately to his cabinet colleagues the long-sought policy statement, including

incentives to encourage Canadians to give, rather than the disincentives provided in the budget.

Mr. Douglas Fisher (Mississauga North): Mr. Speaker, the hon. member has missed the point. The budget will not have any direct impact upon the activities of either voluntary organizations or municipal governments. The council on social development warned that if federal social transfers are cut, and if provinces respond by cutting back further, indeed there will be an increased burden on voluntary organizations and municipalities. However, federal transfers to the provinces are not being cut. Their growth will be more moderate because we are seeking to restrain growth in federal spending, but the transfers themselves will grow.

The total value of equalization and established programs financing transfers to the provinces is estimated to increase by almost $1 billion next year, by $2 billion the year after, and by almost $2.5 billion in the third year of the new program. Indeed, we are trying to restrain the rate at which these transfers are growing. However, if provinces use the increased revenues they could collect as a result of proposed budget changes to supplement federal transfers, between 10 per cent and 12 per cent more money or between $1.6 billion and $1.8 billion more will be available next year.

The major change in the transfers being proposed in the budget is the elimination of the 1972 revenue guarantee. The guarantee itself ended in 1977. For five years the Government of Canada has transferred cash and tax room to help provinces adjust to the change. When that compensation was added, many provincial budgets noted it as a fiscal contribution, not a program-related one. As recently as this summer, provincial premiers seemed to have excluded the revenue guarantee in presenting their estimates of Government of Canada contributions to health and post-secondary spending.

Finally, federal ministers will be discussing with the provinces the need for national standards in some of these areas and for regular public reporting, so that Parliament can determine how the money of taxpayers is being spent.

The Acting Speaker (Mr. Ethier): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

At 10.10 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, March 24, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

EMPLOYMENT

APPRENTICESHIP TRAINING PROGRAM—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, in view of the fact that the skilled labour shortage is a prime concern facing many in the small business community throughout Canada, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the federal Minister of Employment initiate discussions with his provincial counterparts so that apprentices could take part of their training in other provinces, and develop laws and programs for licensing apprentices that are consistent throughout Canada in providing for a continuing program in the event of lay-off, closing of the sponsoring firm, or a move to another province by the apprentice's family.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

NOMINATION OF LIBERAL CANDIDATE IN SPADINA RIDING—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, given the news and how quickly events move in the riding of Spadina, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the House today congratulate the pro tem member for Spadina on his impending elevation to the Senate, as tomorrow may be too late; and that the House, given that there are 14 vacancies in the Senate, congratulate the other 13 members who presumably will be similarly elevated before the Liberal Party gives up on its attempts to ram its PET clone, Jim Coutts, down the throats of Canadians.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

INDIAN AFFAIRS

GOVERNMENT DIRECTIVE ON BAND SPENDING—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, whereas the government has stated as policy that it encourages Indian Bands toward self-government and control of their resources and destiny, and whereas a government directive to take effect on April 1, will severely restrict bands in determining their own future by requiring government approval for the spending of their own funds on projects of their own choice, and whereas this regressive policy contradicts commitments made by the minister to the native people of Canada, I therefore move, seconded by the hon. member for Yukon (Mr. Nielsen):

That this House direct the Minister of Indian Affairs and Northern Development to withdraw immediately this harmful, backward and unilateral directive and resolve to consult more fully with the native peoples of Canada before seeking to adopt measures of this nature.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE LATE MR. ROBY KIDD

EXPRESSION OF SYMPATHY TO BEREAVED FAMILY—MOTION UNDER S.O. 43

Mr. Norman Kelly (Scarborough Centre): Madam Speaker, on Sunday, March 21, Canada lost one of her most prominent and distinguished educators with the death of Mr. Roby Kidd. Mr. Kidd was one of the world's most renowned authorities on adult education, believing that learning is a lifelong process. He was a great promoter of Canada and encouraged the study of our Canadian heritage in our school system. I therefore move, seconded by the hon. member for Parkdale-High Park (Mr. Flis):

That this House extend its deep-felt sympathies to his wife, Margaret, and their family.

Madam Speaker: I am sure the House will want to show its sentiments appropriately.

S.O. 43

NORTHWEST TERRITORIES

HOLDING OF PLEBISCITE—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, I rise under the provisions of Standing Order 43. On April 14, 1982, the government of the Northwest Territories will be conducting a plebiscite on whether or not to divide the territories into two separate regions. I therefore move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House express its support for the initiative taken by the government of the Northwest Territories, the Inuit Tapirisat of Canada and the Dene, and urge the Government of Canada to pay close attention to the aspirations of northerners as expressed through this most democratic of forums.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

EL SALVADOR—SECOND ANNIVERSARY OF ASSASSINATION OF ARCHBISHOP ROMERO—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, two years ago today a sniper assassinated Salvadoran Archbishop Oscar Romero as he was saying mass at the altar of a hospital chapel. Moments before that he had called on the Salvadoran officials, "In the name of God I implore you, I beg you, I order you: stop the repression."

In memory of this tragic anniversary, and in light of yesterday's expression of dissatisfaction with Canadian government policy toward the whole of Central America by representatives of major Canadian churches and religious orders, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That this House urge the government—in particular our Prime Minister who refuses to meet with Canada's church leaders—to change Canadian government policy in Central America in order to take an active and courageous role in the search for a negotiated non-military solution to the conflicts which result in so much bloodshed so close to our borders.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

FITNESS AND AMATEUR SPORT

FINANCING OF WORLD UNIVERSITY GAMES IN EDMONTON—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of considerable import. Today we have in Ottawa many Canadians who were instrumental in the successful effort to have the World University Games staged in Edmonton in 1983. They are in the city and their task is to inform the MPs and to increase the general awareness of the public in connection with these games. Therefore I move, seconded by the hon. member for Sherbrooke (Mr. Pelletier):

That the House congratulate and welcome these western Canadian visitors who were instrumental in bringing the games to Canada, commend the federal government for actively supporting the games, and recommend that the government undertake to finance an appropriate share of the costs of the games.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

THE BUDGET—CALL FOR WITHDRAWAL—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the November 12 budget of the hon. Allan MacEachen is a disaster—

Some hon. Members: Order, order!

Mr. Taylor: —as the hon. Bob Kaplan said.

Mr. Smith: Sit down!

Madam Speaker: Order. Would the hon. member please refer to the hon. Minister of Finance rather than to his name?

Mr. Nielsen: I would like to call him something else.

Mr. Taylor: Thank you, Madam Speaker. The November 12 budget of the hon. Minister of Finance—

An hon. Member: That's it!

Mr. Taylor: —is a disaster—

Some hon. Members: Hear, hear!

Mr. Taylor: —as the hon. Solicitor General (Mr. Kaplan) said. In addition, it is deceitful, as the people are saying: instead of hitting the wealthy as the minister said, it strikes at the poor and the middle class and at all who would invest their money in this country. Instead of introducing a budget which would fight inflation and high interest rates, it is a brand new system of taxation which is increasing inflation and unemployment. Therefore I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the people of Canada start ringing bells that will force the Liberals to withdraw the budget, just as the Tories forced them to split the energy bill.

Will the Liberals again wait until they are forced to do this or withdraw the damaging thing now?

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

SUGGESTED REVISION OF POLICY—MOTION UNDER S.O. 43

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I rise under the provisions of Standing Order 43 on a timely matter of urgent and very pressing necessity. In these hard times of high unemployment, recent rigid UIC interpretations and definitions of lay-off are just plain stupid and counterproductive to any rational employment or social policy and, further, are contrary to the spirit of recently adopted legislation, such as Bill C-78. I therefore move, seconded by the hon. member for Winnipeg-St. James (Mr. Keeper):

That this House urge the government and the Minister of Employment and Immigration to revise immediately unemployment insurance policy to allow senior employees, many in their fifties and sixties, to receive unemployment insurance benefits during voluntary lay-offs in favour of junior employees, thus enabling many younger, healthy workers with families and mortgages to continue working during periods of dislocation at no additional cost to the system.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

APPLICATION OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM TO FARMERS AND SMALL-BUSINESS MEN—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, farmers and small business-men across the country are experiencing severe financial difficulties with absolutely no relief in sight. The small business bond that the Minister of Finance (Mr. MacEachen) introduced in his November budget is not working the way it was intended. I therefore move, under the provisions of Standing Order 43, seconded by the hon. member for Calgary East (Mr. Kushner):

That the government restore the original provisions of the small business development bond so that the banks can proceed with issuing these bonds to help farmers and small-business men who desperately need this mechanism in order to survive.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

COMMUNICATIONS

JURISDICTION OVER PAY-TV—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I rise under the provisions of Standing Order 43. The Minister of Communications (Mr. Fox) stated yesterday that "as far as the federal government is concerned, there is no jurisdictional question" surrounding Canadian Pay-TV. In view of the fact that Saskatchewan already has its own system, two other provinces are contesting the federal jurisdiction, and the Supreme Court of Newfoundland has ruled that the CRTC never had the jurisdiction in the first place, it would appear that the minister is lost in outer space.

The minister's claim of exclusive jurisdiction over any TV signal bounced off one of our orbiting satellites as one step in its delivery system is naive, impractical, and possibly even without legal foundation. Therefore I move, seconded by the hon. member for Kootenay West (Mr. Kristiansen):

• (1415)

That the minister come down to earth and at the earliest possible time reorient himself at a session of the federal and provincial ministers' bargaining table.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—REQUEST THAT LOANS BE GRANTED TO AFFECTED HOME OWNERS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is to the right hon. Prime Minister. Last night the minister responsible for Canada Mortgage and Housing Corporation completely divorced himself from any interest in the urea formaldehyde foam insulation problem, saying that the only individual who could deal with that was the Minister of Consumer and Corporate Affairs. In his absence, I would like to ask the Prime Minister if he would urge his government to allow CMHC to make direct loans to those people who are in financial difficulties because they cannot refinance their homes due to the presence of urea formaldehyde foam insulation.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Minister of Public Works was quite correct in stating that in the cabinet it is the Minister of Consumer and Corporate Affairs who deals with this subject, and he has made reports to the House in answer to questions in that regard.

REFINANCING OF HOMES

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the interest of the Prime Minister is heartwarming, to say the least. Jim Rogers of Norval, Ontario, has lost his business because of urea formaldehyde foam insulation. He has lost his family, and now he stands to lose his house because nobody will refinance it. What will the Prime Minister do to assure Jim Rogers, and all the Jim Rogers of Canada who, in spite of CMHC insurance being offered, cannot refinance their homes? What is he going to do to take care of these people?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not think I could be expected to know this particular case, but if the hon. member wants to refer the case to me I would see in what way this gentleman could be helped by the policy announced by the minister.

USE OF FUNDS ALLOCATED FOR HOME RENOVATION PROGRAM

Mr. John McDermid (Brampton-Georgetown): Let me try something else on the Prime Minister, who seems to be so interested in this. Yesterday the minister of housing announced that $30 million would be allocated for home renovation as a job-creation program. Would the Prime Minister recommend that these moneys be targeted to home owners who want to remove the UFFI and who would not otherwise qualify for assistance? This would not only create more jobs than were announced by the minister but would also help those who, through no fault of their own, are so adversely affected.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member seems to forget that a sum considerably in excess of that which he just mentioned has been devoted to the solution of the UFFI problem. If the hon. member says no, then he certainly should read the statement that the minister made in the House; he would find that the amount is considerably in excess of that.

Mr. Shields: Madam Speaker, I have a question for the Minister of Energy, Mines and Resources. As he is not in the House, I would like to defer it until he does come in.

* * *

AIRPORTS

CHARLOTTETOWN AIRPORT EXPANSION

Mr. Mel Gass (Malpeque): Madam Speaker, my question is to the Minister of Transport. Last week we were advised that the proposal for the Charlottetown airport expansion was to go to Treasury Board tomorrow, March 25. I understand now that it is not going to Treasury Board tomorrow. Is it going to the Treasury Board tomorrow; if not, why not; and if it is not going, when is it going?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the other day when I was asked the same question I gave the member a full report, with a timetable and agenda and so on. If this has not materialized exactly on the hour that I indicated it would, I will find out and report as precisely as I did the last time.

* * *

EMERGENCY MEASURES

QUERY RESPECTING INTRODUCTION OF LEGISLATION

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the right hon. Prime Minister in the absence of the President of the Privy Council. It is in relation to the emergency planning order. The President of the Privy Council has publicly stated and recognized that Canadian emergency legislation—in fact, the only legislation we now have, that is, the War Measures Act—does not embody Article IV of the International Covenant on Civil and Political Rights. He further acknowledged that the Charter of Rights is of no protection to Canadians in a time of emergency.

• (1420)

When may we expect the tabling of any new emergency legislation, having regard to the fact that we now have in place the emergency planning order, which is planning for peacetime and wartime emergencies?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have the impression that the hon. member completely misstates the position taken by the minister and the government. It is on the contrary, that the Charter of Human Rights does afford protection for anyone who would be the victim of an abuse of his rights, whether under the War Measures Act, any emergency order or anything else. The hon. member shakes his head no, but I say to him that he should study the law and the Charter which this party put before the House and which the members of that party supported.

REQUEST THAT ORDER IN COUNCIL BE RESCINDED

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, obviously the Prime Minister is again chastising the President of the Privy Council for misstating the situation. The President of the Privy Council clearly stated the charter of rights would have no application in an emergency situation. He has further stated that the government will use the Royal or Crown prerogative if a peacetime emergency arises and Parliament is dissolved or cannot otherwise be quickly assembled.

Since we live in a country under a system of a constitutional monarchy where Parliament is supreme, and since the McDonald commission specifically recommended that all regulations dealing with emergency circumstances be approved by Parliament prior to implementation, will the Prime Minister at least agree to rescind the emergency planning order at this time and bring in emergency legislation at an early date so that we in the House of Commons can look at it in a cool and dispassionate manner and protect the civil liberties of Canadians?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I must again point out to the hon. member that I am not chastising the President of the Privy Council. I am perhaps reproaching the hon. member for closing his mind to what the President of the Privy Council said very clearly, that there is a redress under the charter. I remember the minister saying explicitly that there is a redress either by way of prerogative brief or by compensation. That is spelled out in the charter. I wish the hon. member would put his head together, look at the charter and see the value of that charter which this party brought into the Constitution.

* * *

INDIAN AFFAIRS

DEPARTMENTAL ESTIMATES FOR 1982-83

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. For many years the government has agreed that Indian people should have greater control over their own affairs. Can the minister say how this policy fits with the fact that the estimates for Indian band administration have remained constant this year with no allowance for inflation, funding for Indian associations for policy development and consultation is being slashed by 9 per cent, while at the same time a 25 per cent increase has been given to the executive in the administration of his department?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I have been informed that I will be appearing before the standing committee next week. I will be more than happy to go into all the figures and financial implications of the department's budget for next year or any other year that the hon. member wishes to examine. Suffice it to say that this department has received, and it is indicative of the commitment of the government, substantial new moneys which the hon. member is well aware of because I identified them to him in this House of Commons.

There has been substantial new money for housing in particular that will result in a doubling of the total amount for Indian housing, and this is just one area, and hopefully a tripling of the total amount within a three-year period. That gives some indication of the commitment of this government to do something substantial about the poverty situation of the Indian people. It is hardly indicative that we are transferring our priorities in terms of funds from needed areas just to administration.

• (1425)

TREASURY BOARD APPROVAL

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, I think that the minister owes this House a better explanation than that, and not just in committee. Last year Indian bands had to get Treasury Board approval for all aggregate budgets over $4 million. For the coming fiscal year this has been changed and they now have to get Treasury Board approval for all aggregate budgets over $3 million. Does this mean that the policy of Indians' control over their own affairs is working in reverse, or is it simply a reflection of the fact that Treasury Board has lost confidence in the increasingly expensive Department of Indian Affairs?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I do not think that it is indicative of either one of the conclusions that the hon. member has reached. The fact of the matter is that, as the hon. member is aware, the Auditor General came to certain conclusions with respect to the appropriateness of the way in which the department was handling funds, and the Indian leadership is well aware of that. These are not unusual safeguards in response to those criticisms by the Auditor General.

May I point out that many opposition spokesmen are constantly making statements implying severe criticism of the department when we do not positively respond to observations in the Auditor's report. When we do, they seem to take the other tack, which is somewhat contradictory.

* * *

EMERGENCY MEASURES

STAFFING FOR PLANNED CIVILIAN INTERNMENT CAMPS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, with respect to the emergency planning order that has been referred to earlier, my question to the Solicitor General, who has the responsibility under that order to plan for and set up civilian internment camps in this country, is that fundamental to that planning there obviously must be a decision, which must have been made by now, as to who would provide the staff for those internment camps. Would it be members of the RCMP, members of the Armed Forces, members of the correctional service, or some special force being planned by the minister?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, as I indicated when the member asked questions in a similar vein before, no planning and details of that level have as yet been given any consideration at all in my ministry. We have been assigned the responsibility, in the event of a war emergency, of preparing for a regime of civilian internment camps, but no work has been done on it in my ministry yet. I am not in a position to answer that question.

ESTIMATED NUMBER OF POTENTIAL INTERNEES

Mr. Allan Lawrence (Durham-Northumberland): Madam Speaker, again one has to question why the emergency planning order was brought forward in the secretive way it was, and why we are getting these day after day evasions on the part of the minister and the Prime Minister. Certainly very basic to the whole question of internment camps has to be how many people the government is planning would eventually be the potential maximum. I ask the minister and if not him, the President of the Privy Council, would it be five hundred, five million, five thousand or how many?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, when answers are available to questions like that they certainly will be made available. As I indicated, they are not available. All we have now are regulations that were implemented to establish internment camps during World War II. Many Canadians remember that. They remember the grave injustices that were done under that system. A responsible government ought to look at those regulations and ensure that if an emergency of that sort ever develops in Canada again, especially given the overriding position of the Charter of Rights and Freedoms which would take precedence over any emergency regulations, regulations are available which would comply with the charter of rights and would permit the government to deal responsibly with a war emergency if one should ever arise.

CRITERIA FOR RELEASE OF CRIMINALS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is to the same minister. That same authority enables the Solicitor General to discharge people selectively who have been convicted of a criminal offence from penitentiaries in order to make room for those who are supposed to be interned in the new internment camps. What will the criteria be to release convicted criminals in order to make room for people who have not been convicted of a crime?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the member can see from the question he has asked what difficult issues arise.

Mr. Epp: You had better believe it.

• (1430)

Mr. Kaplan: He should not be surprised to hear that no work has been done in implementing that particular policy directive or in the preparation of plans in that regard.

Mr. Clark: You had better write another letter.

Mr. Kaplan: On the other hand, if that hon. member or other hon. members opposite are prepared to agree that this type of emergency is one worth considering and one for which there ought to be a plan, I would be very happy to have the hon. member's views on how those problems should be dealt with.

EXTERNAL AFFAIRS

EL SALVADOR—REQUEST THAT PRIME MINISTER MEET CHURCH LEADERS

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I direct my question to the right hon. Prime Minister. As was mentioned earlier in the question period, two years ago today Archbishop Oscar Romero was assassinated in San Salvador. Since last November the Canadian churches have attempted to meet the Prime Minister to discuss this very serious crisis with him, and to this time they have not been able to make that appointment. Would the Prime Minister please tell the House if there is a special reason why he cannot meet them and, if there is not, when he will see them?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I want to point out that I answered the communication addressed to me by the church ministers in November with, I think, a somewhat lengthy and substantial letter. I conveyed my views there, so it is not a matter of refusing to hear their representations or, for that matter, of disagreeing with many of them. It is a matter I thought I had settled; I felt I had at least dealt with their concerns in my answer to their letter. I see now that they still want to meet with me. I will consider that request along with those of the very large number of other groups which are constantly asking to meet with me, including Members of Parliament.

Mr. Ogle: Madam Speaker, I appreciate the indication of the Prime Minister of his willingness to meet with the group. I am sure that will be arranged as soon as possible.

REQUEST FOR STATEMENT OF POLICY ON CANADIAN POSITION

Mr. Bob Ogle (Saskatoon East): Madam Speaker, the Archbishop of San Salvador was very vocal about many things. Shortly before his death he said, "Me they can kill, but the clamour for justice among the people they cannot silence". Since his death the situation in Central America has deteriorated. The level of violence has risen. This is not an East-West confrontation but a legitimate clamour for justice among the people.

When will Canada make a clear statement of policy which is distinct from that of the United States administration, and make it clear that we do not support the repression which is going on under United States approval and aid?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am somewhat surprised that the hon. member, who follows this matter with great attention, should be so erroneous and mistaken in stating that the position of the government has been the same as that of the United States. He knows that on the matter of supply of arms and on the precise matter of not seeing the issue he raises as merely a matter of East-West but of justice and social peace in those countries, our policy is quite different from that of the United States.

I want to point out to the hon. member that there is far from any kind of consensus existing on the best way to deal with the problem in Central America, even amongst church members and church authorities. We all regretted the tragic death of the Archbishop last year, and our representatives at the United Nations have repeatedly made protests before the Human Rights Commission about the abuse of human rights in that part of the world. However, it is incorrect to say that there is some clear solution which perhaps the hon. member's party has or perhaps even church representatives have. On the contrary, as we know, most South American countries, with the exception of a few which are not very democratic, for the most part support the position the Canadian government is taking, to wit, that there should be an election and that we should seek an end to this civil war by that electoral process.

We will know soon whether this policy is successful or not, but it is hardly fair for the hon. member to suggest that the Canadian government is alone and erring in this matter when the overwhelming majority, not only of the Latin American countries but also, I dare say, of many of the church authorities including, if my memory serves me correctly, the Pope, support the position we have taken in the case of El Salvador.

Miss Jewett: Quiet acquiescence.

REQUEST THAT CANADA SUPPORT PEACE NEGOTIATIONS

Mr. Bob Ogle (Saskatoon East): Madam Speaker, as we all know, the election in El Salvador will be held this coming Sunday, and many observers feel there is no solution. I will ask the Prime Minister a final question. Would he be willing, even at this late date, to continue to support negotiations, with the help of Mexico and other countries, in El Salvador following the election, and clearly oppose all interference to destabilize Nicaragua by any outside force?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I discussed this very question with the foreign minister of Mexico a week ago, and we agreed that we would consult shortly after the election in El Salvador as to what steps could be taken toward the goal we both have of bringing about a peaceful and political settlement in El Salvador.

CANADIAN ABSTENTION FROM UNITED NATIONS HUMAN RIGHTS COMMISSION VOTE

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, the Prime Minister stated that Canada has protested human rights violations in El Salvador, and he referred to one case in particular. I would like to ask him specifically why Canada abstained from condemning human rights violations in El Salvador at the recent meeting of the United Nations Human Rights Commission in Geneva.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the United Nations Human Rights Commission is not a political forum. Despite that, there was a political part of that resolution, a part we attempted to negotiate out but were not successful in doing so. Because of the political portion we therefore, along with Britain, West Germany, Japan, Australia and many other countries, decided to abstain from that resolution. However, we gave an explanation of our vote at that time in which we stated that had the resolution included only the human rights portions, we would have supported it, and that we felt very strongly about the human rights violations in that country.

REASONS FOR CANADIAN ABSTENTION

Hon. Flora MacDonald (Kingston and the Islands): Madam speaker, I will put my supplementary question to the Secretary of State for External Affairs. He mentions that there were certain other countries which abstained. I did not realize we took our positions before international bodies on the basis of what other countries did. I thought Canada was a free, independent and sovereign country and could take its own position.

Since Canada has condemned human rights violations in Poland—and rightly so—and since Canada has condemned human rights violations in Guatemala—and rightly so—what is the difference in political considerations that he orders his ambassador to abstain from condemning human rights violations in El Salvador?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, obviously the hon. member was not listening to my answer. We did condemn human rights violations. We did not vote on that resolution. We abstained because of the political portion of the resolution. However, at the same time we did that we also condemned the human rights violations in that country.

I want to state unequivocally that we are prepared to take issue with human rights violations wherever they occur in the world because for us they are not part of domestic jurisdiction; they are a matter of international law on which we are entitled to express opinions regardless of the domestic jurisdiction of the country involved.

AFGHANISTAN—CANADIAN ASSESSMENT OF SITUATION

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is also directed to the Secretary of State for External Affairs. We have had a great discussion of many problems in troubled spots in the world, not the least of which is El Salvador, and problems of repression in Poland and other countries. Could the minister inform the House of his assessment of the situation in Afghanistan?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the situation in Afghanistan has, lamentably, not shown any improvement in recent weeks nor, indeed, in recent months. In fact there are now allegations, which we have to investigate, that the Soviet Union is using chemical means of warfare in that country. I want to tell the

hon. member that we were pleased to join in the Afghanistan day of protest across much of the world in the last week. I issued a statement on that event. We do not want the world to forget about Afghanistan, where violations of human rights are being committed daily.

• (1440)

POLAND—REQUEST THAT CANADA EXERT PRESSURE IN RESPONSE TO IMPOSITION OF MARTIAL LAW

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is directed to the Secretary of State for External Affairs. I want to ask the minister about the situation in Poland. It is a month since the government gave its response to the imposition of martial law and the question of human rights in Poland. In that statement of a month ago the Secretary of State for External Affairs repudiated the Prime Minister's position on interference by the U.S.S.R. and concluded that the U.S.S.R. had interfered in the Polish situation.

As the minister knows, there has been no change in the Polish situation since his statement of February 23 when he announced these very weak measures. Is the government now prepared—

Mr. Trudeau: Tell us about the monkeys in Gabon!

Mr. Crosbie: The Prime Minister is extremely agressive as we note from his interjections. I wish he would not interfere with my questions like this, Madam Speaker.

Mr. Trudeau: Are you sensitive about the monkeys?

Mr. Crosbie: Poland has not quailed at the minister's statement. Are the minister and the government now prepared to bring in some real measures that will indicate our concern to the Polish government and the U.S.S.R., and is he prepared to exert some pressure on those governments to change the situation that is now in effect in Poland? It is three and a half months since the oppression occurred that the Prime Minister so favoured back in December.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the hon. gentleman well knows that the government has expressed its grave concern over the events in Poland many times. We have announced sanctions which are of a piece with those taken by all the allies, with the exception of the United States. We are continuing to participate actively in the development of NATO policy with respect to Poland. I would inform the House that we are now in a position to announce a further grant to the Canadian National Congress of $200,000 to enable that organization to purchase additional food, medicines and clothing for the suffering people of Poland.

Some hon. Members: Hear, hear!

REQUEST THAT CANADA-U.S.S.R. TREATIES BE ALLOWED TO EXPIRE

Hon. John C. Crosbie (St. John's West): Madam Speaker, on February 23 the Secretary of State for External Affairs announced a really ferocious measure with respect to the U.S.S.R. The government is going to limit Aeroflot to its present traffic frequency of two flights per week. It took two and a half months for the minister to get the Prime Minister to agree to that slap on the wrist.

Would the Secretary of State for External Affairs consider really indicating our displeasure to the U.S.S.R. by announcing that the friendship treaties, so called, with the U.S.S.R will be allowed to expire at their expiry date? Could he advise the House whether the government will now stop subsidizing interest rates for the building of gas pipelines in Russia? Could he tell the House whether perhaps the Polish government will be told it can no longer take 12,000 tonnes of fish from within our 200-mile economic limit—

Mr. Trudeau: And let them starve?

Mr. Crosbie: —unless they are prepared to change their approach and reverse the measures they instituted on December 13? In other words, when does co-operative east blocism end just as co-operative federalism ended?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the only friendship treaty, so called, which exists is so called by the right hon.—by the hon. member—

Some hon. Members: Oh, oh!

An hon. Member: Leader John!

Mr. MacGuigan: —and his right hon. friend. In his question and his recitals the hon. gentleman is not able to distinguish between the interests of the Polish government and the Polish people.

The fish that are being taken from our waters are for the use of the Polish people. This government has taken the position that it will not use sanctions against Poland which hurt the people of that country rather than the government. If the official opposition wants to take a different position—

Mr. Crosbie: We do.

Mr. MacGuigan: The hon. gentleman says that they do. I take it then, that the policy of the official opposition is to starve the Polish people.

Some hon. Members: Shame!

Mr. Trudeau: Just like the monkeys of Gabon!

Mr. MacGuigan: I am proud to say that is not our position.

Some hon. Members: Hear, hear!

PENITENTIARIES

ESCAPE OF INMATE FROM EDMONTON INSTITUTION

Mr. Peter Elzinga (Pembina): Madam Speaker, my question is directed to the Solicitor General. In view of the recent escape of convicted killer Harvey Andres—

Some hon. Members: Oh, oh!

An hon. Member: Is he our Andre?

Mr. Elzinga: —from the Edmonton maximum security institution, and the many allegations about security measures at the institution itself, made not only by residents of the surrounding area but by staff of the institution, will the minister immediately conduct an inquiry into all aspects of security, to be carried out by personnel other than the personnel employed at the institution?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, an investigation is going on at the moment into that particular escape. I would be very glad to know from the hon. member, now or after question period, what he meant by the reference to the possible involvement of other than security personnel at the institution.

I should like hon. members to know that this particular escape took place during one of the worst blizzards that has ever occurred in that area of Alberta—

Mr. Baker (Nepean-Carleton): Like flooding the rink.

Mr. Kaplan: —under conditions such that visitors and tradesmen at the institution were unable to leave it by normal means—

An hon. Member: But he was.

Mr. Kaplan: —and had to stay overnight at the institution.

An hon. Member: He did.

Mr. Kaplan: In the heavy blizzard which occurred at the institution, surveillance, I am told, was impossible. The escape took place under these circumstances. The investigation is under way, and if the hon. member was hinting that he has some evidence or information that ought to be brought to the attention of those conducting the investigation, I hope he will bring it forward.

Mr. Hnatyshyn: That is what they said about Hal Banks!

REQUEST FOR INDEPENDENT INQUIRY

Mr. Peter Elzinga (Pembina): Madam Speaker, that snow job is almost as bad as the snow job we had on the evening of his escape. Would the minister not concur that the prime concern has to be public safety and that, in order to assure us of that public safety, an inquiry has to be conducted by personnel other than those employed at the prison? The present inquiry is being conducted by individuals at the prison itself.

The minister asked me to share other information with him. There are allegations such as that he is going to de-man the towers on April 1; there are questions that relate to the security of the electronic fence; there are questions that relate to the patrol units around the perimeter of the fence, and in addition to my request for an inquiry, the Alberta government and the City of Edmonton are requesting one.

Would the minister not concede that the prime concern must be public safety? If he does not grant an independent inquiry he is not guaranteeing the protection of life to the residents and security personnel themselves.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I hasten to give that assurance, that the prime concern is public safety in the area around these institutions, that the investigation is not being conducted by the personnel of the institution but is being conducted by the Inspector General and that when that report is complete and available for me I will be willing to discuss it with the hon. member to see whether any circumstances justify carrying the inquiry any further.

From what I understand in a preliminary way, the circumstances of the blizzard and the degree of surveillance that was being conducted in the prison at the time explain why the escape took place.

* * *

RAILWAYS

SAFETY INSPECTION OF ROLLING STOCK AND EQUIPMENT

Mr. Laverne Lewycky (Dauphin): Madam Speaker, my question is directed to the Minister of Transport. In light of the recurring train derailments that have taken place recently which indicate that train safety is deteriorating, may I ask the minister how he can justify the 33 per cent reduction of staff involved in the inspection and maintenance of rolling stock equipment in places such as Dauphin?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, we have been in touch with the railways on a number of occasions, inquiring about the lay-offs. We have been assured that these workers were not contributing or were not in the business of providing safety in transportation. On the totality, as the Leader of the Opposition would say, of safety in rail transportation in Canada, there are many proofs to the effect that rail transportation in this country is amongst the safest in the world. CP and CN always place first or second in the North American assessment of safety of rail transportation.

REQUEST FOR HOLDING OF PUBLIC INQUIRY

Mr. Laverne Lewycky (Dauphin): Madam Speaker, I have a supplementary question for the same minister who seems to be

ignoring the fact that there has been an increase in derailments. Would he consider setting up immediately a public inquiry into rail safety so that we can uncover some of these facts, and freeze all lay-offs relating to railway workers, pending the outcome of such investigation?

• (1450)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, my hon. friend should be aware that about a year and a half ago this House passed the Transportation of Dangerous Goods Act. Since then—and I will provide the hon. member with all of the information he needs to have—a tremendous effort has been made at both federal and provincial levels with regard to the development of inspection, and what not, to help increase the degree of safety in the transportation of dangerous goods.

A year or so ago the Grange inquiry took place and reported to this House. Some days ago I reported on the progress that has been made since the publication of the Grange report. Therefore I would be very pleased, either in debate or in a personal conversation with the hon. member, to inform him of progress that has been made in this area of safety, both in rail and air transportation. The provinces presumably, are working very hard on highway safety.

* * *

FISHERIES

CIRCUMSTANCES SURROUNDING ARREST OF FRENCH TRAWLERS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is for the Secretary of State for External Affairs. It relates to an answer which the minister gave yesterday concerning the impounding of French trawlers. Aside from the conflict between the evidence put on the record yesterday by the minister about overfishing and the fact that the logs and the contents in the holds did not correspond, which led to the eventual charge of obstructing a fisheries protection officer, would the minister say whether these particular charges were laid because the trawlers were fishing in what we consider to be Canadian waters, but what the French consider to be their waters?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I may have left that impression yesterday, and indeed I am not sure that I was entirely clear in my own mind as to whether the occurrence was in disputed waters or undisputed waters, but I have since been informed that the waters in which the ships were stopped were undisputed Canadian waters. Therefore, the boundary dispute involving Canada and France over St. Pierre-Miquelon does not really form part of this particular problem.

The problem discovered by Canadian fishery officials was in the so-called conversion factor converting—

Mr. Munro (Esquimalt-Saanich): Pounds to kilos.

Mr. MacGuigan: —not pounds to kilos as the hon. member suggests, but converting the fish into round weight figures. Our fisheries officials were of the opinion that the conversion factor was too low and that the log books of the ships underestimated the weight of the fish taken and therefore were infringing our regulations.

Mr. Munro (Esquimalt-Saanich): Madam Speaker, that is a very fishy story to me.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

REQUEST FOR PRODUCTION OF CHART SHOWING FRENCH JURISDICTIONAL CLAIMS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, since this was not a matter of disputed or undisputed waters, would the minister be prepared to produce a chart showing the claims of the French government in the Gulf of St. Lawrence over what we consider to be Canadian waters?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I am not sure whether there is a single French claim, in that the 200-mile zone in some directions conflicts with the Newfoundland mainland. I think it can take different shapes. However, I will undertake to discuss this matter with the hon. member outside of the House to try to fully acquaint him with the facts.

Mr. Munro (Esquimalt-Saanich): How about right here?

Mr. MacGuigan: The hon. member says he would like it right here but I am not sure in what form I would present it to the House. May I discuss this with the hon. member and, if we can agree on a form in which it can be presented to the House, I would be pleased to do that.

* * *

GARRISON DIVERSION

UNITED STATES FIRST PHASE DEVELOPMENT PROPOSAL

Mr. Jack Murta (Lisgar): I wish to direct my question to the Secretary of State for External Affairs also. On February 24, in discussions between Canadian and American officials over the Garrison diversion project, a proposal was advanced by United States delegates, who basically put forward irrigating lands in South Dakota and limiting the development of the Garrison proposal in North Dakota to areas within the Missouri River basin as a first phase development. What has Canada's reaction been to this proposal? Could the Secretary of State for External Affairs indicate the kind of follow-up that Canada is having with the United State concerning this proposal?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I believe the proposals to which the

hon. gentleman refers could more accurately be described, if I understand the proposals to which he is referring, as being in a preliminary stage. They are ones to which no formal endorsement is given by the United States. Therefore it is really not for us, at a time when the U.S. is merely exploring the idea themselves, to give our reaction or to help in publicizing these proposals. I might say that we are following the unfolding of this project in close collaboration with the government of Manitoba.

QUERY RESPECTING CANADIAN POSITION

Mr. Jack Murta (Lisgar): Madam Speaker, I have a supplementary question for the Secretary of State for External Affairs. I am sure it would be of help to Canadians, certainly to Manitobans, and to United States officials, if there were some indication as to whether a proposal such as this would meet general acceptance not only by the federal government but also by the province of Manitoba. Does the federal government view this kind of a proposal as a representation of a possible new direction to the whole question of the Garrison Diversion Project which, as the minister knows, has been so contentious in the province of Manitoba?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the proposals being made can fairly be said to be more limited than some suggestions that have been made by American spokesmen in recent years. The problem we have in assessing them at the present time is that a great deal of engineering detail would be necessary before we could judge their impact. Obviously, we will need that kind of information at some time in order to make an assessment before we would be in a position to respond, even if the proposal were made formally by American authorities.

* * *

CANADIAN BROADCASTING CORPORATION

SEQUEL TO GUILT IN LIBEL ACTION

Hon. Ron Huntington (Capilano): Madam Speaker, my question is for the Minister of Communications. The western region of the Canadian Broadcasting Corporation has been reprimanded by the Supreme Court of British Columbia and it has been found guilty of libel. A CBC reporter has been fired. A producer has resigned. Why has the western regional director not been fired?

Hon. Francis Fox (Minister of Communications): Madam Speaker, this is obviously a matter for the internal management of the CBC. I would be pleased to bring it up with the management of the CBC. The hon. member may laugh, but of course he laughs in ignorance, which is usually the case.

Some hon. Members: Oh, oh!

Mr. Fox: The present government is not involved in hiring or firing employees of the CBC, and we do not intend to change that practice.

DISCIPLINARY ACTION CRITERIA

Hon. Ron Huntington (Capilano): Madam Speaker, the taxpayers will have to pay over $200,000 in fines and costs in this matter which has been labelled as mischievous and irresponsible on the part of the Vancouver office of the CBC. Will the minister tell us that the limit is of licence and behaviour allowed employees of the CBC before fitting disciplinary action is taken?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I believe that the hon. member would probably agree that the type of disciplinary action that was taken in this case was indeed the appropriate one. The CBC actually dismissed the employee in question. Obviously the CBC has a code of conduct for journalists. I understand from discussions that I had, as recently as last night, with the President of the CBC, that the corporation is working on new codes of conduct for its journalists.

* * *

VACANCIES

TIMISKAMING—BRUCE LONSDALE, BY DECEASE
LEEDS-GRENVILLE—THOMAS COSSITT, BY DECEASE

Madam Speaker: I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely, Bruce Lonsdale, Esquire, member for the electoral district of Timiskaming, by decease. Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a writ of election for the said electoral district.

Also, I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely, Thomas Cossitt, Esquire, member for the electoral district of Leeds-Grenville, by decease. Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a writ of election for the said electoral district.

• (1500)

Mr. Clark: On a point of order, Madam Speaker, we have just been advised officially of the vacancies in two electoral districts, and there is one other. I wonder if the Prime Minister (Mr. Trudeau) would indicate when the byelections will be held.

Mr. Trudeau: Yes, Madam Speaker, I will in due course.

Order Paper Questions

PETITION

MR. GREENAWAY—MOUNT CURRIE, B.C.—REQUIREMENT FOR NEW SCHOOL

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and eighty-seventh report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Cariboo-Chilcotin (Mr. Greenaway) and finds that it meets the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,529, 3,269, 3,319, 3,326, 3,749 and 4,028.

[*Text*]

CONCESSION FOR ADVERTISING AT AIRPORTS

Question No. 2,529—**Mr. MacKay:**

1. Does the Department of Transport have a policy with respect to the granting of the concession for advertising at airports and, if so, does the policy include a provision for the concession to be subject to public tenders?

2. Were tender calls made for the concessions and, if so, how many and on what date was the last one held?

3. (a) Which companies now hold the concessions and how long was the original term (b) were extensions granted and, if so (i) how many (ii) for what periods (iii) for what reason (c) were new terms negotiated with the contract holder to increase revenue and, if so, what were they?

4. Does the department plan to re-tender the concessions in the immediate future and, if not, for what reason?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): 1. Yes.

2. The major airports (ten) were initially tendered as a single concession in the fall of 1969. In order to develop a national advertising concept, the concessionaire was also permitted to negotiate contracts at smaller airports. The concessionaire subsequently entered into further agreements at 14 additional airports.

3. (a) Charles Baker Advertising (VIP) Limited holds the concession rights. The original term was for ten years from January 1, 1970.

(b)(i) Two extensions were provided to the original term.

(ii) The periods of the extensions were from January 1, 1980 to December 31, 1980 and from January 1, 1981 to June 30, 1982.

(iii) The department had not finalized its policy concerning language requirements for commercial advertising at airports.

(c) The financial terms of the agreement were not changed as it was considered that the percentage of gross sales had already been maximized for this type of business.

4. Yes.

MR. ROWLAND FRAZEE

Question No. 3,269—**Mr. Cossitt:**

1. To the knowledge of the government, did Mr. Rowland Frazee, Chairman of the Royal Bank of Canada, state on October 19, 1981 or thereabouts that Canada's economy will suffer if the government does not relax foreign ownership restrictions and, if so, is the government evaluating the merits of his statement as it formulates future policy concerning the Foreign Investment Review Agency?

2. Will the government take steps to permit wider legitimate foreign investment in Canada to assist our economy?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Foreign Investment Review Agency is concerned:

1. The goverment is aware of a speech by Mr. Frazee on October 19, 1981, in which he emphasized the need for a balanced view by both government and business with respect to the issue of foreign ownership in Canada. The government is not aware of a statement by Mr. Rowland Frazee on or about October 19, 1981, that Canada's economy will suffer if the government does not relax foreign ownership restrictions.

2. It is the declared policy of the Government of Canada to welcome foreign investment that is likely to be of significant benefit to Canada.

ANNUAL REPORT OF FIRA

Question No. 3,319—**Mr. Deans:**

1. Did the 1980-81 annual report of the Foreign Investment Review Agency state that it was necessary to renegotiate certain undertakings with companies due to economic circumstances and, if so, which companies renegotiated undertakings in 1980-81?

2. Did the report state that "continued efforts were also made to achieve the government's objectives with regard to equal opportunity programs" and, if so, what efforts were made and with what results?

3. Was FIRA unable to comply with equal opportunity program objectives while meeting the government's restraint program of 1979?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Foreign Investment Review Agency is concerned:

1. Yes. Westlig Ltd., Ontario Stone Corporation, Dainippon Ink & Chemicals America Inc., Hayes-Dana Inc., Koppers Company, Inc. and Norton Company.

2. Yes. In 1980-81, the main thrust of the agency's efforts to achieve the government's objectives with regard to equal opportunity programs was in the area of equal opportunity for women. During the year, appointments were made to 29 vacant positions in the agency. A total of 250 applicants applied for these positions of which 73 were women and 177 were men. Of the total female applicants, 42 or 58 per cent were interviewed. Of the total male applicants, 77 or 43 per

cent were interviewed. A total of 18 women and 11 men were appointed. At the officer level, eight women and eight men were offered positions and one woman did not accept the offer. No applications were received from persons identified as native or handicapped and, as a result, no such appointments were made.

3. During the government's restraint program of 1979, all staff reductions were accomplished through normal attrition. The government's equal opportunity objectives were observed in the limited number of selection processes conducted during the year.

MAIN ESTIMATES

Question No. 3,326—**Mr. Herbert:**

For each of the past three years, was any amount of the main estimates not referred to a standing committee of the House for study and review?

Hon. Donald J. Johnston (President of the Treasury Board): In each of the past three years, all votes in the main estimates requiring approval by Parliament through an appropriation act were referred to a standing committee of the House for study and review. All items of a statutory nature, i.e., those approved by separate acts of Parliament, were not referred since they emanate from statutes that, in the legislative process, were referred to committees.

CPP DISABILITY BENEFITS

Question No. 3,749—**Mr. Greenaway:**

1. By constituency, over the past three years, how many applications for CPP disability benefits were made by residents of British Columbia?

2. By constituency, how many of the applications resulted in benefits being granted?

3. By constituency, what is the average monthly disability payment made by CPP?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): There is no breakdown of this information below provincial level. The figures requested are therefore not available by constituency.

1. The total number of applications for CPP disability benefits made by residents of British Columbia over the past three years is 11,991. There were 3,814 applications in 1978-79; 3,936 in 1979-80; and 4,241 in 1980-81.

2. Of that number, 8,934 applications resulted in benefits being granted. 2,537 applications were accepted in 1978-79; 3,192 in 1979-80; and 3,205 in 1980-81.

3. The average monthly disability payments made by CPP were $185.30 in 1978-79; $203.26 in 1979-80; and $230.19 in 1980-81.

MR. KENNETH JOHNSON

Question No. 4,028—**Mr. MacKay:**

1. Was a Mr. Kenneth Johnson appointed Director of Aviation Safety in the Department of Transport?

2. Was the appointment made by virtue of a normal public service competition and, if so, on what basis was he found to be more highly qualified than the other contenders?

3. Did Mr. Walter McLeish participate or have any input in this selection process?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): 1. Yes, on November 16, 1981.

2. Yes. The appointment was made by a normal public service closed competition. Mr. Johnson was found to be the most qualified candidate based on his extensive experience in the civil aviation industry together with his strong and solid management experience at the regional and headquarters levels.

3. No.

[*English*]

Mr. Smith: I ask that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

MOTION FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call Notice of Motion for the Production of Papers No. 88.

[*Text*]

FIRA COMMUNICATIONS RE TATE AND LYALL LIMITED SHAREHOLDINGS IN REDPATH SUGAR LIMITED

Motion No. 88—**Mr. Herbert:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all agreements, correspondence, notes and other communications relating to the requirement by the Foreign Investment Review Agency that Tate and Lyall Limited reduce its shareholdings in Redpath Sugar Limited.

[*Translation*]

Mr. David Berger (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Madam Speaker, under the provisions of Section 14 of the Foreign Investment Review Act, the papers requested by the hon. member are confidential and may not be published. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Herbert: Transfer for debate.

Madam Speaker: Transferred for debate.

Point of Order—Mr. Herbert

[*English*]

POINT OF ORDER

MR. HERBERT—MOTION FOR PAPERS NO. 85—ALLEGED NON-COMPLIANCE WITH HOUSE ORDER

Madam Speaker: Before I reach orders of the day, I would like to reply to the point of order brought forward by the hon. member for Vaudreuil (Mr. Herbert). If the hon. member feels the documents which were tabled are incomplete, it is not incumbent upon the Speaker to determine whether they are complete. If the hon. member feels there are documents which should have been tabled, he may seek redress by proposing a new notice of motion for those documents.

Mr. Hal Herbert (Vaudreuil): Madam Speaker, it puts us in some difficulty. The reason I rose on the point of order rather than raising a question of privilege is that I was aware there was at least one document, which I have personally seen, which was not included in the package. The difficulty, of course, is that under other circumstances one can never be sure whether one is receiving the total package. Now, under existing conditions I can produce a document which will illustrate that everything that was supposed to be tabled in this House was not in fact tabled; but I seek your guidance because I find it a most difficult situation. A member might be in the very difficult position of either not knowing everything which is supposed to be in the package, or, because in my case I know there is at least one document not in the package, suspecting that there may be others. If I raise the point again I do not see what it achieves in the final analysis.

Madam Speaker: Well, the Chair is obviously in the same difficulty as the hon. member. How can the Chair determine if all the documents have been tabled? I gave my guidance to the hon. member; he may make a new motion for the tabling of documents in the hope that he will get those documents which he is certain exists and which have not been tabled.

Mr. Herbert: Madam Speaker, I reserve a question of privilege for tomorrow when I will have the document in my hand.

Madam Speaker: There is no question of privilege. If the hon. member wants to get more documents, the way to proceed is to make a new motion for the tabling of documents.

GOVERNMENT ORDERS

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House resumed from Tuesday, March 23, consideration of the motion of Mr. MacEachen that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, last night at ten o'clock I indicated that I felt it was a major backward step on the part of the Prime Minister (Mr. Trudeau) to state that co-operative federalism was dead. I said that because I felt it displayed a total lack of sensitivity towards the different regions of this country and a lack of understanding of the problem of increasing regionalism, and not just in Canada, although that is very much a factor in our country. However, it is also a growing phenomenon in many other countries of the world as well. Against this broad background it is no time for unilateral action within Canada and no time for confrontation. It is no time for unilaterally forcing cuts in the established programs funding when we have ten provinces unanimously opposed to this proposal.

Yesterday my colleague, the hon. member for Kingston and the Islands (Miss MacDonald), suggested deferring a decision on the established programs funding cuts for two years, and she will be proposing an amendment to this effect. One good reason for such a proposal is the confusion over the figures we are talking about here. The Minister of Finance (Mr. MacEachen) indicated in the budget that the net cuts for all provinces were of the order of $1.9 billion. About two weeks later he and his officials acknowledged there was a mistake; the net cuts were something of the order of $2.5 billion. About a month after that we heard reports that the net cuts were much larger than that, something like $4.5 billion.

• (1510)

We have been trying to get an answer from the Minister of Finance to a certain question. On budget night, he was prepared to force a cut in financing on the provinces amounting to $1.9 billion net, then, two weeks later, amounting to $2.5 billion, and amounting to $4.5 billion a month later. How can the minister propose continuing on this path when he knows that that substantial increase in cuts was much more than he had previously anticipated and much more than he had made his plans on? That is one of the very key problems which must be reviewed during this two-year period that my colleague has proposed.

There is another factor here. Taking the action of unilaterally cutting the financing, which the government is now proposing, and then having some discussions with the provinces,

surely puts the cart before the horse. We should be reversing this procedure. First, we should hold national conferences to discuss the broad objectives and the levels of responsibility and, following that, decide whether the federal government, the provincial governments or the users will pay. That is surely the way we should solve this problem.

Time and time again, in our special committee on the budget, members of the public came to us and said that the budget process was wrong as the minister proposed significant changes in the budget without any provision for recourse or understanding of the effects, which could have been determined through discussions with the people who would be affected. There was no consideration of the impact of those changes. The minister is repeating the same mistakes again. Surely, from the loud outcry from the opposition concerning this disastrous budget which he brought down on November 12, the minister understands that the process was wrong then. He has even indicated that. However, he has not learned, as evidenced by his actions on the established programs financing cuts. The minister is wrong. He has made this same major mistake again. All Canadians will suffer from a cut in services for post-secondary education and health.

The minister is also playing games with figures. We have had a great deal of difficulty in understanding the minister concerning the size of the cuts that we have here. He says there will not be any cuts. However, when we look at the official estimates of government spending, they show that for health and related matters approximately $4 billion will be transferred to the provinces this year. Last year the transfers amounted to $4.3 billion. Therefore, there will be a $300 million loss in health programs. Similarly, using the same source, there will be a $180 million spending cut in the post-secondary education area. Therefore, the spending cuts have increased by $480 million from last year. That is surely proof positive, in black and white terms, that we have a clear spending cut of $500 million. Those amounts should result in an increase in spending of the order of $500 million or $600 million to keep pace with inflation. In effect, the provinces are suffering approximately a $1 billion cut in what they would have received had the program stayed in place. That is the nature of the problem. The provinces cannot afford to take that sort of a cut. I will come back to this in my remarks later this afternoon.

We have a problem here which is partly financial. The government has a major deficit problem. That has been building up over the past ten years and I think the government must deal with the problem. However, there is a very clear question as to how it should be addressing it. Should it be addressing that problem from the standpoint of unilateral cuts, throwing the problem of the deficit on to another level of government, or should the government be addressing the problem in its own house? The government has raised spending this year by 22 per cent, when the economy is growing only at the rate of 14 per cent. That is surely not a display of restraint. The government has gone to the provinces, as it has gone to the Canadian people, and has said. "You must show more restraint. We are showing restraint." That has been stated by a government which is showing "restraint" by a 22 per cent increase in spending.

There is another element which I believe to be one of the reasons the general public is so cynical about government and public institutions today. The former Minister of Regional Economic Expansion (Mr. De Bané) said most clearly last year in Winnipeg: "We want more profile; we want to get more of the credit". The government does not seem to realize that there is only one taxpayer who pays the taxes for the federal government, for the provincial governments, as well as for the municipal governments. That taxpayer does not care where the service comes from, he wants the service. That taxpayer wants to see the service provided to meet his needs. However, one level of government is saying, "We will not continue this program; we will cut it outright because we are not getting the credit that we think is due to us". That just does not wash any more.

This is why we have such a cynical attitude toward government today. This government is showing utter contempt for the taxpayer by doing that sort of thing. Therefore, we must rethink this whole system, this system of federal-provincial relationships, so that we do not have such unseemly squabbling between two levels of government over which one gets credit and which one pays at the end of the day. Governments must get together.

I thought the former provincial treasurer for the province of Ontario made some very astute remarks and proposals in his speech the other day. He said that the public is growing tired of these conflicts, of the waste, and of the expense of keeping two levels of government operating in the same fields of activity. He suggested that a small task force or a royal commission should be set up with a real sense of urgency in order to come up with an understanding of this problem and some clear recommendations. This is the approach we feel should be followed by the government, rather than rushing headlong into making these cuts in funding which drastically affect services.

Let us look at what we could do by extending the established programs financing for two years. That would allow time for such a study. We could hold national conferences in the two areas of activity most affected, namely, medical care and post-secondary education. That would provide understanding of national objectives in those two very important areas. Once we had established those national objectives, we could then sort out the areas of responsibility and decide which level of government would pay.

Another interesting observation very clearly arose in our budget committee work. There was a concern that the federal government was using this cut in the established programs financing to move into a greater, more direct role in those two areas of activity. In the case of post-secondary education, there was concern that Manpower would be using this as an excuse to come in directly with funded programs, with direct federal government coercion in the area of post-secondary education. It was called "streaming" in the meetings we held.

The merits of this were questionable because it went right to the heart of the role of higher education in our country. What is the primary role of the university? Is it supposed to produce bodies like sausages at the end so that we will have 5,000 lawyers, 3,000 engineers and 4,000 computer scientists? Or is the objective to educate people and give them freedom of choice as to the type of education they want? Should there be the type of education that the university thinks is right for the community that it is supposed to serve? That is one of the key questions which must be asked here, because if we have a withdrawal of the freedom of decision concerning the type of education we have from the regional level to the federal government level, we will lose the sensitivity of today's universities toward meeting the needs of their communities.

• (1520)

We need a national overview and we can get that from Manpower. That would be important in helping the universities and the students. What we do not need is the federal government using the power of taxation to force universities to do things that might not fit in with the requirements of their regions.

Let us also consider the practicalities of greater control by Manpower of what comes out of the universities. That question was put at three separate hearings with three different groups of people. Interestingly enough, the same answer came back each time to the following question: who has the best feel as to what job opportunities are going to be available in five, six or seven years' time? Each time the same answer came back: The students—not the university president, not the professors, not the placement officers, but the students. It is very interesting that the student should have that best understanding of the opportunities available for him, because it is his life, his job, that is on the line. If the universities, the professors and the placement people cannot understand better than the students what the opportunities will be in three to five years' time, how can the Manpower department here in Ottawa have a better understanding? I would hope that the Secretary of State (Mr. Regan) would address that question.

The concluding question we must ask is whether the federal government should take an active interventionist role in the courses being offered. Equally important, are they capable of it? I think we have learned quite clearly from our budget committee that they are not.

The conclusion that we have come to on this side is that not only is this part of the bill wrongheaded but it could have disastrous effects on the universities and on the colleges, on the hospital funding and on the operations of the hospitals. Let us not make hospitals, universities and colleges a battleground between the federal government and the provincial governments. Let us solve those problems not on the backs of the hospitals and universities; let us solve those problems outside of that arena.

Some hon. Members: Hear, hear!

Mr. Wilson: Let us take the approach that we have discussed here and that is proposed by my colleague from Kingston and the Islands. Otherwise, these two important pillars of our society and our country will be undermined.

There is no real question that we have a problem. It is a problem compounded by the weak economy and by the budget that the Minister of Finance brought down last November. It has undermined in so many ways the ability of the economy to operate, and therefore the ability of the economy to generate the revenues on which governments must rely to finance their operations. So let us not compound that problem by moving precipitously without adequate consultation.

In my closing minutes, Mr. Speaker, I would like to discuss one aspect of the rationale that the government has given us for moving in the way it has. It is said that there has been an imbalance in the financial strengths of the two levels of government, the federal and the provincial. The federal government has said that it is necessary to embark on this path to restore the balance that was in place ten years ago. Let us look at some of these figures. If you look at raw figures between 1959 and 1978, apparently the federal share of total government revenues dropped from about 52 per cent to 32 per cent. I maintain that that is not an accurate reflection of what is happening because those figures back in 1959 were still high as a result of the type of government responsibilities that we had coming out of the post-war era. So, viewed in isolation, you cannot say that there is an apparent problem.

Let us look at what has happened since the early 1970s, to get a clear understanding of the problem. There has been a reversal in the surplus and deficit positions of the national and other levels of government. During that period, the provincial or local level was in surplus in 1978 and the federal government was in a very large deficit position. Let us look behind those figures. First, the draw from the federal share of revenues after excluding the amount of transfer to the provinces reflected not so much a loss of power by the national government, but rather an assertion of its power in establishing programs. I am thinking here of the programs for hospital insurance, the Canada Assistance Plan, medicare, post-secondary education and so on. It used its federal spending power to finance services in the fields of provincial jurisdiction. The federal government which initiated these programs did so to leave the direct financing and day to day administration of them to the provinces. But their establishment meant that a transfer of the money and the tax points to that level of government from Ottawa was an important element in that whole process. That is not necessarily an unfair bargain because I think we can all understand that the level at which the taxation occurs, or at which the financing of those programs occurs, should be related to the administration of those programs.

We reached a watershed in 1977 because in return for granting greater flexibility to the provinces in the spending of the health care transfers, the federal government was released

from its open-ended commitment to match provincial expenditure according to various cost-sharing formulas for health and post-secondary education. From 1977-78 on, transfers of hospital insurance, medicare, post-secondary education, and the remnants of the revenue guarantee were unified into a package which was labelled the established programs financing, EPF. Part of that was financed by a transfer of personal income tax and the rest was in the form of cash grants.

What has happened since we reached that watershed? What has happened since 1977-78? From then until 1981 the federal share of revenues after transfer climbed from 32.3 per cent to 38.3 per cent, back to roughly the level it was in 1970-71. That has occurred because of the National Energy Program and other revenues; but the simple fact is that the financing capacity of the federal government has increased substantially. Transfers as a percentage of total provincial and local revenues continued to fall from 18.9 per cent to 17.5 per cent, compared to the 1971 level of 20.8 per cent. Transfers as a percentage of provincial local expenditures also declined from 19.2 per cent to 18.1 per cent, again down from the 1971 level of 19.8 per cent.

So by every measure the provinces and the municipalities are now less dependent on federal transfers than they were a decade ago. Indeed, the federal government now has as large a share of total government revenues, after transfers, as it had in 1971, and a significantly larger share of total government spending. Yet in 1971 the federal government was practically in a break-even position. I think it had a small surplus in that year, and I do not recall that there was any reputable person raising the spectre of the fiscal imbalance at that time. You will remember that better than I would, Mr. Speaker.

So it should come as no surprise that in the same period from 1978 to 1981 when we saw federal revenues after transfers increasing 81.9 per cent, and federal expenditures after transfers increasing only 50.7 per cent, we should have a significant cut in the federal government deficit and a redress of the balance that the federal government was so concerned about.

• (1530)

The outlook today is that between now and 1983-84, according to federal projections, the federal government expects to increase its revenues after transfers by 38.1 per cent and increase its expenditures by 31.8 per cent, while increasing its transfer payments to other levels of government by only 13.7 per cent. Obviously that is considerably lower than the rate of inflation.

The clear message that I want to leave today is that we have an expectation that the Government of Canada is freeing up its financial resources for new spending programs, more government, more intervention, a higher visibility in the economy, more direct funding programs, more interference in the grassroots programs in the country, with no cost-shared programs and no involvement of the provincial governments and local governments in the administration of these programs.

What we have is a repetition of the great wave of federal spending that we had in the early 1970s. It is going to return us to the same problems we had at the end of the seventies at a time when we have shifted a greater load, and therefore a greater taxing requirement, onto other levels of government. The result will be that the over-all provincial and federal government tax load will be considerably greater once we move through this process. The goal is not merely to restore the fiscal balance that prevailed about ten years ago, but to establish a new balance which is substantially more favourable for the federal government. That will take place at the expense of adequate funding of the programs we are talking about today, post-secondary education and medical care.

There is no question that this is something that Canadians must be concerned about. The decision of the federal government to use none of the energy revenues to enrich the equalization programs or continue the financing of the established programs such as the medical and post-secondary education programs reflects the belief of the government that all additional revenues should be applied either to lowering the federal government deficit or, as I indicated a minute ago, to increasing federal government programs and spending; in other words, larger government.

We have had no indication of the government's desire to put some of that money toward an energy tax credit. There are no job-creating programs of any substance, no flow back into the economy through tax incentives and these huge revenues that are coming in as a result of the energy programs. What we have is the government trying to put forward an image of a steadily eroding federal authority over the national economy. That is very suspect indeed. A very persuasive case can be made that without radical changes the federal role in the national economy will become more and more dominant, maybe as dominant as in the early post-war years.

Hon. Gerald Regan (Secretary of State): Mr. Speaker, I want to begin my remarks by dealing with some general thoughts about the financial times and the problems that face not just Canada but other countries of the western world. After I have dealt at some small length with these problems in general, I would like to turn my attention to the question of post-secondary education wherein my particular responsibility lies.

It is generally recognized that the levels of deficits being operated by government in Canada, the United States and some other areas are contributing in a significant way to inflation. It is generally recognized, not just by economists but by most citizens, that it is important for elected governments to show some restraint in relation to the growth of expenditures and make every effort to reduce the deficits that exist. If that is to occur, it is going to take the co-operation of the different levels of government to defeat inflation.

We have a situation which was referred to by the hon. member who preceded me in that the amount of tax dollars expended by the federal government as compared to those of the provincial and municipal governments has vastly decreased in relation to percentage of over-all expenditures of tax dollars in the country over the past number of years. That means that efforts of restraint by the national government alone can be

much less effective in combating an evil like inflation today than would have been the case 20 years ago.

When the Minister of Finance (Mr. MacEachen) carries out fiscal negotiations with the provincial governments in such a manner as to attempt to keep the level of most transfers to the provinces from the federal treasury to the same level that the Government of Canada is prepared, with difficulty, to restrain the growth of those dollars expended directly by the federal government on projects in the interest of our country, he presents a reasonable proposition. It is a proposition which says that the national government in its direct expenditures must restrain the rate of growth of those expenditures and do something to contribute to a reduction of the deficit. The national government in its transfer of funds to the provinces under the various programs must do something to restrain the rate of growth of those funds so that they are not totally unharnessed in relation to the manner in which they grow.

Beyond that, the provincial governments have the parallel responsibility to fight inflation and contribute to the welfare of their citizens by combating this evil and restraining the growth of their expenditures. That is the essence of what we are dealing with.

The Minister of Finance has made it quite clear to the provinces that there will be no reduction in the amount of dollars transferred. Indeed, between the various transfers and the benefit of the tax point transfer and the cash transfer, there will continue to be growth. In particular, in the areas of post-secondary education and health care there will continue to be a very substantial amount of growth.

This is a fact that becomes the subject of repeated distortion by opposition spokesmen and some provincial politicians. Having been a provincial premier, I can well understand that a province, faced with the responsibility of meeting the needs of its citizens and aspiring to undertake new programs, is naturally anxious to receive as much in the way of transfers from the national government as is possible. It is always easier to spend dollars that someone else has the pain of taxing. It is easier to spend than it is to tax. So perhaps with reference to those financial responsibilities, there are times when provincial administrations do not tend to treat the use of funds that are transferred from the federal government with the same serious concern as those that they have the pain of extracting from their own citizens by way of direct provincial taxation.

• (1540)

Let me say a word about the problem of inflation. One of the myths that we hear again and again across the country is that the government has followed this policy of restraint for a very substantial period of time, yet inflation still has not gone down or been conquered. It is quite true that inflation has not been conquered. It is also quite true that through these responsible policies Canada has been able to avoid the ruin of savings of individuals and families which has occurred in many other countries where inflation has not stayed in the vicinity of 10 per cent, 11 per cent or 12 per cent but has risen to 20 per cent, 30 per cent and in some cases to 50 per cent or higher, resulting in the destruction of everything that working people have achieved.

Therefore, when we talk about fighting inflation let us remember that if you walk away from a fight, if you abandon the policies that are aimed at bringing down inflation, it does not mean that inflation will merely stay where it is. Every economist will agree that there is no structural reason whatsoever why the type of unbridled inflation of 20 per cent, 30 per cent and 50 per cent which has occurred in other countries cannot happen in Canada, if you continue to have a steady growth in the amount of the deficits of national and provincial governments and if you do not undertake the policies of restraint that are necessary to combat inflation.

Let us keep in mind that there is no secret about the level of inflation being 10 per cent, 11 per cent or 12 per cent, and that if you walk away from the fight, tomorrow you could well end up with inflation at levels which have never been seen before in this country and which have resulted in ruin in other countries.

Restraint is not a happy posture for Liberals. When the economy has allowed for it, this party has led the way in social programs and also in transfers to our friends at the provincial level. Those transfers which have grown so much and have gone into different areas of governmental undertaking have been brought in, nourished and have grown under Liberal governments. We are proud of those, as we have been proud of the social programs that we have been able to undertake.

But we have to be responsible. We have had to take the stance of restraint in the interest of our country, and it is a stance that I suggest any responsible party would take if it was in office and not in opposition.

Mr. Mayer: Do you want to trade places?

Mr. Regan: There is no question about it that it is a great pleasure and there is no greater joy than for people who give their time to public life to be able to introduce new programs for the general welfare of the public and undertake benefits for people who have particular needs which were not met in the past. I have had the privilege of knowing that great feeling of satisfaction when participating in governments in the past. But this has to be done hand in hand with responsibility or you may fail to meet the responsibility for which you were elected. Every member of this House of Commons is chosen by the electorate to serve and is charged with great responsibility, not with reckless spending, not with just trying to appear always to be the good guy, but with facing the difficult issues and with recognizing that you have to take a harder stance for the general economic welfare of the country as well. I am proud of the fact that even if it does not make the government popular when it goes through those difficult times, we on this side of the House are meeting our responsibilities in that regard.

There is a fine test to determine the responsibility for the troubles that governments have. That test can often be applied by asking the question: are the problems that we have restricted to our country or are they general? If you find that they are problems which exist only in this country and not elsewhere, or only in one province and not other provinces of equal

resources, then you know there is something strange and perhaps wrong with what the government is doing. It may indicate that there is a need for change of personnel, political party or whatever.

However, if we are extremely troubled and concerned about the economic challenges in Canada and the world today, surely it is at least useful for us to recognize that the troubles with which we are confronted are not limited to knowing how to combat and recognize those challenges. Surely it is useful for us to know—useful but sad—that unemployment is higher in the United States than in Canada. Surely it is useful to know that unemployment is higher in Germany—that country of economic miracle—than it has ever been since that country was re-established at the end of the war. Unemployment there is twice as high as the historical levels during those years.

We also know that the problem of high interest rates besets these other countries. We know that the problems of the economy are general across the free world and, indeed, extend behind the Iron Curtain to those countries of the Soviet bloc. So we are not confronted with a problem which is inimical only to Canada and indeed to which we alone cannot find solutions. When we look at our employment situation in Canada, for example, and at the amount of unemployment which exists in British Columbia in industries which depend upon American markets for the sale of our forest products, when we see the unemployment which exists in some of the maritime industries which sell their goods to the American market, we recognize that we cannot sell those goods and therefore cannot have full employment and recovery unless there is an equivalent American recovery which enables Americans to buy our goods and make investments. That may sound like a limited and simplistic example, but for an exporting country such as Canada it is a valid one because it applies to the same degree to European markets and many other areas. So I say that the test of how we are performing is whether we are doing as well in combating those problems as other countries which are confronted with these economic problems today.

We are not content with the situation at all. If anything, I personally want to say that I am distressed about the economic situation, but I think we are taking those steps which are necessary to combat our problems and inflation.

Mr. Thomson: A point of order, Mr. Speaker.

Mr. Regan: I will be happy to answer questions at the end of my remarks, Mr. Speaker.

On the question of deficit reduction, it is interesting to see how politicians—Liberals as well as Conservatives, and certainly the NDP—change their stories and point of view a little when they are the opposition as compared to the government. I noticed that the hon. member for Etobicoke Centre (Mr. Wilson) who just spoke managed to pay no attention, from what I heard, to the question of deficit reduction. Yet when the Conservatives were in office and the hon. member for St. John's West (Mr. Crosbie) brought in his ill-fated budget, he dealt at great length with how important it was to reduce the deficit and he proposed cutbacks in various areas in order to do so. Yet when the Minister of Finance, a man who has had a magnificent and shining record as a social reformer and as a man wanting to implement programs for the benefit of the people, faces the necessity of carrying on policies of restraint to combat the deficit, they then twist it around to make it something very different.

• (1550)

One major difference between the position which has been taken by this government and the position which was taken by the former Conservative government is that it wanted to fight inflation—I will give it credit for that—but it wanted to fight inflation on the backs of the people. That is one difference. Hon. members opposite wanted to cut back on social programs. The government—

Mr. Manly: Has done the same thing.

Mr. Regan: —has carried on its effort to fight inflation in such a way as to see to it that there is no reduction in the funds that are used for the support of social programs. That is quite a difference, and it is also quite a difference from the situation in the United States. I have also to be critical of the Reagan government because of the fact—

Mr. Waddell: Don't confuse the name!

Mr. Regan: —that it has cut back social programs and caused great suffering and loss to the ordinary working people, and the poor people in that country too. That is the difference between the position we have been taking and the position of the Conservatives.

Mr. Manly: They preach and you practice.

Mr. Regan: However, one thing about members of the New Democratic Party is that they do not want to make their words clear here in this House. They speak from the comfort of opposition and without the responsibility of office.

Mr. Waddell: Don't worry, we won't be here very long.

Mr. Regan: The inflation we are attempting to fight harms the people who members of the New Democratic Party purport to represent more than it harms any other segment of society, yet members of the New Democratic Party never come here with any suggestions as to how to fight inflation.

Mr. Waddell: Made-in-Canada interest rate policy.

Mr. Regan: They never come here supporting restraint. They never recognize the necessity of restraint. Instead, they talk about more and more new programs and expenditures. They do so even in these times.

Mr. Waddell: Eliminate PIPS.

Mr. Regan: Members of the New Democratic Party are in opposition and they are able to take such an easy and luxurious position.

I would love to see a higher level of responsibility taken by the opposition in these matters. I would like to see consistency. If hon. members opposite want to reduce the deficit when they are in government, then let them recognize the need for doing so when they are in opposition.

Mr. Crosby: You are the one who stopped the hospital tax.

Mr. Regan: As usual, I am more concerned about the positions taken by the Conservatives than I am about the positions taken by the New Democrats.

Mr. Jarvis: Don't fight with your friends, Gerry.

Mr. Regan: I am just trying to call it as I see it, Mr. Speaker, and the way I see it is that—

Mr. Crosby: Tell us about stopping the hospital tax.

Mr. Regan: —there is a very serious thing happening in this country. It is not a creeping thing but a galloping growth, sponsored by some elements of the Conservative Party, of the worst form of McCarthyism, a disease which spread across the United States back in the fifties. We are seeing it again today.

Mr. Lewis: Smear. That is what you are doing right now.

Mr. Regan: You are seeing it today in great measure. Let us look at several examples of it. There has been a letter sent out by the Dominion Life Assurance Company signed by John Mahn.

Mr. Kempling: Is that relevant to the bill?

Mr. Regan: It certainly is. The letter was sent out to all that company's clients across the country saying the same thing that some members of the Conservative caucus have been saying across this country. It suggests that the Department of Finance was considering taxing the imputed value of renting a home instead of owning in it.

Mr. Lewis: It is.

Mr. Regan: The sad thing about this is that it has never been considered by the Minister of Finance. He has never contemplated that, and he has made that quite clear in a letter and in statements he has made in the past few days when this particular red herring has been brought forward.

Mr. Lewis: Budget documents.

Mr. Regan: I am glad the hon. member opposite mentions budget documents because I would like him to look at the December, 1979 budget document of the hon. member for St. John's West entitled "Government of Canada Tax Expenditures Account", which lists imputed rent among tax expenditures. That is exactly where this idea originated. It originated not with the present Minister of Finance but with the former minister of finance.

Mr. Lewis: Tell the truth.

Mr. Kempling: It has been in every Liberal budget since 1967.

Mr. Regan: I would be happy to send a copy of that document from the Crosbie budget to anyone in the country who would like to write to me asking for it.

Mr. Lewis: Tell us about Adrienne Clarkson.

Mr. Regan: I am starting to get to them over there, Mr. Speaker. They are getting all worked up. One thing they cannot take is the truth, because they live on insinuations.

Let me mention a couple of others. Another insinuation they have been living on these days is the insinuation respecting internment camps. They insinuate that this government has some plan to lock people up in internment camps. They do not come out and say that, but they ask questions around the edges of the fact that we in this country have always had regulations relating to what to do if a war should break out and if there were people about who were subversive. They say, "This will fit in with our pattern of trying to say these guys are quasi-socialists and against free enterprise".

Mr. Kempling: Read the order in council.

Mr. Regan: They try to suggest those kinds of lies.

They also spread around the country the idea that the government will restrict the right of people to own property and that we are against private enterprise.

Mr. King: Absolutely.

Mr. Regan: This nonsense is also a type of McCarthyism, but that is the only way they can find to fight the government today.

I want to deal today only with those distortions which relate to this bill. However, I want to say that we are fighting inflation, but we are doing so in a way which protects the social system which has been built up. We want to protect our ordinary citizens, medicare, hospitalization, the Canada Pension Plan, family allowances and the Canada Assistance Plan. These are programs the Liberal government has built up over the years. We are fighting inflation in such a way as to protect the interests of the people.

One would think we were living in many solitudes, because no matter how often it is repeated, hon. members opposite will not take note of the fact that transfers for education and health have not slackened and will not decrease. They will continue to grow. Equalization continues to grow. I have figures here which show, for instance, that transfers from the Government of Canada to my province of Nova Scotia will increase this year from $513 million to $606 million.

As I said earlier, more than any person in this House, the Minister of Finance has shining credentials of Liberalism and of protecting our working people, and I believe that stands to his credit when he is forced by economic circumstances to restrain and to cut back expenditures.

Let me talk about education. A little while ago we heard an hon. member cite some myths. One of the myths is that we are going to tell the universities that they must be turned into glorified vocational high schools and teach people trades, and that we will no longer support the pursuit of higher education as it has existed in the past. The truth, of course, is the exact opposite. The truth is that we have said to the provinces that we are prepared to continue to increase funding for post-secondary education.

• (1600)

At the same time, the Minister of Employment and Immigration (Mr. Axworthy) announced the expansion of a skilled trades program out of new funds and the expansion of funds for programs that in many instances will be utilized, I presume, through community colleges. This means that the skills needed in industry today will be provided. At the moment it is a national disgrace that industries have to bring in immigrants because Canadians are not trained in the skills that are in demand.

Just this week the Minister of Employment and Immigration announced that an additional $208 million will be made available to support training at the higher levels. This is not a transfer of money from the universities nor a lessening of efforts to support post-secondary education. This is an area in which one distortion occurred and I want that to be clearly understood.

We have difficulties with post-secondary education in this country today. The government wants to do its share in this field. We want to see to it not only that the universities are maintained but that they continue to improve. This level of government has been paying the lion's share of the cost of operation of post-secondary institutions in the country.

Unfortunately, the block funding concept which was introduced in 1977 has not worked well. Some provinces, notably Ontario and Saskatchewan, have failed to act in a responsible manner and have used federal funds that have no strings attached in such a way as to allow them vastly to diminish their own percentage contribution to the cost of post-secondary education. That has posed a very serious financial problem for the universities.

The public wants the two levels of government to pull together, Mr. Speaker. I agree with the statement on that score made by the hon. member who spoke ahead of me. I think we are all public servants elected at the national or the provincial level and it is the expectation of the people who elected us that we will work together. But it takes two to tango, Mr. Speaker, and federal bashing has become a national preoccupation with too many provincial governments.

Mr. Waddell: That is because the target is so tempting.

Mr. Regan: I think it is important that we have a good working relationship, but I would have it work in such a way that the people can properly judge what each government is doing.

Let me outline where we stand in regard to post-secondary education since I assumed this portfolio of Secretary of State some four or five months ago, Mr. Speaker. My first task was to become familiar with the people involved in post-secondary education in this country and to find out what they think about higher education at this time. I have had meetings with the Association of Universities and Colleges of Canada, the Association of Canadian Community Colleges, the Canadian Federation of Students, educators, administrators, individual students and groups of students from Halifax to Victoria. I found that these people are proud of the post-secondary education system which was built up during the 1960s and 1970s but that they are concerned about the future financial health of the institutions as a result of persistent under-funding by some provinces. There is concern for the autonomy of educational institutions and concern about financial barriers which prevent people from all segments of society from taking advantage of the opportunities presented by higher education.

Notwithstanding their concern about the future of post-secondary education, people associated with our universities and colleges have shown positive feelings towards the role of the federal government in higher education. On March 4, 1982, the AUCC stated as follows:

> While recognizing the primacy of provincial responsibility in constitutional terms we emphasize the importance of a continuing major federal role in the support of universities.

On March 1, 1982 Donald Savage, the executive secretary of the Canadian Association of University Teachers, stated:

> If ever there was a constitutional convention in this country, the joint responsibility of the federal government and the provinces for the financing of universities is surely it. Both sides should live up to their responsibilities.

All across the country I have been saying that the federal government is prepared to live up to its responsibilities. It is prepared to do its part. I believe that the way to accomplish this is to change the present system so that the people of Canada know the contribution that each level of government is making to post-secondary education. Let the provinces accept our offer to finance post-secondary education separately and not as part of block funding, along with health or anything else, so that people know exactly how much money is transferred by the federal government to the provinces for that purpose. Let the provinces agree to that. People could then calculate what the budgets are for all the post-secondary institutions in a particular province. They would then see how much we offer as our portion. It is much more than the provinces pay out as their share. They would then see whether we were pulling our weight. The amounts would be available for everyone to see. If some provinces resist that, it is because they have had the comfort of spending federal moneys and of making it look as if they were provincial moneys.

Some hon. members have suggested that we want to gain political credit for this. Do we want plaques to be put in universities showing that the national Government of Canada has given x number of dollars to such and such an institution? Not at all, Mr. Speaker. It is not a question of political credit; it is a question of the right of the public to know what is done with their tax money. There is only one taxpayer, and he pays

federal and provincial taxes so he has a right to know. The principle of accountability is involved and he has a right to know what the government has done with his money and whether it has been wasted or used properly. That is what is important.

If we can achieve that, then we can move into an era of better relations between the federal and provincial governments. The same would hold true in the case of health financing and other things.

I like to quote the great American poet, Robert Frost, who once said that good fences make good neighbours. That analogy is apt. We need clear-cut arrangements between the provinces and the federal government about the percentage that each is willing to pay. I am prepared to negotiate those percentages. It is not so important how much each level of government pays; what is important is that we try to give equal opportunity to people in all parts of the country to attend a post-secondary institution and that people know how their tax money is spent.

That is why I believe it is extremely important that we develop a system that will contribute to the sort of federal-provincial relationship in which there is no reason and no temptation for governments to claim credit for efforts of other governments. We must have a mature and harmonious relationship between the federal government and the provinces if this country is to thrive.

The national government now spends directly only 32 per cent of the total tax money spent in the country. If the country is to survive and if the people are to think that the national government is relevant, then it is important that it deal more directly with the delivery of services to its citizens.

Contrary to what the hon. member for Etobicoke Centre said, I think we have gone as far as we dare in decentralizing. There is no federation in the free world in which the provinces have as much power, vis-a-vis the national government, as they have in Canada. I think it is part of our tradition and part of our way that our provinces be proud, be independent and have pretty widespread powers. But you could only go so far in that direction before destroying the integrity of a national government. I do not care whether the national government here is a Liberal one, a Conservative one or a New Democratic one; whatever it is, it will be important that the government have relevance to people in every part of the country and that this chamber, where the elected representatives meet to debate the laws of the country, has first relevance to Canadian citizens.

• (1610)

What we have to do is to be seen to be delivering our programs. We have to be accountable to the public. It is not a question of political credit; it is a question of good constitutional sense to keep that proper balance between the provinces and the federal government.

There are other distortions that I would have dealt with had time allowed. For instance, the allegation that what we are suggesting would interfere with the autonomy of universities is utter nonsense. We have asked provincial representatives if they would sit down with us so we could discuss with them the general ways in which our universities could be improved in terms of accessibility and mobility so that citizens who do not find the particular course they want to take in their own province can have free access or entry to a university in other parts of the country. This seems fair if the national government is to continue to pay more than half the cost. It is only fair that Canadian citizens should be able to attend university wherever they like.

What we do want to do is quite contrary to what has been suggested by some people. I hope the last thing this national government or any national government would ever want to do would be to bring down the standards of our universities. If we are to be able to provide a standard of living to our young citizens tomorrow who are in the educational system today, and if we are going to give them an opportunity to compete in the world effectively, in a world where change is the only constant factor, where technology is changing at such a rapid rate that people may have to be retrained three or four times in their lives, then I think we have to give them a better education than any other country.

We believe that Canadians want their children to have the best possible education to adjust to changing technology. That is the position we take and that is the position I will pursue in my negotiations to reach a harmonious agreement with the provinces on the future of post-secondary education.

Mr. Jim Manly (Cowichan-Malahat-The Islands): Mr. Speaker, I welcome the opportunity to speak on Bill C-97 regarding fiscal arrangements between the federal and provincial governments. As we look at this bill, I think the most eloquent comment on the principles that lie within it were made outside of the House and before the bill was tabled by the Prime Minister (Mr. Trudeau), when he said that co-operative federalism is dead. We question that statement. Was it simply the despairing word of a tired man, the kind of utterance that we all make from time to time when things have not gone our way? Was this the kind of statement that we might want to characterize as being unforgivably naive, or was there something deeper and more significant in what the Prime Minister said? This bill and other recent actions by the Liberal government—for instance, the VIA Rail cutbacks and the abolition of the Crow rate—indicate the Prime Minister and his cabinet have changed course and no longer accept the principles of co-operative federalism. They do indeed believe that co-operative federalism is dead.

When we look at the track record of some of the provincial governments, we must agree that their intransigent attitude has not been helpful. Too many of them believe more in their own political survival than they do in the welfare of Canada and of all Canadians. Fed-bashing is an easy and popular thing to do, especially when the Prime Minister adopts such an indifferent manner toward the very real problems of Canadians in all regions of this country. But fed-bashing is not the answer. I would like to suggest to members opposite that province-bashing is not the answer either, nor is budget-slashing.

Because some provinces act like spoiled children, that is no excuse for the federal government to join them in their childishness. In spite of the provinces, the great majority of Canadians would like the federal government to provide leadership within a framework of co-operative federalism.

Looking at this bill, New Democrats oppose its unilateral action of imposing a new equalization formula on the provinces. I think all Canadians join in the basic support of the principles of equalization. Equalization payments to poorer provinces ensure that all Canadians have access to a basic standard of services without people in those provinces having to pay a disproportionately high rate of tax. But all Canadians have not yet agreed on the precise formula for calculating these payments. Because the federal and provincial governments have not yet agreed on a formula, the federal government has decided to act unilaterally.

First, the federal government proposed a formula that was entirely based on conditions in Ontario. Because this was clearly unacceptable to the provinces, the government has now proposed a formula based on five provinces. This formula has been proposed so recently that the provinces have not yet had time to determine all of its implications. But the proposal appears to be particularly unfair to the province of Manitoba. Over the next five years there will be an over-all increase in Manitoba of 9 per cent during the tenure of the agreement while other provinces will get between 11 per cent and 13 per cent. The people of Manitoba are very concerned about this. Other provinces are not yet aware of all the implications the formula has for them. Surely, given a consensus that all Canadians have about the desirability of equalization payments, it would make sense for the fedeal government to be patient in establishing a new formula.

We suggest that the government extend the present formula until a new formula, agreeable to all parties concerned, can be found. This could meet the March 31 deadline and give all parties time to negotiate. We emphasize and reiterate that preemptive unilateral action on the part of the federal government does not help.

Our most serious concern with this bill is the provisions in it that eliminate revenue guarantee compensation. The Minister of Finance (Mr. MacEachen) when intoducing the bill on Monday anticipated our concern when he said "It will be argued in the House that, by removing the revenue guarantee, we are undermining our support for post-secondary education and health". That is exactly what the federal government is doing. I suspect the Minister of Finance will realize this when he seriously considers the implications of what he is doing.

The Minister of Finance maintains publicly that no cutback is involved. But however we want to argue about the meaning of words, the fact remains that over the next five years the provinces will receive less money. The reduction of transfer moneys to British Columbia means that the province of British Columbia will receive $93.8 million less in 1982-1983 than it would otherwise. It will receive $107.2 million less in 1983-1984 than it would otherwise.

• (1620)

Over the next five years of the agreement the elimination of the revenue guarantee compensation will mean that the provinces will receive $5.7 billion less than they would have were the compensation still in place. In the double-speak of the Minister of Finance, this may not be a cutback, but it certainly looks like one to me and, I suspect, to most Canadians.

It is true that over the past several months the provinces and the federal government have played an elaborate game with these funds. The federal government in its propaganda lumped these funds with federal funding for health and higher education. The provinces in turn, wanting as much latitude as possible, denied that these moneys were in any way tied to health services and education. Now, Mr. Speaker, we seem to have reached half-time and the teams have changed ends. The federal government now claims that the revenue guarantee was never intended to be part of the contribution to health care or education.

The parliamentary task force on fiscal arrangements made a lengthy study of this question and I think its report, "Fiscal Federalism in Canada", puts the whole question into perspective. On page 12 the task force concludes that:

> —by virtue of the internal allocation established by the federal government, fiscal transfers associated with the revenue guarantee must now be considered part of the health care package and/or post-secondary education transfers and should therefore be allocated, in the renewed EPF arrangements, to health and/or post-secondary education, in proportions to be negotiated.

Regardless of the game being played by the two levels of government, we need to recognize that eliminating revenue guarantee compensation will seriously affect provincial revenues. This in turn will have a serious effect on national standards of health care and opportunities for higher education. New Democrats have always insisted on the primacy of health care for all Canadians and we oppose any measures resulting in a lessening of those standards.

Taken by itself the cut in funding would have an eroding effect on our medicare system. It would be part of the slow but steady wearing away of a system which was the crowning achievement of an earlier Parliament. The present Minister of Finance was responsible in an earlier—and for him I presume a happier—day for piloting medicare legislation through this House. Many speakers have pointed to the rather sad irony involved in that same minister now introducing a bill which will help to erode our health care system.

Time and again the parliamentary task force was told there was no certainty that the provinces would be able to or would want to pick up the slack caused by this lack of revenue. For the provinces the decrease in revenue leaves them with three possibilities: to increase taxes or premiums to pay for these services, a regressive measure because it puts an increased burden on poor people. British Columbia this past month has had a 30 per cent increase in its medicare premiums. Second, they can cut back their health care services. They can introduce user fees and double billing, of which we are seeing examples in different parts of Canada. Third, the provinces can rearrange their priorities and cut back in other areas.

We know very well, Mr. Speaker, that some provinces and their governments are not that keen on medicare and would not hesitate to cut programs. I think this points to the more serious effect of this decrease in funds. Over the past four years some provinces have cut back on the universality of medicare by introducing user fees and double billing.

When the task force looked at the situation they saw that many provinces had already pared the medicare system to the bone; that in fact there is no fat in the system. New Democrats, both in this and previous Parliaments, have consistently urged the Minister of National Health and Welfare (Miss Bégin) to force the provinces to maintain a program which will ensure all citizens access to medicare. We want to defend the principle of universality and the minister has consistently maintained she is doing exactly that. I suggest that the present bill, by withdrawing revenues from the provinces, will give them the very argument they want so that they can stand up and tell the minister that they are not able to afford universal standards and they have to introduce double billing and user fees, and maintain those practices already in effect.

This bill will have a similar effect on higher education. There will be cutbacks in programs, higher tuition fees, and education will become more the privilege of the few rather than the right of all who can benefit by it. The country will lose the benefit of critically trained minds at a time when these people are becoming more and more important to our economy. The result of these cutbacks will be that teachers are laid off. In effect, it will mean a gigantic waste of our most precious resources. As we look at those provinces which are already increasing tuition fees and cutting back, we see that these cutbacks will simply give the provinces a convenient out and the federal government will once more become a convenient whipping boy for the cutback mentality which is most detrimental to our program.

The federal government wants to have a greater degree of credit for its good works. I suppose that is understandable. The scriptures tell us that you should not let your left hand know what your right hand is doing. Certainly that is characteristic of the government in other respects, but when it comes to having any kind of program which gives benefits to people the federal government wants to shout it from the rooftops. I suggest that the federal government's attitude is—well, it is understandable. Regrettably it is like that of a parent neglecting legitimate responsibility for his or her own children in order to be involved in highly visible community affairs. Cutting back on funds for health and higher education in order to dole out money in highly visible programs is irresponsible.

In conclusion, Mr. Speaker, I would like to emphasize that Canadians do not want to see a continuation of this foolish squabble between the federal and provincial governments. They do not want to see it used as an excuse for cutting health and education programs. Canadians are not too much in favour of provincial governments being more powerful than the federal government. They want to see governments, both federal and provincial, which can work together in their interest. With that in mind, I hope that the government will be very open to amendments when this bill goes to committee.

• (1630)

Some hon. Members: Hear, hear!

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, during the last couple of days in which I have had the opportunity to listen to the debate, if I may say so, present company excepted, the tone of the debate has improved. I would compliment the hon. member who spoke previously, the Secretary of State (Mr. Regan), and particularly the member of Parliament for Kingston and the Islands (Miss MacDonald) who spoke yesterday. Although obviously I do not agree with the conclusions reached or some of the stances taken by hon. members opposite, it does seem to me that our debate has improved when some of the rhetoric has been taken out and we have had an opportunity to examine the facts. I think it was a mark of intellectual honesty on the part of the hon. member for Kingston and the Islands when she conceded in the debate yesterday that there were some provinces that were at fault as they were not maintaining their share of the post-secondary education dollar, and that they had a responsibility. She said that the people who elected those particular governments should see to it that they live up to their requirements under this particular act and to their responsibilities, chiefly for education, which is a jurisdiction they guard very jealously, as we all know.

The Secretary of State indicated what I thought to be an appropriate position, namely, that we should set aside the post-secondary education costs and look at what the provinces and the federal government are contributing. He said that we should leave the same formula in place. He felt that three caveats should be attached to that particular agreement, but the provinces could not agree. It seems to me that some of them may not want to agree because, as he pointed out very clearly, they have a greater responsibility to the people, particularly the young people that they are endeavouring to educate at the post-secondary level, than they have been fulfilling.

I remember a debate concerning whether we should maintain the old system where provinces had to account for each and every dollar that they spent on post-secondary education. The provinces said to the federal government, "Look, we have an elected Parliament as well; we are elected legislators; we have a responsibility to the electorate. It seems that we should be trusted, under the block-funding system, to use the money in an appropriate way". I believe it was primarily the party opposite, the New Democratic Party, which felt that that was inappropriate. The party was somewhat apprehensive that the provinces would take that particular action. As it turns out, it would seem that at least two provinces have been less than candid or proper in their application of the funding that they received from the federal government. When one looks at the statistics, and I do not think anyone really argues with the amount of moneys which have been transferred, one finds that the share that the federal government has paid for post-secondary education has gone up. However, in some of the

provinces, at least, that figure, that responsibility or that commitment has gone down because they know that they no longer have to account to the federal government under the block system. Therefore, they have been able to utilize that money in other areas where, in their view, they may get more political impact for the dollar, or, to give the best interpretation, they might have felt that they had adequate facilities, that they were able to compensate the professors, adequately, that they were able to keep the tuition fees at a decent level and, on that basis, the money would be better spent in another area.

I do not know, at this time, whether the block-funding system was a good move, but it was a move by the federal government in the hope that the provincial governments would not apply the money that they received for post-secondary education to other areas. The hon. member who spoke previously indicated what is felt on all sides of the House. I do not think that anyone could seriously argue with the philosophy of equalization where the have-not provinces need assistance. There has been a suggestion that the amount of money from the federal level had gone down. I will deal with that in a few moments. On the basis of that, it has been suggested that the federal government does not care, or else has lost touch with the people. The hon. member for Kingston and the Islands indicated—although it was sort of a back-handed compliment—that it was at the federal government level that we moved into many areas where the provinces have responsibility. We moved into the unemployment insurance field, the pension field and the health field. However, I would remind hon. members opposite, and sometimes hon. members of this party who might forget, that it was this particular party, while in power, that brought in great social measures, such as the Canada Pension Plan, the Old Age Pension Plan, the guaranteed income supplement, that established the Farm Credit Corporation to help the farmers and that introduced the Adult Occupational Training Act in, yes, the field of education. That was done in recognition of the fact that the federal government also has a responsibility. However, it alone could not train young people. It had to move in conjunction with the provinces on an individual basis, entering into agreements with the provinces every three years to train the young people of this country. Many colleges of applied arts and technology are very happy that the funding is available under the Adult Occupational Training Act at the federal level to help maintain their running expenses.

Modesty prevents me from commenting on who is responsible for a particular bill, but we do have immigration legislation which the United Nations High Commissioner for Refugees wishes every country had in place because of the humanitarian way we treat refugees and immigrants who wish to live in this particular country. We received commendations specifically because we incorporated into our legislation a responsibility to refugees and described the manner in which we would deal with them. We expanded the definition of refugee. We have a concern for the ordinary person. People commenting on this particular bill who might take the position that we are not paying as much as we should because we are uncaring have not read the legislation. Great social benefits have accrued to the Canadian people and to immigrants to Canada as a result of legislation brought forward by this particular party and this particular government.

What has been the size of the contribution of the federal government? I will go into this in more detail in a few minutes. However, on the surface, I think people should recognize that the transfers to the provinces alone represent 20 per cent of the expenditures of the federal government. In other words, the taxes are collected by the federal government, and 20 per cent of the expenditures we make are turned around and immediately transferred to the provinces for their use. I think the figures, in fact, do bear repeating. The press release issued by the minister indicated that an estimated $105.5 billion would be provided to the provinces under the amended fiscal arrangements act. Under the present act, $61.3 billion has been transferred to the provinces since 1977. We are therefore talking in terms of large amounts flowing from the federal level to the provincial level, as is appropriate under the fiscal arrangements act.

Mr. Crosby: How does that compare with other increases?

Mr. Cullen: During the 1982-83 fiscal year beginning April 1, federal transfers for health and post-secondary education programs will amount to $11,677 million. That is an increase of $1.2 billion over 1981-82 program-related transfers. Therefore, there has been no cutting back of the federal commitment to assist in these particular fields. In fact, not only will there be an increase, but it will be significant, amounting to $1.2 billion in one year alone. Equalization outlays—

Mr. Crosby: You already made that speech.

Mr. Cullen: The hon. member has the right to heckle me because I was heckling him yesterday afternoon and he nailed me right between the eyes. I apologize for one of the statements made. He certainly handles heckling better than I do.

Equalization outlays will—

Mr. Waddell: Flatter him. He may shut up.

Mr. Cullen: —grow to $4.7 billion in 1982-83 from $4.4 billion in the current year under the new system, with expanded revenue coverage and a representative average standard. It is anticipated that six provinces will benefit.

Mr. Crosby: Give us some original material.

Mr. Cullen: I did indicate that I was repeating something that I felt had to be repeated so that the message will get across, hopefully, to hon. members opposite, and certainly to remind people in this particular party, in case they should be feeling a little apprehensive, that the federal government has been anything but picayune in the amount of money that it has been transferring to the provinces.

Mr. Crosby: Come on. You had three weeks to think about this.

Mr. Cullen: I would like to comment on the general issue of the fiscal balance within the Canadian federation and the more specific issue of how this relates to the need for restraint by the federal government and how this need is being implemented. Some comments on these matters might be useful in view of the importance attached by members of the opposition to these matters in the debate on Bill C-97 and to their apparent lack of understanding of the relevant facts or a refusal to acknowledge them—and, of course, that is a political position which we can understand.

• (1640)

In his opening remarks yesterday the Minister of Finance (Mr. MacEachen) referred to the striking decline in the federal share of total public sectors' revenues in the past 20 years. This was criticized by some hon. members challenging the minister's use of the 20-year time span and contending that a ten-year time span from 1971 to 1981 would be better. They argued further that, using a shorter time span, the position of the federal government vis-à-vis the provinces has been improved. From this they went on to imply that the cuts in the federal transfers to the provinces are unreasonable.

I thought that at that time there was really nothing sacred about a 20-year time span. Other periods of time could be used. For example, a good case could be made for going back 25 years and starting with 1956. If we do this, we find that the decline in the share of revenue at the federal level is much more significant than that of local government. It would bring about $60.5 billion of additional revenue into the formula in 1982-83.

When I looked at the period of 1956 to 1981, I found the federal share of total government-owned source revenues had declined from 64 per cent to 49 per cent on a national accounts basis. Its share of total revenues, after transfer payments, has declined from 61 per cent to 38 per cent. I have done the research on this particular subject, Mr. Speaker, because it is my honour to chair the Standing Committee on Finance, Trade and Economic Affairs and it seems to me that we have to have the actual figures before us, we have to understand the percentages that we are talking about to determine if, in fact, the revenues flowing to the federal government have declined. It would seem from the research and the study that I have done that most assuredly that is true.

In addition to looking at longer time spans, let us look at the shorter time spans. If we take a ten-year time span we do not find, as certain hon. members suggested, that the federal share has increased. Thus, if we compare the federal government share of total revenues from own sources between 1971 and 1981, we find that it declined from 51 per cent to 49 per cent. In the case of total revenues after transfer payments, the share remained unchanged at 38.3. While this may suggest to members that a levelling off has occurred, the fact of the matter is that a substantial portion of present federal revenues in recent years has been earmarked to pay for oil import subsidies—which have protected consumers in all parts of Canada from high and economically-disruptive oil prices.

Federal revenues available for general expenditures are now significantly lower than that which is shown in the national economic accounts. It is, moreover, the case that federal government responsibilities have increased markedly in recent years as a consequence of its primary role among Canadian governments in responding to a succession of international shocks to the world economic system. These considerations lead me to believe that the federal government faces unprecedented demands upon its revenues to meet new types of expenditure, and that this had led to a situation of unprecedented need to restrain existing expenditures of all kinds.

The federal government has responded to this need for restraint. However, it has done so in a careful and well-balanced manner which has avoided disruption and dislocation to particular parts of the economy. Can you imagine, Mr. Speaker, if there had not been any intervention, the impact that the OPEC nations, action to quadruple the price of oil would have had on the economy of Quebec and the four Atlantic provinces? But the government saw fit and considered it appropriate enough to intervene and, as I have said, to avoid disruption and dislocation in that particular part of the economy.

Some hon. members might have us believe otherwise, but the facts are there for all to see. They argue that federal expenditures are growing uncontrollably, and that the only place where restraint is being exercised is in federal payments to provinces. Mr. Speaker, this is certainly not true. First of all, if we look at the government's total outlays on a public accounts basis, we find that they are growing more slowly than the consumer price index. Thus, in the last budget, total federal outlays were projected to increase by 11.7 per cent in 1982-83 as compared with 12.3 per cent for the CPI. Also, for the longer period from 1981-82 to 1985-86, total outlays were projected to grow at an annual rate of 10.9 per cent as compared with an annual rate of 11.2 per cent for the CPI. Also, these rates of growth are consistent with the government policy adopted in the mid-1970s that the trend growth rate in its total outlays should be held within the trend growth rate of the gross national product.

Mr. Speaker, as a member of the treasury benches at that particular time, I well remember that position being adopted by the government of the day and I am happy to say that it has met the commitment that was made, not just recently but back in the mid-1970s, to see that the rates of growth were consistent with the growth in the CPI.

Mr. Speaker, I would like to turn, finally, to one other allegation made by certain hon. members, that federal constraint is being applied in such a way as to fall almost exclusively upon the provinces. Again, this allegation is not valid. Federal restraint has not, should not, and in any case could not possibly apply evenly to all programs or to all years. If we look at the rate of growth of federal outlays from 1981-82 to 1982-83 we find that they are relatively high for public debt charges

and national defence, and relatively low for transfers to provinces because of a change in the latter which will lower its growth rate for a single year. However, if we look at outlays over a longer period, beginning with 1981-82 and including the year in which the growth rate for transfers to provinces is reduced, that is, 1982-83, we find that transfers to provinces are growing at a rate which compares favourably to the rate for the total of other federal expenditures.

Mr. Speaker, the word "totality" was in my notes, but I cut it back to "total" because I find the word "totality" a difficult one to use, as a Liberal, from time to time.

Specifically, transfer payments to provinces are projected to grow at 11.8 per cent through to 1986-87 while all other expenditures projected in the budget for the four-year period to 1985-86 are projected to grow at 10.9 per cent.

Finally, I would emphasize that federal outlays under the fiscal arrangements are not being reduced. They are growing, and they are growing in each and every year. Payments under two major programs—equalization and the EPF—which were $61 billion in the five years ending this coming March 31, will amount to $105 billion over the next five years. We estimate that if we had continued the revenue guarantee and had not made EPF transfer payments equal per capita in all provinces, federal outlays would have amounted to about $110 billion for these same five years. In other words, the two changes that are being made in EPF will moderate somewhat the growth of transfers to the provinces.

In my view, this applies a degree of restraint to transfers to provinces which is entirely acceptable and which is comparable to what is being done for other categories of federal expenditures. It is something to which provincial governments should be able to adjust without great difficulty.

Some hon. Members: Hear, hear!

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I also am pleased to rise on Bill C-97. My colleagues have expanded in some detail about the financial aspects of this bill. We have said, of course, that our party is opposed to Bill C-97 for a number of reasons. First of all, we oppose this bill in principle because it is an autocratic, unilateral action on the part of the federal government. It is typical of this Liberal government that disregards the financial agreements made with the provinces in 1976, that makes changes in the established programs financing arrangements unilaterally, changes that will severely curtail health care and post-secondary education. It also eliminates revenue guarantees to provinces, as has been pointed out.

We also oppose the cutbacks, of course, which will create inequity and inequality in provincial health and education services. The cutbacks in this bill will allow and encourage the privatization of medicare, a process which has unfortunately already started in a number of provinces—the provinces particularly, I might mention, of Alberta and Ontario. It will make it difficult, more difficult indeed, for progressive governments, such as those of Saskatchewan and Manitoba, to continue universal health care for their citizens—a principle that I would hope all parties in this House would certainly endorse.

• (1650)

I want to concentrate on the community impact and the human impact on people in areas such as my riding of Vancouver East. They will suffer as health services are cut as a result of the cutbacks laid down in this bill. It is important that we not only maintain but extend our health care services with increased financing.

If we look at the demographic trends in the Canadian population, we see an aging population with many expensive health care needs. These will increase. It is important that these needs be met not by institutional and long-term care, but with preventive care so that our older population can remain in their homes as long as possible and receive support services in the community.

Those from the west know—and I must say the Liberal government is not tuned into this—that there is a new mobility pattern in our country. Thousands of people are moving west and north, particularly young people, in search of employment. There will be new communities in the future. Adequate health care services must be provided for workers in some of the more remote areas. Expensive new facilities such as hospitals will be required. Increasing unemployment and economic stress has created increased pressure for millions of people. This creates an impact on the need for physician and psychiatric care services. Increased poverty means poorer nutrition for children and young families, and as a result they will require increased health care, something they are entitled to in a country like Canada.

It is a federal responsibility to increase funding for medical research. For example, urea formaldehyde has been a frequent topic of discussion in this House. There are new environmental hazards as well as the impacts of microtechnology, particularly on women workers. All this is in addition to chronic illnesses such as cancer, heart disease and arthritis for which we have not yet found a cure. Therefore, there must be increased federal funding.

My colleague, the hon. member for Cowichan-Malahat-The Islands (Mr. Manly) talked about the impact of these cutbacks on provinces such as Manitoba, so I will not dwell on this in my remarks. It is particularly important for the federal government to assist not only in maintaining but in improving health care services. I will not touch on post-secondary education; other colleagues will speak to this subject. It is a struggle just to maintain the status quo. In addition to investing funds, we must plan properly so that the health care dollar is better used. This may help to reduce or at least sustain the present level of health care costs.

Members opposite have said that the federal government made a mistake by moving into block funding for health care services. We agree it was a mistake. It gave up federal control over the need for general health care standards across this

country. It lost some of its negotiating power with the provinces with regard to insisting on certain priorities which are essential for a sound preventive health care program.

As I said, I want to concentrate on the human side of health care services and the kinds of services that will be affected by the federal cutbacks and, therefore, the lack of adequate funding to the provinces which are implied in this bill. It is also important to talk about the health needs of young children. I refer to reports presented to the House last spring by the Standing Committee on National Health and Welfare and its recommendations with regard to young families, and the federal responsibility toward them.

Finally, in my remarks I will refer to concerns of the National Action Council on the Status of Women in its brief presented to the task force on federal-provincial fiscal arrangements. It is concerned particularly with the health care of women in Canada.

First I want to talk about the type of health care services which will give us a more sensible and practical value for our dollar. This will help to alleviate some of the expenses of chronic institution care which consumes so much of the health care dollar. My party believes that not enough funding is given to medical care services, medical delivery systems and community health programs. I refer to programs that should be readily accessible to families and individuals in their neighbourhood, adapted to local conditions.

I wish to speak about the importance of community health clinics that are developed under the guidance of community boards which provide services geared to the ethnic make-up of many communities. My riding of Vancouver East is multi-ethnic. There is a large proportion of low-income people. The services they require must receive federal funding. They require demonstration grants from the federal government.

Some years ago in my riding a health centre was developed. It was established as a model for other clinics. It is called the Reach Clinic and was developed in co-operation with UBC medical services and local general practitioners. A community board runs the operation. It is a non-profit organization which employs workers from many different ethnic backgrounds. It serves a multi-ethnic community. There is a medical card which can be used by families for all health services. It was one of the first community clinics to develop a dental program for low-income families, a very important service that is not available in most communities.

Recently the Reach Clinic began a program for adolescent parents. I have talked before in the House about the extreme social and health problems caused by the great increase in adolescent pregnancies. There is a need for a whole range of support programs for teenage mothers. Many are really children trying to rear children of their own. This kind of clinic provides support for adolescent parents and education with regard to job training, and helps young mothers with child daycare programs so that they can get on with their lives knowing that their children are receiving proper care. It provides information on parenting skills, nutrition and an awareness of basic health needs.

The experience of health community clinics in Quebec adds another important dimension. I refer to the whole question of prevention. There are family-life education programs, access to contraceptives, and freedom of choice with regard to abortions which should be available through community health care clinics. In my riding we also have a downtown health society which was adapted to the needs of street people, including alcoholics, drug addicts and those who live in the downtown area of Vancouver. Most of these people have extremely low incomes, inadequate diets and severe health problems. Therefore this downtown clinic, again with a community board, stressed hot meals and good nutrition for street people. It helped to provide dental care to those who had no access to it and provided referrals to many community services.

• (1700)

In the Chinatown area next door, another health care concept is being developed as part of a social and co-operative housing project. This is largely for Chinese Canadian residents, many of whom are elderly and do not speak English. There are also many public housing projects in this community and, therefore, a public health department has agreed to decentralize and move into the basement of a new senior citizens development. This unit will be open to all residents of the community. It will provide a Cantonese-English-speaking staff as well as a community advisory committee. It is possible to adapt this centre to the needs and desires of elderly Chinese people to make available traditional herbal medicines and acupuncture in the future.

Another important health care centre is a day care centre for adults which provides medical care for the disabled and elderly. This will allow many of them to remain in their homes. Again, this centre would have a Cantonese staff, provide Cantonese meals, which will provide beneficial mental health and morale as well as good nutrition for these people.

I mention these examples because I believe it is extremely important that they be funded and not just maintained as demonstration projects. They should be expanded in every community, certainly throughout the metropolitan areas in Canada. This cannot be done without adequate funding and without fiscal arrangements which are fair to the provinces.

As I have mentioned, most of these services are provided in poverty areas. This requires a very high degree of subsidized care. For example, some centres in Victoria, Winnipeg and other cities have new health care clinics which have a combination of social services, health care services and a multiplicity of comprehensive support services. They provide services which prevent and cure the early symptoms of poor health which would ultimately relieve the expense of institutional care for these people.

As mentioned, there were a number of recommendations made by the subcommittee on the international year of the child to the Standing Committee on Health, Welfare and Social Affairs last spring. I would like to refer to a number of recommendations which were made on behalf of Canadian

children with regard to health services. There were several medical practitioners on the committee.

I would like to refer to a few excerpts from this report, particularly from the section on children and health. It was felt by members of the committee that fetal and neonatal mortality and risk of handicaps are still substantial, varying widely from province to province. The recommendation went on to say:

> The risk could be reduced with improved prenatal care. A key issue is the need for a system of reproductive care that provides among other things: regular care and supervision for all mothers during pregnancy; information for parents about the effects on the unborn of nutrition, smoking, and alcohol and drug usage during pregnancy; and good prenatal child care.

There was also considerable concern that with our sophisticated medical practices in Canada, many Canadian children are not being adequately immunized. It was recommended in particular that an extensive public education program be undertaken through federal and provincial co-operation to make the public more aware of the effects on the fetus of maternal nutrition, smoking and the use of drugs and alcohol during pregnancy and to stress the importance of immunization for young children.

You may think that this does not apply to the bill under discussion today but I can assure you that these recommendations relate very directly to the need for adequate funding for health care and preventive services to provide for the future good health of our children.

It was also proposed that family allowances should be extended so that mothers at the time of pregnancy will receive the proper nutrition to provide proper prenatal health care so that children will be born well developed physically and mentally.

The committee also stressed the quality of nutrition, which ties in very closely with health services and preventive health care, which is of serious concern, particularly the entire diet provided to children from low-income families.

I saw examples of inadequate diets for many children when I worked in co-operative food stores in public housing projects where children of families on very low-income used their money for junk food. This is not only true for low-income families but these families do not have the money for nutritious foods. Positive steps must be taken for adequate nutrition. Nutrition programs should be made available in preschool and elementary school hot lunch programs.

Another recommendation was to consider having more non-profit food banks operating on a permanent basis in Canada for distribution to those in need.

I would indicate that this report has never been dealt with in the House. It has not gone to cabinet and has not been considered by the Minister of National Health and Welfare (Miss Bégin). I consider this to be a disgrace after the amount of work that has been put into this report, not only by the Standing Committee on Health, Welfare and Social Affairs but also by many voluntary groups across Canada.

Another problem severely affecting young people, predominately from the age group from 15 to 19 years, is suicide. Preventive measures must also be adopted to avoid fatal accidents. We also advocated recommendations based on studies which reveal the increasing number of adolescents who are using tobacco, alcohol and drugs, and we recommended that school help programs should stress the dangers of the use and abuse of such drugs. It was our belief that there should be a national advertising campaign warning against the harmful effects of drug abuse. Also, education and treatment service should be provided to control drug and alcohol abuse among the employed. This should not be a matter of concern only to the unions who are launching programs to improve the health conditions of workers, but to employers as well.

Those are some of the recommendations in the report on children and the need for federal funding to be continued and expanded for the preventive health care services.

In the alternate report which I presented to that committee on behalf of our party, I also stressed the importance of expanding the public health facility to enable health care nurses to reach out into the community, particularly homes where families are not likely to be using traditional medical services. Health care nurses should meet with young mothers to get them involved in supportive services and provide the kinds of health care services that are needed at a very early age so that children will have a better future.

• (1710)

Finally, if time permits, I would like to raise some of the points respecting health care cutbacks, which are of particular concern to women in Canada. These points were raised in a brief submitted to the parliamentary task force on federal-provincial fiscal arrangements by the National Action Committee on the Status of Women in July, 1981. The National Action Committee stated:

> —health care is an area of particular concern to women . . . Women are much more frequently diagnosed as suffering from health problems than men are. Women feel the effects of federal and provincial cutbacks in health care more severely since they are the principal consumers of health care services.
>
> Health care cutbacks put women in a double jeopardy position. First, the unequal treatment of women causes them to have higher rates of health breakdowns and second, society restricts their access to the means of ameliorating their health problems.
>
> We are also concerned with the cutbacks in the funding of health care services from the standpoint of women as workers. Except for the highly skilled positions of doctors or managerial staff . . . the majority of workers in the health care system—
>
> By far, are women.
>
> The fact that this committee invited both the Canadian Nurses Association and NAC's member group, the Canadian Union of Public Employees, to make representations at its hearings indicates that the committee recognizes the enormous implications of the cutbacks for the women who work in hospitals.
>
> From the perspective of women, both as consumers of health care services and as workers in the health care system, we are tremendously concerned by the over-all decrease in funding as well as the elimination of mandatory federal-provincial cost-sharing formulae.
>
> With the introduction of the Established Programs Financing (EPF) arrangements in 1977, the federal government limited its expenditure increases to the over-all growth in the economy and eliminated conditional grants in favour of cash and tax-point transfers to the provinces. While this change was supposed

to give the provinces greater autonomy in the health care field, it has simply meant that there has been a substantial decrease in health care funding on both the federal and the provincial levels. The provinces have used the introduction of the EPF system as a means of decreasing their share of health expenditures. In 1975-76, the provincial share of health care expenditures was 41 per cent of the total. In 1980-81, it dropped to 27.8 per cent of the total moneys expended. By allowing the provinces to evade their responsibility in this area, severely restricting its own contribution to health care, the federal government has reneged on its commitment to the Canadian people to provide equality of access and a quality health care service from coast to coast.

Quality health care is our right. It is not a privilege conferred upon us by our federal or provincial governments. The National Action Committee, therefore, demands that the over-all level of funding from both federal and provincial governments for health care services be increased substantially and that the federal government reinstitute a cost-sharing formula to ensure that the provincial governments live up to their responsibilities. It is clear to us that block funding is ineffective: the provinces are not sufficiently committed to the delivery of quality health care services without some form of incentive—

Cutbacks in post-secondary education have more or less followed the same pattern as the cutbacks in health care, with the result that there are fewer places open in post-secondary institutions, fewer jobs, and the cost of users is escalating.

This affects women particularly.

Women's access to post-secondary training has traditionally been severely limited because of discrimination in selection and lack of resources.

This lack refers to education training resources. I might add that there is a lack of adequate manpower allowances and a lack of daycare to go along with them. The brief goes on to read:

Eighty per cent of women in the paid labour force are concentrated in five low-paying employment ghettos: clerical/secretarial, small manufacturing, hospital work, teaching and services. These five areas are the very ones that will be most severely affected as a result of the introduction of micro-processing technologies over the next two to five years.

Paid employment is the fundamental right of every adult who wants it and if women are not, once again, to be pushed out of the labour force, massive job retraining in the non-traditional areas of employment as well as in new technical sectors must be provided to them. To cut back post-secondary education funding at a time when women are going to be facing a technologically-induced employment crisis is to effectively bar women from the labour force. The National Action Committee, on behalf of the more than three million women that it represents through its member groups, strenuously objects to any policy that negatively affects the employment prospects of women. We demand that our federal and provincial governments immediately expand funding for post-secondary institutions and make every effort to ensure that women are recruited for training and retraining, as well as for jobs in these institutions.

Recently, women in Canada have witnessed the severe contraction of subsidized child care spaces, rules to limit access further, the lowering of standards, and the introduction of child care businesses that cut corners and make profits at the expense of our children. The National Action Committee vehemently opposes any effort by our governments to transfer responsibility for child care from the public to the private sector. One of the original bases upon which NAC was founded was to fight for a publicly funded, twenty-four hour, free, child care system that would be accessible to all.

I can tell hon. members that this party soundly endorses that recommendation. The brief goes on to say:

The National Action Committee is concerned because recent cutbacks in day care funding and the refusal of our governments to regard child care as anything but a welfare service have restricted access to the already-inadequate child care system and resulted in the lowering of standards and in poor wages and working conditions for child care workers, almost all of whom are women. We would like to reiterate most strongly the demand, articulated by women across Canada, for a free, universally-accessible, twenty-four-hour child care system.

In this area, we are particularly concerned that an incentive funding program be developed to force provinces to provide adequate levels of funding and ensure that uniform, quality services are available from coast to coast. A cost-sharing approach will no doubt give the federal government the much needed incentive to drastically expand child care, as well as provide provinces with the necessary stimulus to develop the programs.

We would like to point out here that if the federal government is genuinely committed to the principle of economic equality for women, a principle to which it has so often paid lip service—

But done little.

—it must initiate action on this fundamental underpinning of women's equality—a good child care system available and accessible to all. The federal government can no longer hide behind the argument that this is a matter for provincial jurisdiction. The time for child care has come.

A number of other issues could be raised on behalf of women, and I am sure other speakers will be raising them, but since my time is now up, I would just like to stress once again the importance of an adequate federal funding program for health care services and post-secondary services, particularly for women in Canada and their children, who must have a better start in life.

• (1720)

Mr. Dan Heap (Spadina): Mr. Speaker, I wish to rise to speak in criticism of Bill C-97. Although some of the points that I will make have been touched upon already, I shall make them again, as well as some more specific points, because they bear repetition and clarification.

As well as being arbitrary and one-sided in the way it has been handled in comparison with the tradition of federal-provincial negotiations, this bill also represents very interesting manœuvring on the part of the federal government to make the principle of federal-provincial negotiations fairly unworkable. Delays were introduced which had the result of making it impossible to meet the timetable set for serious negotiations.

First of all, I want to comment on some of the effects of the cuts that have been envisaged and about which we have been warned and which, to some extent, have already occurred.

In the riding of Spadina and in the city and province in which it is located, cutbacks in education and health care services and specifically post-secondary education are already being experienced. The federal government will maintain that this is all the fault of the provincial government, yet it seems to give different figures at different times. For example, at the present time a figure in the range of 55 per cent of the funding for post-secondary education in Ontario is given by federal government spokesmen. I remember that last summer a spokesman for the federal government claimed that it was contributing 87 per cent of the cost of post-secondary education at places like the University of Toronto. That statement came from a person who had been engaged, as secretary to the Prime Minister (Mr. Trudeau), in a good deal of the planning and manupulation of the figures. He was hoping to move further up the ladder and into cabinet. I refer, of course, to Jim Coutts, the one and always aspirant to election in Spadina. He stood in front of the university, at Convocation Hall, and asserted that this government was paying 87 per cent of the cost of universities such as the University of Toronto. Since then other government spokesmen have said it is paying something like 50 or 55 per cent. Either the government has

cut its contribution by almost half within a few months or the figures given by one spokesman or another are not to be believed.

In any event, Mr. Speaker, the effect of cuts by both the federal government and the provincial government of Ontario are already being felt in the area of post-secondary education in the province. Next fall the fees will be raised by at least 12 per cent, and when the cuts now proposed by the federal government go into effect, the fees will undoubtedly be raised again for 1983. There have been cuts in programs at the University of Toronto, Queen's University and colleges such as St. Lawrence and St. Clair. There is a general cut in accessibility. During the past year 50,000 student applications were rejected by the post-secondary education system in Ontario because places were not available. In fact, only 45 per cent of applicants for 1980 and 1981 were accepted. There simply is not enough room to educate the students we have, even though the ratio of university educated people to population is lower in this country than it is in the United States and Japan.

What is happening is that the money envisaged as being withheld from post-secondary education as such, is to be recycled into specific job training tailored to particular job needs. That does not provide the equivalent of a genuine post-secondary education which the country needs and which many other countries still provide.

There is, in fact, no attempt to set any sort of minimum standard on post-secondary education. There is no standard of accessibility relating to the poor, the immigrant, the native peoples. There is no standard of quality in education. Of course, the trouble is that the government which enacted the original legislation for EPF and revenue guarantees failed to ensure any such guarantees. It claimed that if the matter went badly it would ensure them, but now it is backing out.

In the field of health, such a well-known hospital as Toronto Western has closed its obstetrics department. This was not done cheerfully, the director told me, but after great heart-searching. There were operating deficits and something had to go, so now the obstetrics department has gone from one of the major hospitals of our country. Previously, that hospital had closed wards and made other cost-cutting moves. Such things do not contribute to the wellbeing of any hospital. There have also been cuts in public health services in Toronto and other cities and municipalities.

Of course, the general cuts in hospitals have, through antiunion legislation, mainly been borne by the nurses, nursing aides, orderlies and cafeteria workers. While doctors are allowed to strike—just like the Tories—nurses are not allowed to strike, and hospital support workers are thrown in jail for doing what doctors and Tories do with impunity.

OHIP fees have been raised and hospitals are inventing all kinds of new fees for patients. Things that were previously part of the service are now not available under OHIP but are charged separately. Hospital admissions have slowed down, and there have been cases of serious illness or injury where people were not treated in time because of delays in admissions. There have also been cases where people have been discharged prematurely, evidently because of over crowding once certain wards and facilities were reduced. There have been cases where people were discharged prematurely and their health suffered afterwards, even to the point of death in some cases.

The point is that the government introduced Bill C-97 which, if it passes in its present form, would amend current legislation and result in changes to two of the most important programs developed in this country, the established programs financing and fiscal equalization.

We in the New Democratic Party are deeply concerned with the reduction in federal funding for essential social programs and by the government's refusal to work co-operatively with the provinces in order to ensure first-rate education, health and other basic public services.

I want to comment now on the established programs financing and how it evolved for health care and post-secondary education. Federal transfers to the provinces originated in the imbalance between federal and provincial expenditure responsibilities and revenue capacities. Under the BNA Act the responsibility for health, education and welfare resides with the provinces. After World War II the federal government used its superior fiscal resources to initiate a number of national shared cost programs in these areas. These major new programs were designed to ensure that national standards in the quality of health and education programs delivered by the provinces would be achieved. This undertaking that certain standards would be achieved and maintained was made at that time.

• (1730)

Throughout the late 1960s and the early 1970s the federal government became increasingly alarmed by the rapid growth in its financial transfers to the provinces for hospital insurance, medicare and post-secondary education. Over the strong objections of the provinces, many of which could never have participated in these national programs without substantial federal cost sharing, the federal government instituted a number of arbitrary and controversial measures to cut back its contributions to these programs.

Federal contributions to post-secondary education programs were capped in 1973-1974. In 1975 the federal government announced a schedule of annual ceilings to its medicare contributions, and gave its notice of intention to terminate the hospital insurance agreements in 1980.

Reacting in part to the unanimous concern expressed by the provinces over this arbitrary imposition of ceilings and in part to continuing concern about the rate of increase of its contributions, the federal government proposed new funding arrangements for health and post-secondary education in 1976. Effective April 1, 1977, federal conditional grants to the provinces in support of hospital insurance, medical care and post-secondary education were replaced by the established programs financing arrangements that we now have. EPF replaced federal conditional cost-sharing payments in these program areas by unconditional cash grants, together with the

transfer of tax room from the federal to the provincial governments. The per capita federal EPF transfer to the provinces escalates annually at the rate of increase in the gross national product. It is calculated independently of provincial program expenditures. One of the important points is that the federal government knowingly separated its granting from any co-operation by the provinces; it foresaw the possibility that that co-operation would fail. It undertook to restore a requirement of co-operation, and it has now reneged on that undertaking.

There were five principles to the established program financing. They were announced by the Prime Minister at the conference of first ministers in June, 1976. First, the federal government should continue to pay a substantial share of program costs. Second, federal government payments should be calculated independently of provincial program expenditures. Third, there should be greater equality in per capita terms in federal contributions to the provinces. Fourth, funding arrangements should be permanent. Fifth, there should be continuing federal participation in the development of policies of national significance in health and post-secondary education.

These principles announced the end of traditional cost-sharing in hospital insurance, medical care and post-secondary education. An unconditional block funding arrangement was implemented with no matching requirements by provincial governments. Two restraint objectives were intended. The first introduced an element of certainty for the federal government in its financial commitment to these programs. The second provided increased flexibility for provincial budget planning to allow greater scope for cost-saving measures.

The principle of predictability and certainty of federal transfers was to give provinces the opportunity to undertake proper expenditure forecasting, secure in the knowledge that federal contributions would not be capped or withdrawn.

By establishing the financing of these programs on a permanent basis, the federal government attempted to alleviate provincial uncertainty concerning future federal contributions. At the June, 1976, conference the Prime Minister stated exclusively the federal government's commitment to the principle of long-term certainty. He said:

> The fourth principle (of EPF) is that the arrangements be established on a more or less permanent footing, to reduce the uncertainty that has attended in the past the questions of continued federal involvement and the dimension of federal financial contributions . . . (notice of termination) would not be given lightly, because the intention is to underline the relative permanence and stability of the new arrangements.

Not all the provinces were encouraged by the new funding proposal. There are serious liabilities in having an unconditional block fund approach to federal financing of provincial programs when national standards in the quality of these services are paramount. Notwithstanding concerns, the actual financial offer made by the federal government was judged unacceptable by all provinces. In brief, the provinces were asked to assume all the financial risk in large program areas that were experiencing substantial cost pressures. Moreover, provinces were assuming this risk at the same time the federal government was proposing to terminate the 1972 revenue guarantee program.

The revenue guarantee was to become a central aspect of both the 1976 and 1981 negotiations on established programs financing. The revenue guarantee was introduced by the federal government in 1972 to encourage provinces to parallel federal income tax reform. It was a promise by the federal government that over a five-year period the provinces would lose no revenues by adopting the federal income tax changes. Although the provinces warned the federal government that the tax reform measures would significantly reduce revenues, the federal government insisted that the loss of revenue would be minimal. Ottawa optimistically assumed that revenue guarantee payments to the provinces would be small. Despite an arbitrary formula change by the federal government which reduced revenue guarantee payments to the provinces for 1974 and subsequent years, payments were nearly $1 billion per year by 1976 and were escalating.

Provincial estimates of the cost of tax reform have been absolutely correct. Termination of the revenue guarantee would severely disrupt provincial finances. Although the federal government recognized there would be a difficult period of adjustment for all provinces when the guarantee ended, it resolutely maintained that the guarantee would expire at the end of 1976.

Given the importance to provincial finances, the ten provincial premiers unanimously requested the transfer of four personal income tax points and associated equalization as partial compensation for the termination of this program. The stage was set for a major compromise.

Central to the negotiations was the federal government's legal commitment to cost-sharing under its hospital insurance agreements with the provinces until mid-1980. Provinces would have been entitled to claim any difference between this open-ended cost-sharing arrangement and the hospital insurance component of EPF for the first three years of the new program. The federal government wanted to get out of this commitment.

The federal government offered the provinces financial compensation. There was one equalized point of personal income tax plus an equivalent amount of cash for termination of the revenue guarantee. Significantly, the compensation for termination was included as a permanent part of the basic structure of the EPF arrangements and as an inseparable component of the contributions paid to the provinces for health and education. In exchange, the provinces agreed to waive their rights to open-ended cost-sharing under the hospital insurance agreements.

• (1740)

In the period 1977 to 1981 there were further major developments. Given federal assurances in 1976 that EPF was a permanent arrangement for funding of health care and higher education, the provinces had reasonable expectations that EPF would evolve smoothly. However, five major developments occurred over the last four years which put in question the federal government's real commitment to EPF, that is to

say, to the national health program and the post-secondary education system.

The first was the 1978 federal budget cuts. In August, 1978, the federal government announced significant budget cuts and a re-allocation of funds from existing programs to new priorities. Included were major unilateral cutbacks in federal-provincial transfers. At a November, 1978, finance ministers' meeting the federal finance minister suggested EPF would be the target for reductions. That proposal startled the provinces. EPF was not yet a year and a half old and was supposedly based on stability and predictability. In retrospect, this was the first indication that the federal government was anxious to back out of its financial commitment under EPF. The provinces, aware that reductions in federal funding would have lowered health and post-secondary education standards, rejected the federal proposals. As a result, the federal government cut back other transfer payments to the provinces.

Second was the federal allegations regarding the provincial misuse of EPF funds. Beginning in 1979 the federal government initiated an attack against the provinces, alleging provincial misuse of EPF funds. Provincial governments were accused of diverting medicare funds to other programs. These allegations precipitated a royal commission report on Canadian health services. Although the Hall commission report concluded that the provinces were not diverting health dollars, the federal campaign escalated up to and through the recent fiscal arrangements review. Over the past year provincial post-secondary education expenditures have become the favourite federal target. That there was an increase in federal contributions to the financing of health and post-secondary education in relation to provincial expenditures may be true, in some provinces, for the initial years of the new arrangements. This is not surprising, however, given the nature of the block-funding proposal introduced by the federal government.

One other technical feature of the EPF formula influenced the relative size of federal contributions in the initial years. Transfers to the provinces are escalated each year on the basis of a lagged three-year moving average of the growth in the national economy. During the early years of block funding the escalator was, to a considerable extent, based on the inflated but declining growth rate of the Canadian economy during the mid-1970s. This naturally inflated federal contributions to the established programs during the initial years. This was known to all governments in 1976 and its effects were predictable. The fact that EPF was deliberately front-end loaded during its introductory years, made this aspect of the formula an effective characteristic for selling the new arrangements to the provinces. It was also well understood in 1976 that provincial program costs would rise faster than federal contributions during a period of accelerating inflation. That is the current situation. In recent years provincial governments have been carrying an increasing portion of the accelerating health and education costs.

When the block funding arrangement was proposed in 1976, stable and predictable transfers for health and post-secondary education programs were primary objectives. These have been achieved by the current arrangements. Federal projections of the transfers under the EPF arrangements provided to the provinces in 1976 were extremely accurate; within 2 per cent of the amount actually transferred.

The third thing that happened in those four years, Mr. Speaker, was that the federal government became increasingly preoccupied with the lack of public visibility for federal transfers to the provinces. Given the nature of the block funding financing arrangements, it is no surprise that the federal government is having visibility problems with the EPF. As far as public accountability is concerned, the federal government not only can but is obliged to enforce the conditions specified in the national medical care and hospital insurance acts. If accountability is a problem, then the federal government is either not carrying out its obligations, or the specified conditions do not clearly spell out the respective responsibilities of the federal and provincial governments. It is a federal problem, not a provincial problem, and the Secretary of State (Mr. Regan) and the Minister for National Health and Welfare (Miss Begin) should get moving in carrying out their duty to enforce these principles of accountability and equal access to a quality level of care.

The fourth thing that happened in these years was the October, 1980, federal budget. The federal government indicated that it intended to achieve significant savings in social transfer payments to the provinces beginning in 1982-83. At the December 17, 1980, federal-provincial finance ministers' meeting the provinces urged the federal government to proceed with negotiations at the earliest possible date so that a mutually acceptable agreement could be reached in the interest of all Canadians. However, the federal finance minister was not willing to discuss the federal government's proposals at that time. He finally agreed to hold a meeting in March, 1981 but the meeting was never called.

At the western premiers' conference in Thompson, Manitoba, on April 28, 1981, and again at the meeting of the western provincial finance ministers and treasurers on May 5, 1981 in Victoria, the western provinces repeated their call to the federal government to table EPF proposals as soon as possible. Ottawa disregarded both requests. At the 22nd annual premiers' conference in August, 1981, the premiers were unanimous in agreeing that intergovernmental negotiations on EPF must commence immediately. Ottawa again ignored the provinces.

For more than an entire year, Mr. Speaker, Ottawa stonewalled the provinces in their repeated requests for ministerial negotiations on financial arrangements. The federal finance minister delayed meeting with his provincial counterparts until November 23, 1981, in Halifax. We must conclude that the federal timetable was designed to ensure there would be no time or opportunity for real negotiations and consultations.

The fifth thing to happen was the establishment of the parliamentary task force on federal-provincial fiscal arrangements in February, 1981. Its mandate was to examine fiscal arrangements within the context of the federal government's expenditure plan as set out in the October 28, 1980, budget. It

was to report to Parliament by the end of June, 1981. The main thrust of the federal finance minister's presentation to the task force was that transfers would have to be cut significantly to meet the federal government's over-all strategy of reducing its deficit. He implied that transfers were a major contributing factor to the federal deficit, and confirmed that the federal government was seeking net savings in social program transfers of $1.5 billion. In August, 1981, the task force released its report and flatly rejected that part of its terms of reference, requiring its examination to take place within the context of the October 28, 1980, federal budget.

• (1750)

In addressing the federal government's concerns about its deficit, the task force stated:

—federal grants to provinces and municipalities expressed as a percentage of total federal spending have been fairly constant since 1970. There is, therefore, no ground to suggest that the federal transfers have been getting out of hand. In fact, they grew at a slower rate in the 1970s than they did in the 1960s.

The task force rejected the arguments that federal-provincial transfers were responsible for the federal deficit. In the view of the task force, the federal deficit is the result of the general economic situation and federal tax and expenditure decisions. If the federal government gives away billions to the wealthiest corporations in this country and refuses to collect taxes from them, it is no wonder that the federal government has a deficit.

Some hon. Members: Hear, hear!

Mr. Heap: In his presentation to the parliamentary task force, the chairman of the Economic Council of Canada likewise took issue with the federal finance minister's statements that transfers to the provinces must be cut to reduce the federal deficit. He said that one should seriously doubt the wisdom and fairness of solving the federal deficit problem by merely transferring the problem to the provinces. This is not a solution at all. In the summary and conclusions to its report, entitled "Financing Confederation Today and Tomorrow", the Economic Council reiterated its position. The Council's first recommendation was that the federal government reconsider its proposed reduction in transfers to the provinces.

I now wish to look at the federal cutbacks to the EPF. The federal government announced in its November, 1981, budget that the changes to the established program financing arrangements were as follows: first, effective April 1, 1982, compensation to the provinces for the termination of the revenue guarantee which had been built into the EPF will be eliminated; second, as of April 1, 1982, federal contributions for health and post-secondary education programs will be on an equal per capita basis; and third, by March 31, 1983, new federal-provincial arrangements for the financing of post-secondary education and human resource development will be devised. If the provinces are unco-operative in developing these new arrangements the federal government will freeze future transfers to the provinces for post-secondary education at their 1982-83 levels. Fourth, by March 31, 1983, the national standards for health care are to be clarified and an effective mechanism for their maintenance is to be developed. This is to be done in consultation with the provinces and incorporated in new federal health legislation.

The financial implications of these steps are as follows: the elimination of the revenue guarantee will save Ottawa $813.7 million in 1982-83 and $5,306.2 million over the five-year period of the 1982-87 fiscal arrangements. Savings to the federal government, by placing the EPF transfers on an equal per capita basis, will amount to $127.9 million in 1982-83 and $574.6 million over the next five-year period. In total, the federal government will cut back transfers for health and post-secondary education by $941.6 million in 1982-83 and by $5,880.8 million over the period 1982-83 to 1986-87. These cutbacks are substantially greater than the savings proposed in the federal budget of October, 1980.

What we have to consider is the misleading federal presentation and data errors. In its November, 1981, budget, the federal government attempted to mask the real impact of the cuts to the EPF by presenting tables which suggested that increased provincial revenues resulting from the tax increases contained in the federal budget would offset EPF cutbacks. This is extremely misleading. Any additional tax revenue received by the provinces is from provincial home source revenue. It is collected from provincial taxpayers as a provincial income tax. It is not a federal transfer. Moreover, in those years when the federal government instituted tax changes which reduced provincial home source revenues, there was no thought of compensating the provinces with increased federal transfers. Even if this tactic were acceptable, which it is not, the actual cost of the EPF cutbacks to the provinces was further misrepresented by massive errors in the federal budget. By its own admission, the federal government overestimated the alleged revenue increases to the provinces by almost $650 million.

The federal government has never presented the provinces with a complete EPF proposal. It has always split its negotiations and threats. The deadline of March 31, 1982, was set by the federal government for legislation on the financial aspects of the EPF. This was after the federal government delayed for a year the request of the provinces for negotiation on this very point. The deadline for legislation on program issues is March 31, 1983. The latter is accompanied by the threat to freeze federal payments for higher education if the provinces cannot agree to as yet unspecified federal conditions. The package is incomplete. It provides for financial cutbacks without first addressing the programs to be financed. This is a complete reversal of the proper process of review and negotiation. Definitive federal proposals with respect to health and higher education objectives and conditions have not yet been made. The federal initiatives are completely contrary to the principles outlined by the Prime Minister when he introduced EPF in 1976. Of course, if the Prime Minister resigns in the next month or two, he can slough off all responsibility for all of his promises.

In essence, the federal government is attempting to reduce its financial involvement while increasing its control over provincial spending in health and higher education.

Mr. Blaikie: Won't work. The health minister should resign.

Mr. Heap: It should be noted that, except for a three-year notice of termination clause in the EPF arrangements, there is no legislative deadline for changes to EPF. Without legislative action, the existing financial arrangements will continue indefinitely, in keeping with the intended long-term nature of EPF. The federal government's stated intention to establish new financing arrangements for post-secondary education clearly indicates that it wishes to terminate the current EPF arrangements within one or two years. However, no notice of termination has been given in the House of Commons in spite of the Prime Minister's stated principle of permanency and stability. It is not known whether or not these new financing arrangements for post-secondary education will be accompanied by further cutbacks in federal funding for universities and technical schools. The pattern is clear, however. The federal government is seeking more political visibility for lower levels of spending without any concern for quality of services provided to Canadians.

Mr. Speaker, this bill is a bad one. I believe it should be voted down by this House. I hope that the federal government will seriously reconsider it and, particularly within the committee, will be willing to accept amendments.

Mr. Deputy Speaker: It being six o'clock, pursuant to Standing Order 2(1), this House stands adjourned until two o'clock tomorrow afternoon.

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order 2(1).

HOUSE OF COMMONS

Thursday, March 25, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT ANNUITIES

CALL FOR REVIEW OF INTEREST RETURN—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, in view of the fact that there has been no increase in the yield on government annuities since 1976 to reflect both the massive increases in the cost of living and the massive increase in interest rates, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Minister of Employment and Immigration immediately act on the recommendation of his department made in February of 1976 that increases be reviewed from time to time to reflect further fluctuation of interest rates so that some measure of relief can be offered to those who purchased these annuities in good faith to supplement their income and retirement funds.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the Prime Minister's "hens" are coming home to roost: He played the east against the west, and now we have "separatists" in Quebec and in the west. He subtly worked toward a socialist state and discouraged free entreprise at every turn, and literally drove capital out of the country, and now we have little investment and one million people unemployed. He approved a budget which supports high interest rates, that attacks businessmen and farmers through eliminating IAACs and reducing capital cost allowances, etc., and now businesses and farms are going bankrupt or barely surviving. Therefore I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House demand that the Prime Minister and the Liberals change their policies at once or get out of the "Hen Hoose". The Canadian people, free enterprisers, will not stand for much more.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

REGIONAL DEVELOPMENT

SUGGESTION MINISTER MEET MIRAMICHI TRI-LEVEL ASSOCIATION OFFICIALS—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, since last November the Minister of Fisheries and Oceans (Mr. LeBlanc) has repeatedly been asked to meet with the Miramichi Tri-Level Association. To date he has not accepted the invitation. On one visit to Ottawa by the association, the group was told that the minister was too tired to see them. In view of the calamity which has developed in the region with reference to horrendous unemployment, which will be capped by the government's foreclosure of CFB Chatham, and considering that he is the cabinet minister responsible for New Brunswick, I move, seconded by the hon. member for Malpeque (Mr. Gass):

That the House instruct the minister to go to bed, rest up, and meet these officials in an effort to cope with the crisis.

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

EL SALVADOR—ROLE OF PROGRESSIVE CONSERVATIVE MEMBERS AS ELECTION OBSERVERS—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of the fact that two

hon. members of the Conservative Party, the hon. member for Fraser Valley West (Mr. Wenman) and the hon. member for York-Peel (Mr. Stevens), with the approval of the sometimes external affairs critic of the Conservative Party, the hon. member for St. John's West (Mr. Crosbie), have agreed to a request by the Salvadoran government to act as election observers, and in view of the fact that the upcoming elections in El Salvador are an affront to democracy and a mockery under circumstances in which thousands of people, including innocent Salvadoran and foreign journalists have been deliberately murdered by Salvadoran government troops, I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

That this House urge the hon. member for Kingston and the Islands who, along with this party, has opposed the sending of Canadian observers to these elections, to keep her Conservative colleagues in Canada and not have anything whatsoever to do with these farcical Salvadoran elections.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CONSTITUTION

PASSAGE OF CANADA BILL AT WESTMINSTER—MOTION UNDER S.O. 43

Hon. Bryce Mackasey (Lincoln): Madam Speaker, I rise pursuant to the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the British House of Lords has today given third reading to the Canada Bill, thereby completing the final legislative step in the patriation of Canada's Constitution, I move, seconded by the hon. member for St. Boniface (Mr. Bockstael):

That this House convey our appreciation to the members of both British Houses of Parliament for their co-operation in bringing this historic and final chapter of nation building to a successful conclusion.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Mr. Hnatyshyn: If the Prime Minister (Mr. Trudeau) says "yes" there must be something wrong.

Mr. Lawrence: It needs Royal Assent.

Some hon. Members: Agreed.

Some hon. Members: No.

ROYAL CANADIAN MOUNTED POLICE

DESIGNATION OF BILINGUAL POSITIONS—MOTION UNDER S.O. 43

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I move this motion in the same spirit as the current mindless and vacuous application by the government of basically good rules, this time with regard to bilingualism affecting the security service of the RCMP, and pursuant to the second protest from members of the RCMP in the capital region. Therefore I move, seconded by the hon. member for Red Deer (Mr. Towers):

That all staff of foreign missions in the capital region be tested for proficiency in both official languages; that failure should require attendance at language courses; and that those who fail such tests after two years instruction be declared persona non grata; further, that Mr. Max Yalden be provided with a list from the security service, in both official languages, of those who are suspected of spying in the capital region so he can establish the level of bilingualism in this particular group; that spooks not meeting the criteria be required to take up residence outside the national capital region, and finally, that the designation of bilingual positions in the security service be postponed until potential spies being surveyed by the RCMP become suitably bilingual.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

THE BUDGET—IMPLEMENTATION OF TAX CHANGES—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, massive uncertainty in the business community, over what might be the rules considering sales taxes, what might definitely be the rules with respect to life insurance and annuities, and what might or might not be the rules in connection with pension plans, capital cost allowances, etc., is contributing to the lack of jobs and general malaise affecting the country. I therefore move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

• (1410)

That this House does direct the Minister of Finance to present to this House the amendments to the Income Tax Act affecting persons and businesses on or before March 29, 1982, and at the same time on motions advise this House as to the procedure leading to the implementation of his suggested changes in the sales tax.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

PENSIONS

CALL FOR REFORM OF SYSTEM—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I, too, rise under the provisions of Standing Order 43. In view of the fact that the Minister of National Health and Welfare (Miss Bégin) said yesterday that it would take between 25 and 30 years to provide significant income benefits for retired Canadians if the country is to rely on the private sector to reform our pension system, I therefore move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That this House recognizes that the need for pension income reform is today, and directs the government to use the additional moneys it will gain from the energy agreements and the new taxes from the budget, to increase pensions immediately for those who are retired now, and to bring forward reforms to our public pension system so as to provide decent and adequate pensions for all retired Canadians, now and in the future.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SMALL BUSINESS DEVELOPMENT BOND PROGRAM REGULATIONS—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, whereas recent forecasts indicate that the agricultural community will suffer a significant drop in income during the next two years due to escalating input costs and stable or falling returns, and whereas the biggest single factor contributing to the disastrous position of Canadians farmers is without a doubt the government's disastrous high interest rate policy, because farmers are dependent on borrowed capital to maintain their operations, and whereas the foolish and impossible restrictions on the small business development bond are forcing thousands of farmers out of business through bankruptcy and foreclosure, because they do not qualify for the small business development bond, I therefore move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That the government immediately ease the regulations for obtaining a small business development bond by the farming community, so that our farmers may actually qualify for this bond, allowing them to remain in business, so that Canadians may look forward to continuing food production in this country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

NUCLEAR ENERGY

NORTHERN ONTARIO WASTE DISPOSAL SITE—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I, too, rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Recent earth tremors, as high as three on the Richter scale, have been registered in northern Ontario, near the town of Massey, where Atomic Energy Canada Ltd. is looking at plans to dispose of radioactive waste in subterranean reservoirs. In light of the serious problems this presents, and the fear the local people have of the waste contaminating the town's water supply, I move, seconded by the hon. member for Beaches (Mr. Young):

That this House instructs the Minister of Energy and the Liberal member from Algoma to accept the local MPPs' idea of a meeting with local residents to discuss AECL's plans, and further, that the minister and AECL accept the democratic right of the local residents to accept or reject the use of their region as a test site for nuclear waste disposal.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

AUTOMOTIVE INDUSTRY

NEGOTIATIONS OVER IMPORTATION OF JAPANESE MANUFACTURED VEHICLES

Mr. Otto Jelinek (Halton): Madam Speaker, my question is directed to our powder puff negotiator, the Minister of State for International Trade. The minister has just returned from a trip to Japan, where he has failed in his negotiations in every way, shape and form on behalf of the Canadian auto industry. He has come back without one encouraging word for the industry which, as he knows, is suffering from record high unemployment and bankruptcy in the parts sector. All the minister had to say about his failure on that matter, before he returned, was that "he was not concerned." Therefore I would like to ask the minister if he could at least tell this House and, more important, the industry, just what he considers to be acceptable target objectives in this very important matter, before even more jobs are lost.

• (1415)

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I want to advise the hon. member that I too was disappointed that the Japanese government failed to respond to what I thought was a very fair proposal which the Government of Canada put forward with respect to three items: first, on a short-term basis the restriction of automobiles

for the coming year entering the Canadian market; second, with respect to a ceiling on commercial vehicles, and third with respect to a commitment to undertake negotiation concerning a long-term content proposal. Negotiations are still under way. We hope that, as soon as a decision with respect to the United States-Japan negotiations are finalized, we will be able to finalize the Canadian negotiations.

REQUEST THAT CANADIAN CONTENT REGULATIONS BE IMPOSED

Mr. Otto Jelinek (Halton): Madam Speaker, these negotiations, consultations, and broken promises made by the Liberal administration, have been going on for over two years while unemployment in this country has skyrocketed to record levels. Surely it is time to stop pussy-footing around and take a much tougher position. I would therefore ask the minister if he is now prepared to take the necessary unilateral action, for example the imposition of Canadian content regulations, before it is too late. Surely some action has to be taken now. If the minister is not prepared to take that action, I would like him to tell us and the industry why not. Negotiations can no longer go on. They have gone on long enough. We need action. That is what is needed.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, obviously we would much prefer to have negotiations take place with the Japanese in a very positive manner. It is totally unrealistic to assume that Japan will decide what to do with Canada's arrangement until such time as it finalizes its arrangement with the United States, being that 90 per cent of its market in North America is the United States. We should give the Japanese government the benefit of the doubt and allow them a couple of weeks to think over the proposal.

LENGTH OF NEGOTIATIONS

Mr. Otto Jelinek (Halton): Madam Speaker, the minister surely knows that most industrialized countries of the world have now and have had for some time various agreements with the Japanese without having waited for their neighbours to make agreements. Since the minister and his colleague, the Minister of Industry, Trade and Commerce, are unable to come up with a policy, I will direct my final supplementary to the Prime Minister.

I would ask the Prime Minister how much longer he is prepared to allow his ministers to negotiate unsuccessfully on behalf of and at the expense of the economy and the Canadian worker. Will he stand up in this House as the Prime Minister and tell us when there is going to be a firm policy and some firm action taken with regard to the automotive industry, which is responsible for one out of seven jobs in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member asks how long I would be prepared to let the minister negotiate. I would say I do not think he should take anywhere near as long as that party took to not reach an agreement with the premier of Alberta on a matter of Canadian concern.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

TRADE

JAPANESE TRADE PRACTICES

Mr. John Thomson (Calgary South): Madam Speaker, my question is also to the Minister of State for International Trade. How long is the government going to put up with the unfair trade practices of Japan? How many Canadians will be compelled to lose their jobs before his government takes some action?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as I indicated in the speech that I gave to the Canadian Chamber of Commerce in Tokyo, Canada agrees with the principle of free trade, but we want to see fair trade. We indicated to them a number of areas to which we would like to have access in the Japanese market because we believe Canadian manufacturers can compete with anybody in the world, provided we are given access to the Japanese market equal to that they are given here in Canada.

CANADIAN POSITION

Mr. John Thomson (Calgary South): Madam Speaker, I completely agree with the minister.

Some hon. Members: Hear, hear!

Mr. Thomson: I am a free trader too, but saying being a free trader does not make it free. The Japanese will not trade fairly. We are shut out of the Japanese market by tariffs and non-tariff barriers in our agricultural products, forest products, automobile parts and other products. You know that it is a one-way street. I want to ask the minister when is the government going to say to Japan that we are not going to play the game any longer? It is a two-chance situation; lose and lose.

• (1420)

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I apologize to the hon. member because my voice is rather hoarse and I cannot shout across the aisle as he shouted at me. I am sure that the hon. member is aware of the fact that we are one of the few nations in the world that actually has a trade surplus with Japan.

Some hon. Members: Oh, oh!

Mr. Lumley: While the United States of America and the European community have a trade deficit with Japan, we happen to have a substantial trade surplus. We are not happy

with the size of that surplus or with the market penetration of our manufacturing goods, but we have indicated to the Japanese that access may not be as easy in this market unless we have an equal and fair opportunity in their market.

CANADIAN PROPOSAL TO JAPAN

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the same minister on the same subject. The minister came back from Japan without getting an agreement either on the reduction of exports of vehicles into Canada or, much better, a commitment to produce parts or vehicles in Canada. Nor was he able to get a reduction or elimination of the 10 per cent tariff which stops finished wood products in British Columbia from going into Japan. In short, he struck out on all counts.

Considering the statement made by the minister that we do indeed have a trade surplus, but considering that this is overwhelmingly in raw materials, what specific proposal did the minister take to Japan to flesh out the idea that Canada is an industrial nation also, and Japan cannot go on having free access to our resources without importing some of our manufactured goods as well? What specific proposals did the Governement of Canada make?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, the hon. member is aware of the proposal which I made concerning the 10 per cent tariff on SPF. I am disappointed to find out that he has not mentioned that the two negotiations we have undertaken during the past two years with respect to the forest industry in British Columbia and its penetration of the Japanese market have borne fruit in the early months of this year. In fact the Japanese government has indicated that it will change the standards for softwood plywood with respect to the housing market, which opens up a substantial market potential for the British Columbia lumber producers. That will likely be undertaken in July. The fact that the building codes have been changed with respect to three-storey condominiums for wood frame housing, or two by four housing as it is called in Japan, is also a substantial export potential for Canada. These are two positive elements which have been undertaken by this government during the last three months.

Some hon. Members: Hear, hear!

Mr. Broadbent: Madam Speaker, they are two positive elements but they still did not come to grips at all, with automotive trade or affect the 10 per cent tariff on finished wood products which are the most important items of trade both to British Columbia and Ontario, in particular.

TARIFF BARRIERS BETWEEN CANADA AND UNITED STATES

Mr. Edward Broadbent (Oshawa): Madam Speaker, my supplementary question is directed to the Prime Minister and it is with respect to the Senate Report on Trade Relations with the United States. It is noted in the Senate report that trade barriers in terms of tariffs only between Canada and the United States will be removed by 1987. Considering that the United States has in place a whole range of non-tariff barriers—in fact an 87-page FIRA report lists all those non-tariff barriers—does the government plan to take steps to ensure that our industry in Canada can survive by 1987 if tariffs will be removed but the United States maintains a whole series of non-tariff barriers which unfairly discriminate against Canadian producers?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, this is a subject which has been raised at the GATT meetings and at the Economic Summit meeting. Various countries complain about non-tariff barriers being erected against them. As the hon. member indicated, the United States does have non-tariff barriers, as well as Japan. I suppose we would have to say that in some cases Canada does also, in support of the hon. member. What we are attempting to do in the GATT negotiations, and indeed at the Summit negotiations, is to de-escalate these barriers on a multilateral basis.

ROLE OF MULTINATIONAL FIRMS

Mr. Edward Broadbent (Oshawa): Madam Speaker, if the Prime Minister is going to de-escalate the barriers, to use his phrase, and move toward free trade, not only in terms of tariffs but non-tariff barriers, my next question concerns the fact that 45 per cent of Canadian manufacturing is owned in the United States. Does the Prime Minister accept the view that if these barriers are removed, and with 45 per cent of manufacturing owned in the United States, the inevitable tendency will be for manufacturing to shift completely south of the border unless the Canadian government takes steps to ensure that those multinationals in Canada will produce our fair share of the jobs? Given the government's decision to move toward free trade, what is the government going to do with these multinationals to make sure we have these jobs in Canada?

• (1425)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, several years ago this government issued guidelines to ensure that the multinationals situated in Canada would follow a certain number of steps which are compatible with and, indeed, pursuant to Canadian interests rather than foreign interests. These guidelines were issued publicly, and their application is of concern and a matter of surveillance by the government.

* * *

CRIMINAL CODE

OFF-TRACK BETTING

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is also to the Prime Minister, but it is on a different subject. Has the Prime Minister's government passed an order in council which as yet has not been made

public, or is he contemplating passing an order in council which would drastically change public policy in respect of off-track betting or any other form of gambling which, up until now, has not been authorized under the law of this country?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would have to take the question as notice. I am not familiar with any such order in council. My understanding is that the Criminal Code determines this matter and that it could not be changed by order in council.

GOVERNMENT POLICY

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my supplementary question is directed to the Prime Minister. I assume he will have no difficulty asserting to this House and guaranteeing that before there is any change in government policy in respect of these matters, the change will be debated in this House, the government will not be handing a *fait accompli* to this House or to the people of this country, and there will be no attempt to change that policy by virtue of any back door process of order in council but instead there will be a legislative amendment presented in the House of Commons.

Right Hon. P. E. Trudeau (Prime Minister): Surely, Madam Speaker, the hon. member knows that no order in council would be upheld by any court if it were in contradiction of the law.

* * *

CORPORATE AFFAIRS

URANIUM PRICE FIXING TRIAL—QUERY RESPECTING CROWN IMMUNITY

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, in the absence of the Minister of Justice, who has been away so long in England he will probably come back with an English accent, my question is directed to the acting minister, the Solicitor General.

As the minister knows, lawyers for Uranium Canada, one of the six corporations charged under the Combines Investigation Act with conspiring to fix uranium prices at less than competition, have asked the courts to exclude Uranium Canada from hearings on this matter. Uranium Canada claims it is immune from prosecution because its affairs were directed by the federal government and therefore the Crown is immune. Can the minister tell the House whether it is the position of this government that it is licensed to break the laws of Canada without consequence on the basis of Crown immunity?

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, the hon. member knows that is a ridiculous question. We are prepared to proceed on these matters always in accordance with the law. That has always been our policy and our practice in the past. It will always continue to be the way in which we conduct ourselves.

INSTRUCTIONS TO COUNSEL

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I will not comment on the description "ridiculous", except to say I would like to direct my supplementary question to the Prime Minister. I am sure the Prime Minister understands the gravity of this matter. I would like to know what the Prime Minister and the government are hiding with this kind of tactic in the courts.

I want to ask the Prime Minister a question with respect not to the court proceeding itself but the instructions which are being given to counsel. Will the Prime Minister tell us whether it is the minister responsible for Uranium Canada who is instructing counsel in this matter, or is it Gordon McNabb, the president of the corporation and one of the unindicted co-conspirators, who is giving instructions to counsel with respect to the position this Crown corporation is taking?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, normally the instructions would be given by the minister, and I imagine that is the case in this particular circumstance. I am not quite sure why the hon. member is dragging in the name of Mr. Gordon McNabb. If the hon. member has something to say, he should not hide it. Why does he not go ahead and say what he has to say?

Mr. Hnatyshyn: I did.

* * *

• (1430)

AIRPORTS

TERMINAL AT SARNIA, ONT.

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, my question is directed to the Minister of Transport. Today the City of Sarnia celebrates its 125th anniversary. I should like to know from the minister if the airport terminal is on track and will be built.

Mr. Lawrence: Tell him he will have to wait another 125 years.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not know if you can say about a runway that it is on track, but the project itself will be realized on time.

* * *

STATUS OF WOMEN

AFFIRMATIVE ACTION EMPLOYMENT POLICY

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is directed to the Minister of Employment and

Immigration. Last year the minister, who was then responsible for the status of women in Canada, indicated publicly that voluntary affirmative action did not work and that mandatory action would be required. Privately, however, we learned that the minister and the cabinet continued to pursue a very ineffective go-slow approach. Now we hear from both the minister who is responsible for the status of women this year, and also from the Minister of Labour, that the same thing applies—that voluntary affirmative action does not work.

Will the Minister of Employment and Immigration explain what evidence he had that led to this statement? Will he also tell the House what action he feels is needed to replace a voluntary affirmative action policy?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am very pleased that the hon. member asked that question because it gives us the opportunity to explain that over the past several months we have been engaged in a very active discussion about affirmative action programs with the business community.

As the hon. member knows, two parliamentary committees, one on the handicapped and one on the labour market, recommended that we attempt to develop affirmative action programs in co-operation with the major participants, the labour unions and the business community. That is exactly what I have been doing for the past several months, meeting with these organizations to discuss with them what the most effective means would be of assuring equality of access in the workplace. We are continuing those discussions because we happen to believe that the most effective way of introducing such plans is not through confrontation with these groups, as the hon. member's party advocates, but through co-operation with those groups. That is what we intend to do.

REQUEST FOR COMPULSORY ACTION PROGRAM

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my supplementary question is directed to the Prime Minister, and it concerns the constitutional rights of women. The Minister of Labour, the Minister of State for Mines, and the Minister of Employment and Immigration have now publicly stated that the government's voluntary program on affirmative action for women in the workplace has failed, yet the cabinet has refused to implement a policy of compulsory compliance even for the civil service and companies that have contracts with the federal government.

Since the new Constitution endorses affirmative action as a means for women achieving equal rights, will the Prime Minister, as the leader of this country, stop being such a bloody hypocrite—

Some hon. Members: Oh, oh!

Mrs. Mitchell: —and will he tell the women of Canada that he now will require—

Some hon. Members: Oh, oh!

Mrs. Mitchell: —will he tell the women of Canada that he now will require a policy—

An hon. Member: Withdraw!

Madam Speaker: Order, please. I cannot quite recall if that expression is parliamentary or not. I do not have the list before me.

An hon. Member: It is not.

Madam Speaker: Since it is creating such a ruckus, perhaps the hon. member would like to rephrase her sentence.

Mrs. Mitchell: Thank you, Madam Speaker. Would the Prime Minister stop being such a hypocrite, and will he now require a policy of mandatory affirmative action in the public service, and for all companies that do business—

Madam Speaker: Order, please. I am told that that expression really cannot be used, and I would ask the hon. member to withdraw it or rephrase the sentence.

An hon. Member: Withdraw!

Mrs. Mitchell: Madam Speaker, I would be very pleased—

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. Would the House allow the hon. member to respond.

Mrs. Mitchell: Thank you, Madam Speaker. I would be pleased to withdraw. I know the sensitivities of the Prime Minister. On behalf of Canadian women would he please introduce compulsory compliance affirmative action programs in the federal jurisdiction?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am in no way as sensitive about this matter as the NDP apparently is. The hon. member should remember that she is a member of a party which has elected a government in Saskatchewan which opposed the insertion of women's rights in the charter.

Some hon. Members: Hear, hear!

An hon. Member: That is not true.

Mr. Trudeau: Surely the hon. lady—if I can call her that—

Some hon. Members: Oh, oh!

An hon. Member: Withdraw!

Mr. Trudeau: —should not forget that when members on all sides of this House were trying to insert a guarantee into the Charter of Rights that women would be treated equally, the last holdout when the Minister of Justice was trying to get the province to come aboard was Premier Blakeney of Saskatchewan.

Some hon. Members: Hear, hear!

Oral Questions

INDIAN AFFAIRS

CONTROL OF BAND EXPENDITURES

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development who, on many occasions, has claimed to support the principle of increased Indian responsibility over their moneys and affairs. Now his department has issued a new directive which takes away much of that authority and will be instituting centrally-run computer programs, involving hundreds of man-years, to look after the expenditures of the three-month expenditure programs. As well, the department is asking for a referendum on behalf of the chief and council, and that is undermining the chief and council and his bands.

Does the minister believe that the reimposition of this type of program is undermining the whole area of more band control over funds and moneys and is really going back to the old type philosophy of Indian agents?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I wish the hon. member would be good enough to advise me if he is talking about a particular group of bands. Does he mean the bands from Alberta, for instance? He nods his head indicating that indeed he is. May I say that there have been discussions with the chief and some of the band's lawyers with respect to what they were doing. They were in my office about three weeks ago.

You may recall, and the opposition, I think, raised questions about it, that the Auditor General raised some questions about proper procedures to be used by the department with reference to about $15 million to $18 million expended by the band, and indicated that the department was not adhering to the proper accounting procedures with respect to how that matter was to be handled by the band. He implied that we were negligent and that I was negligent in discharging my duties as a trustee on behalf of the Indian people with respect to the handling of these particular moneys of this particular band.

This matter was discussed with them. I indicated that, according to legal opinions I had received from independent legal officers of the Crown, certain procedures would be required that had not been adhered to in the past. As a result, certain controls remain.

I am sorry to go on so long, Madam Speaker, but may I also say that individual Indian members of the band had complained about the way some distributions were made per capita amongst all band members, and had questioned the procedures resorted to by the chief and the band. I informed the chief and the council that a referendum would be preferable in one particular instance, so that the chief and the band council would know that their distribution had the full approval of the band.

REQUEST FOR PARLIAMENTARY TASK FORCE INQUIRY

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, I have a supplementary question. This new directive affects far more than one band in Alberta; it will affect in the neighbourhood of 40 or 50 bands across Canada. I would ask the minister whether he would be prepared to back off on the directive for at least six months until proper consultation can be had with all the bands that are affected. In the meantime, would he be willing to appoint a parliamentary task force to look into the whole area of the relationship between the government and Indian bands as far as their funding is concerned?

• (1440)

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I would be happy to do that and to discuss it with members of the standing committee next week. If we could have some type of all-party agreement to look into the regulations to see whether some flexibility could be injected into them—and incidentally I told the chief and his advisers that we would be prepared to discuss it with them and take a more flexible approach if we could work out a satisfactory system—I would be pleased to do that. I might indicate at the same time that if some opposition members who are so zealous in seeing that the government responds to the criticisms of the Auditor General would show some patience, perhaps we would not have issued such stringent guidelines in the first place.

INDIAN TRUST FUND

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, one of the criticisms of the Auditor General was in connection with the Indian trust fund, moneys which belong to Indian people over which the minister has a trust responsibility. The criticism was that it is very difficult to audit the trust fund because we don't know where the money is. Of course our major criticism has always been that the government is cheating Indian people in terms of the interest paid on the trust fund. The trust fund is roughly $600 or $700 million that the minister keeps for Indian people, on which he pays something like 4 per cent or 5 per cent less interest than they could obtain from a private institution. What does the minister have to say about this? Will he allow Indian people in the future to spend their own money and invest it in ways other people do, or will he continue this colonial attitude toward Indian responsibility?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, as the hon. member is well aware, we have been endeavouring to inject a good deal more flexibility so that Indian people can govern themselves without interference from bureaucracy. All too often it is criticisms emanating from opposition members who wish to take political advantage of a given situation which winds up in the headlines that results in a burdensome bureaucracy protecting itself from that very criticism. To a degree I think

hon. members would like far too much to have it both ways in this particular case.

If the hon. member would check his facts with reference to the bands in question which prompted some of these guidelines, he would find that we have, to avoid the accusation of paternalism, paid out millions of dollars to the bands and gave them the discretion as to how they would handle it. This was subject to the very same criticism. These bands had the money and could earn their own interest on it. It was not residing in any particular government account at the time. I wish the hon. member would check into his facts before he makes allegations.

* * *

SEARCH AND RESCUE

LACK OF EQUIPMENT ON DEPARTMENT OF TRANSPORT HELICOPTER BASED AT PRINCE RUPERT, B.C.

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, my question is directed to the Minister of Transport, and it is on a question of life and death. The minister is aware that Transport Canada has based a Sikorski 61 helicopter in Prince Rupert which is used, among other things, for the replenishment of supplies to lighthouses on the west coast and the maintenance of other navigational aids. Also the minister is aware that there is no hoist on this aircraft and that its crew has not received any search and rescue training. In the case of a marine disaster this means that the helicopter and its crew would not be able to provide adequate assistance in search and rescue operations. Why has the Department of Transport not equipped this helicopter with a hoist? Why has the department not undertaken formal search and rescue training of the helicopter's crew, considering the task it performs?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not think I am expected to know about these circumstances. I will find out immediately, but first I will find out whether the helicopter belongs to the Department of National Defence or the Department of Transport. As my hon. friend knows this often happens. I will find out immediately and report in the next couple of hours to my hon. friend.

HELICOPTERS BASED AT VICTORIA, B.C.

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, the minister was informed of the questions I am asking today. His office had the information on March 10 when it came to my attention. That was 15 days ago. I would suggest that the minister check with his staff to find out what kind of mail involving life and death he is not being shown.

The minister should be aware that the Department of Transport has up to five helicopters based in Victoria. One of them is a Bell 212 nine-passenger helicopter. There are no hoists available on these helicopters, and their crews have not received any training in search and rescue work. There is a one-hour delay in search and rescue response from the base in Comox to reach Juan de Fuca Strait. These helicopters, if they were equipped and had trained crews, would be able to come to the aid of a marine disaster there within ten to 15 minutes. This situation involves the life and death of west coast seamen.

Will the minister undertake to determine why these helicopters have not been outfitted with proper search and rescue equipment, and why their personnel have not been adequately trained in search and rescue procedures? It is important to the life of seamen on the west coast that every helicopter and every piece of equipment out there be ready—

Madam Speaker: Order, please.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, if the hon. member gave notice of the question I can understand his anger, but unfortunately I did not get it and I did not get an answer to his question. I will do so immediately. I have answers here to about 100 possible questions. It just happens that this one is not one of them. I can only repeat that I will attend to it immediately.

* * *

THE ECONOMY

EFFECT OF HIGH INTEREST RATES

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is directed to the Minister of Finance. It concerns the tens of thousands of Canadians who are losing their homes, their farms and their businesses because of the government's policy of maintaining high interest rates. This policy is causing intense mental anguish for thousands of people, and every time a farm or a business goes offstream our economy is being further eroded. Would the minister assure the House that the government is seriously considering measures to ease the burden on those people most affected by this high interest rate policy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I suppose it is a tactic to describe the high interest rate policy as a policy which is pursued by the government for some sinister purpose. The high interest rates which exist are the result of the inflation we experience in the country. As I have stated often, there is no possibility of substantially reducing interest rates unless we succeed in getting our inflation rates down. That is a very complex subject in itself.

The hon. member referred to the impact of high interest rates on particular groups in the country. We have attempted to come to their rescue by various methods, one being the application of the small business bond to unincorporated businesses and farmers. The hon. member specifically mentioned farmers. I should like to advise the House that the four banks which were able to break out their loans for small business bonds directed to farmers provided $473 million to

the agricultural sector through the small business bond, most of which has flowed to that sector since the budget.

PLIGHT OF HOME OWNERS RENEWING MORTGAGES

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, the minister described to us what he has done for farmers in respect of the small business bond. There is very lilttle evidence of that in most parts of the country. What will the minister do for hard-pressed home owners who are facing eviction because they cannot afford to renew their mortgages?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am surprised that the hon. member is not aware that there is presently before the House a bill in the name of the minister of housing which is intended to do the very thing the hon. member requested. I wish he would get his party to get that bill out of committee and passed.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

* * *

• (1450)

TAX CONVENTIONS

NEGOTIATION OF TREATIES BETWEEN CANADA AND LATIN AMERICAN COUNTRIES

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is to the Minister of Finance. The negotiation of international agreements aimed at encouraging fair tax treatment and avoiding double taxation represents a real concern to those in Canada's private sector carrying on business in Latin America. While the negotiation of such tax treaties is difficult, would the minister report on the status of such negotiations with Latin America in general, and in particular with Mexico and Brazil?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I would advise the hon. member that very few tax treaty negotiations have been initiated with Latin American countries. I believe the reason is differences in our respective tax systems.

With specific reference to Brazil, a number of meetings have been held over the past several years, but because of policy differences between Brazil and Canada it has not been possible to reach a mutually satisfactory agreement. Exploratory talks with Mexico have been held on the possibility of concluding a bilateral tax treaty, but their position of not concluding such treaties with other countries has not changed.

UNEMPLOYMENT INSURANCE

FUNDS FOR JOB-CREATION PROGRAMS

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, the Minister of Employment and Immigration today made another one of his biweekly announcements on job creation.

Some hon. Members: Hear, hear!

Mr. Keeper: Wait for it. He spoke of spending some $200 million of unemployment insurance funds for job creation. Coincidentally, the new UIC legislation will reduce the cost to the federal government for unemployment insurance by some $220 million. The minister is asking the unemployed to pay for his biweekly job-creation announcements. Can the minister tell this House whether this announcement means that the unemployment insurance legislation will definitely be introduced to the House this spring?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, it is unfortunate that the hon. member is stumbling over his own fabrications. There was no announcement by this government to introduce changes in the unemployment insurance program at this time. All we have are recommendations from the task force, which are being considered by cabinet. When they are ready to be presented to the House, they will be presented. I suggest, Madam Speaker, it is very unfortunate that the hon. member is distorting these programs by issuing those kinds of false statements.

UNEMPLOYMENT INSURANCE PREMIUMS

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my supplementary is to the expert on fabrication. The minister spoke today of taking from the unemployment insurance fund some $400 million for job creation and training, indicating he will take up to some $500 million, at the same time as he is asking Canadian workers to pay increased unemployment insurance premiums. He could take funds from the federal government's reserve of $1.73 billion for real job creation.

Can the minister justify to this House how he can ask the few people who continue to work in this country to pay increased premiums in order to pay for his weekly job announcements?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, once again the hon. member is in very serious error because the fact of the matter is that in the November budget we substantially reduced unemployment insurance premiums. If the hon. member were paying more attention in this House, he would realize the programs we are bringing in under the unemployment insurance fund are receiving broad-scale support. As of today, we have signed 417 work-sharing agreements covering over 24,000 workers, and averting 10,000 lay-offs.

So, Madam Speaker, we are using the unemployment insurance fund for its intended purpose—to help the workers of this country, not to fuel the rhetoric of the NDP.

Some hon. Members: Hear, hear!

* * *

EMERGENCY MEASURES

PROTECTION AFFORDED BY CHARTER OF RIGHTS

Mr. John Gamble (York North): Madam Speaker, in answer to a question asked by the hon. member for Saskatoon West with respect to the effect of the emergency planning order of May, 1981, the Prime Minister stated yesterday that the Charter of Rights affords protection to anyone whose rights are abused under the War Measures Act, the emergency planning order or anything else. The Prime Minister will be aware that the first paragraph of the constitutional resolution provides that the rights and freedoms are subject to such reasonable limits prescribed by law which can be demonstrably justified in a free and democratic society.

I ask the Prime Minister whether the War Measures Act is within the prescribed limits of Section 1 of the new Constitution, and can it in fact still operate so as to deprive Canadians of their rights under the Charter? If not, will the Prime Minister be introducing a bill in this House to repeal the provisions of the War Measures Act on the grounds that they will become unconstitutional under the new Constitution?

Right Hon. P. E. Trudeau (Prime Minister): Madam speaker, I honestly do not know if that is a rhetorical question. The hon. member should reflect on the fact that this kind of question will ultimately be decided by the courts. The preamble to the Charter was introduced, I seem to recall, with the support of all sides of this House precisely in order to assure that the War Measures Act or any other emergency order would not be used in a way contrary to democratic procedures in this country. Therefore I have no hesitation—well, now we have the hon. member for Durham-Northumberland wanting to get into the act.

Madam Speaker, the law speaks for itself. If the hon. member is suggesting we should delete the preamble to the Charter then I suggest he would have—his seatmate is shaking his head; he does not want that to happen. Therefore, the hon. member should realize that there is this protection in the Charter; it was put in there precisely to answer the kind of doubts the hon. member is entertaining.

DEFINITION OF WAR

Mr. John Gamble (York North): Madam Speaker, it is that type of response which creates the confusion. Yesterday the Prime Minister led the Canadian people to believe very specifically that this Charter, and paragraph 1 thereof, would override the provisions of the emergency planning order. He now says it should be left up to the courts, which of course is the case. My submission, Madam Speaker, is that he should not delude the Canadian people.

One of the other great problems with the emergency planning order is the references to "in case of war", including the incarceration of Canadians in civilian concentration camps. While "emergency" is defined under the provisions of the planning order, "war" is not. Will the Prime Minister agree to amend that order, offensive as it is, to provide that when "war" is referred to under this order it is real war between Canada and some foreign nation, and not apprehended war?

Right Hon. P. E. Trudeau (Prime Minister): Does the hon. member want me to say something about the cold war, too? I await his suggestions.

* * *

CORPORATE AFFAIRS

URANIUM PRICE FIXING TRIAL—POSITION OF CROWN CORPORATIONS

Mr. Chris Speyer (Cambridge): Madam Speaker, my question to the Prime Minister has to do with the uranium cartel and its prosecution. As the Prime Minister is aware, the Crown, through the Attorney General of Canada, commenced conspiracy proceedings alleging that two Crown corporations are guilty of conspiracy. Perhaps the Prime Minister is not aware of this, but presumably on the instructions of the Minister of Energy, Mines and Resources counsel for these two Crown corporations are making statements to the Ontario courts such as this, "The people making decisions were the Crown, and the Crown is immune." So we have the unholy spectacle on the one hand of the Attorney General launching a prosecution on behalf of the Crown, and the Minister of Energy, Mines and Resources saying on the other hand that Crown corporations are immune. Will the Prime Minister please square the circle? Is the Crown divisible?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I submit with respect that the question is prohibited under the Standing Orders of the House. This matter is now before the courts and it would be as improper for me to answer the question as it is for the hon. member to ask it. If the hon. member persists, I ask that the question be ruled out of order.

• (1500)

INSTRUCTIONS GIVEN TO COUNSEL

Mr. Chris Speyer (Cambridge): I would like to ask the Prime Minister whether or not the Minister of Energy, Mines and Resources is giving instructions to counsel representing these two Crown corporations to take the position that they are immune from prosecution.

An hon. Member: No answer.

Business of the House

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Madam Speaker: Does the hon. member for Yukon have a question on House business?

Mr. Nielsen: Yes; I was waiting for the Prime Minister to reply to that last question, Madam Speaker.

I have a question for the government House leader. Could he indicate the business of the House for tomorrow and for as much of next week as he can and, if possible, even take us further?

Mr. Pinard: Madam Speaker, tomorrow we will resume debate on Bill C-97, at second reading stage of the fiscal arrangements legislation.

[*Translation*]

As far as next week is concerned, Monday afternoon, we shall proceed with Bill C-97 on fiscal arrangements. Following our discussions with the House leaders, it seems reasonable to set the following agenda for the remainder of next week. Monday evening, we could deal with the report stage of Bill C-88 on loans to farmers. Tuesday, we could complete third reading of Bill C-88. Wednesday, assuming that the committee report on the National Housing Act will be available, we could deal with the report stage and third reading of Bill C-89. Thursday, again assuming that the committee report on Bill C-97 on fiscal arrangements will be available, we could debate and complete the report stage of Bill C-97. Next Friday will be an opposition day, unless otherwise indicated, and on Monday of the following week, we could dispose of the third reading of Bill C-97 on fiscal arrangements.

[*English*]

Mr. Deans: Madam Speaker, some time later today we will move to an allotted day. We have a motion standing in the name of the hon. member for Humboldt-Lake Centre. I would like to ask for unanimous consent of the House to change that motion from standing in the name of the hon. member for Humboldt-Lake Centre to standing in the name of the hon. member for Regina West.

Some hon. Members: Hear, hear!

Madam Speaker: Does the House give consent to the proposal of the hon. member for Hamilton Mountain?

Some hon. Members: Agreed.

Madam Speaker: Agreed and so ordered.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. GREENAWAY—CHINOOK SALMON FISHERY

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, it is my duty to present a petition signed by the anglers and friends of anglers of the interior of British Columbia. The purpose of the petition is to alert the Parliament of Canada to the gross injustice of the present chinook salmon fishery regulations as they apply to interior anglers, as well as the mismanagement of that fishery by the Department of Fisheries and Oceans.

The nature of the petition is to demand an immediate inquiry into the chinook salmon fishery management on the Fraser River and to encourage a dialogue between the Department of Fisheries and Oceans and anglers of the Lillooet area, who have long advocated better regulations in order to enhance the chinook fishery.

The petitioners hope that in your examination of the petition, Madam Speaker, you will find it in order and that you will use the discretionary powers vested in the office of the Speaker to allow discussion and referral to the appropriate committee at the earliest possible time in order that this injustice and mismanagement be righted most expeditiously.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,464, 3,497, 3,591, 3,676, 3,683 and 3,752.

[*Text*]

RECEPTIONS HELD IN MONTREAL

Question No. 3,464—**Mr. Cossitt:**

1. Did the government hold receptions of any kind in Montreal on November 17, 1981 up to and including November 22, 1981 and, if so (a) what department was the host (b) was the Hyatt Regency Hotel involved (c)what establishments were involved, if any (d) what was the complete cost of any function including food and alcoholic beverages and what was the breakdown under each heading?

2. (a) What was the guest list of those invited to any such receptions and what was the reason each person was invited (b) were invitations sent by special delivery and, if so, what was the total cost to the taxpayer of printing and sending out such invitations?

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): 1. The Government of Canada held a reception in Montreal on November 17, 1981

(a) Fitness and Amateur Sport hosted the reception.

(b) The reception was held at the Hyatt Regency Hotel.

(c) No other establishments were involved.

(d) Food including tax and service	$5,500.00
Beverages including tax and service	$2,407.05
Decorations	$ 172.80
Staffing	$ 871.0 0
Total	$8,950.85

2. (a) The guest list included:

(i) Accredited reporters (300)

(ii) Senior members of the Canadian Football League Executive

(iii) Senior members of the Grey Cup Festival Committee

(iv) Major sponsors of the CFL, the Festival Committee of the pre-game and half-time shows

(v) Senior members of the Canadian Football teams

(vi) Politicians and select federal, provincial and municipal civil servants

Guests were invited to promote and encourage support for Canadian amateur athletes and their teams, as did the municipal and provincial governments by hosting receptions as well.

(b) Some out-of-town invitations were sent by Canada Post special delivery.

Material and printing of all invitations and envelopes	$950
200 invitations at $1.17 special delivery	$234
Total	$1,184

KU KLUX KLAN

Question No. 3,497—**Mr. Cossitt:**

Is it the policy of the government to be concerned with the operation in Canada of organizations preaching hate such as the Ku Klux Klan and, if so, what steps will it consider taking immediately to curb the activities of such groups that seek to promote racism and other matters not consistent with the Canadian democratic process?

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): As far as the Minister of Justice is concerned, yes. The government, like the overwhelming majority of Canadians, is fundamentally opposed to the philosophy and activities of the Ku Klux Klan. Should this organization or any of its members contravene any provision of the Criminal Code, in particular those pertaining to hate propaganda (sections 281.1 to 281.3), I have asked my provincial counterparts to initiate prosecutions and I have obtained assurances to that effect.

DIAND CAPITAL FUNDING FOR EDUCATION

Question No. 3,591—**Mr. Manly:**

1. For the fiscal year 1981-82, were funds shifted by the Department of Indian Affairs and Northern Development from the capital funding for education to operating and maintenance funding for education in each province and territory and, if so (a) what were the funds (b) for what reason were they transferred?

2. Were steps taken to involve Indian representatives in each province in this transfer of funding priorities and, if so, what were they?

3. What amount of the $1 million recently approved in vote 5c of the estimates for the Indian and Inuit affairs program, Department of Indian and Northern Affairs, will go to programs in the province of Alberta and what projects and activities are planned in Alberta with the funds?

4. Were steps taken to involve the Indian leadership in Alberta in these decisions and, if so, what were they?

5. Were there any requests by Indians in Alberta for supplemental education funds?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): 1. (a) In British Columbia, $1,470,000 was transferred from capital funding for education to operating and maintenance funding for education. These funds were for the Taché School ($810,000) and the Klappan School ($660,000).

(b) In British Columbia, construction starts were delayed pending Treasury Board approval to proceed with the projects. These delayed construction starts resulted in funds being transferred to offset operating and maintenance deficits in the education activity.

2. Both Indian bands are aware of the reasons for the delays in the construction starts and it was through consultation with Indian representatives that it was decided to shift funds from capital funding for education to operating and maintenance funding for education.

3. Of the $1.2 million recently approved in vote 5c of the estimates for the Indian and Inuit affairs program, $25,000 was for technical housing training in Alberta. The training is to provide the necessary managerial or technical skills to enable bands to successfully implement major new housing or renovation projects on reserves.

4. For concerns of this nature, the Alberta region relies on the Indian Band's policy and negotiating committee. This item was not brought before the committee by either the bands or the department as neither party thought it sufficiently important to be placed on the agenda.

5. Yes, there were requests by Indians in Alberta for supplemental education funds. These requests fall into the following categories:

Requests by Indian parents for financial assistance to meet the educational needs of their child(ren) who were enrolled in regular school from grades kindergarten to twelve;

Requests by Indian students who were under departmental sponsorship in high school, occupational skill training and university/professional educational courses;

Requests by Indian bands which administered education programs under contribution agreements, and which due to circumstances unforseen at the time the agreement was signed, required supplementary funding for an existing contribution program.

Requests by Indian bands and organizations to initiate new educational projects or new educational programs under contribution agreements which were not identified as a requirement at the commencement of the fiscal year.

Order Paper Questions

IMMIGRATION APPLICATIONS FROM POLAND

Question No. 3,676—**Mr. Cossitt:**

In each of the past three years, how many (a) applications (b) inquiries for immigration to Canada were received by the Canadian Embassy in Warsaw, Poland and how many visas were granted for (i) landed immigrant status (ii) visits to Canada?

Hon. Mark MacGuigan (Secretary of State for External Affairs): (a) Tabulated below is the immigration statistical information requested from the Canadian Embassy in Warsaw:

		1979	1980	1981
(i)	Immigration applications received cases/(persons)	548/(992)	532/(1,023)	819/(1,752)
	Immigration visas issued	474	477	1,249
(ii)	Visitor visa applications received	10,675	11,576	13,913
	Visitor visas issued	7,592	7,928	9,852
	Visitor visas refused	701	417	483

The apparent discrepancy between the total for visitor visa applications received and the total for visa decisions rendered is based on the large number of withdrawals or cancellations of applications due largely to applicants' change in plans and/or difficulty in securing travel documents.

(b) The Canadian Embassy in Warsaw does not record inquiries by subject matter. For statistical purposes applications received are treated as immigration inquiries.

PUBLIC SERVICE SALARIES

Question No. 3,683—**Mr. Herbert:**

What percentage of total public service salaries is paid for (a) pensions (b) paid vacations and holidays (c) paid rest periods (d) unemployment insurance (e) sick leave (f) life and health insurance and payments in lieu of (g) workers compensation (h) productivity and other bonuses (i) other benefits?

Hon. Donald J. Johnston (President of the Treasury Board): The table below shows the cost of the benefits listed as a percentage of Public Service salaries:

		Per cent
(a)	pensions (including Canada/Quebec pension plans)	12.20
(b)	paid vacations and holidays	10.80[1]
(c)	paid rest periods	5.14[1]
(d)	unemployment insurance	1.79
(e)	sick leave	3.40[1]
(f)	life and health insurance and payments in lieu of	1.62
(g)	workers compensation	0.55
(h)	productivity and other bonuses[2]	0.01
(i)	other benefits[3]	7.33

[1] These benefits do not involve cash disbursement above the employee's basic salary.
[2] Include suggestion, merit and long service awards.
[3] Include such benefits as overtime, severance pay.

CANADA-SOVIET UNION PROTOCOL ON CONSULTATIONS

Question No. 3,752—**Mr. MacKay:**

1. Is the Canada-U.S.S.R. Protocol on Consultations signed in Moscow on May 19, 1971 by the Prime Minister and the Chairman of the U.S.S.R. Council of Ministers still in force?

2. Were there periodic meetings between Canada and the U.S.S.R. provided for in article 1 of the protocol and, if so, in each case (a) what was the (i) time of the meetings (ii) level of participants (iii) topic on the agenda (b) what were any agreements reached?

3. Did the government make contact with the government of the U.S.S.R. in accordance with the provisions of article 2 of the protocol, in relation to the situation arising out of the invasion of Afghanistan by Soviet troops and in relation to the imposition of martial law in Poland, and (a) if so, in each case, what were the details (b) if not, what was the reason for inaction?

4. Were there consultations between the government and the U.S.S.R. provided for in article 5 of the protocol and, if so, in each case (a) what was the (i) time of the consultations (ii) level of Canadian representation (iii) topic of the consultations (b) what were any agreements reached?

5. Did the government consider renouncing the protocol at any time after the invasion of Afghanistan by Soviet troops and/or after the declaration of martial law in Poland?

6. Is it government policy to inform its allies in NATO about consultations, negotiations and representations by the parties to the protocol?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. Yes.

2. Meetings between Canada and the U.S.S.R. undertaken in the spirit of the Protocol on Consultations have occurred on a number of occasions. These meetings however are not invoked under the direct authority of the protocol nor was this intended. The purpose of the protocol is to provide a framework for the development of a dialogue with the U.S.S.R. on issues of mutual interest or international importance. A list is provided of those occasions when consultations were held within the context of the protocol.

Date	Level	Topic	Agreements Reached
October, 1971	Prime Ministers	Bilateral and International Relations	Canada/U.S.S.R. General Exchanges Agreement
September, 1973	Foreign Ministers	"	None
November, 1973	Foreign Ministers	"	None
September, 1974	Foreign Ministers	"	None
September, 1975	Foreign Ministers	"	None
July, 1976	Senior Officials	"	None
March, 1977	Senior Officials	"	None
April, 1979	Senior Officials	"	None
September, 1979	Foreign Ministers	"	None
November, 1979	Senior Officials	"	None
September, 1981	Foreign Ministers	"	None

3. Following the Soviet invasion of Afghanistan, the government raised its deep concerns on this issue directly with the Soviet government on several occasions, the latest of which was last September when the Secretary of State for External Affairs met Foreign Minister Gromyko in New York. Canadian views on Poland were also discussed at that time. The two governments, however, have not invoked article 2 of the protocol at any time.

4. Article 5 of the protocol refers to consultations in general and therefore the response to question 2 applies.

5. The government did not consider renouncing the protocol either after the invasion of Afghanistan nor in connection with recent events in Poland. The government believes that in times of crisis it is better to preserve the existing mechanisms for dialogue rather than creating additional barriers to the important process of East-West communication.

6. Regular consultations and exchanges of information with Canada's allies are routine and ongoing. Therefore, when appropriate, we do not hesitate to exchange information on negotiations or consultations we have undertaken with the U.S.S.R. if the information is of importance and relevance to our allies.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,278 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 3,278 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

SOLAR HEATING

Question No. 3,278—**Mr. Cossitt:**

1. With regard to the answer to question No. 2,754 which stated in part that "over 5,000 systems" for solar heating of hot water for washing purposes would be installed in the next four years by 14 government departments and 15 Crown corporations, what is a list of the locations of all the installations and how is the expense of $125 million justified to provide alternative methods of heating water to wash hands?

2. (a) Did the government ever make a study as to what the savings in energy would be (b) how long will it take to recover the program costs of $125 million?

3. Does the government anticipate the cost will rise above $125 million and has it made any allowances in this regard?

Return tabled.

[*English*]

Mr. Smith: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

Madam Speaker: Today is the final allotted day. The House will go through the usual procedures this evening to consider and dispose of the supply bills. However, in view of the recent practices, would the House agree that the bills should be distributed now?

Mr. Nielsen: I am sorry, Madam Speaker, I did not hear your remarks at the beginning of your statement. Would Your Honour repeat them?

Madam Speaker: This being the final allotted day, the House will go through the usual procedures tonight. However, what I ask hon. members is whether they agree, according to the usual practice, that the bills be distributed right now?

Some hon. Members: Agreed.

Madam Speaker: The House agrees. It is so ordered.

ALLOTTED DAY, S.O. 58—RAILWAY TRANSPORTATION

Mr. Les Benjamin (Regina West) moved:

That this House condemns the government for

a) proceeding to abandon the Crowsnest Pass freight rate;

b) failing to implement the recommendations of the Hall Royal Commission; and

c) failing to nationalize CP Limited and build a modern, integrated transportation system to create jobs, develop the economy, and enhance national unity.

He said: Madam Speaker, throughout the entire history of our country, the people of Canada have carried on an exercise in co-operative federalism in sharing the costs of running our economy, and particularly transportation, in all regions of the country. One can start in the Atlantic provinces, where we shared—with the people there—the costs of moving the agricultural, processed and manufactured goods within the Atlantic provinces to central Canada. We willingly agreed to tariffs to protect the manufacturing industries in central Canada, and those costs have been shared by all Canadians. We agreed to share in the costs of construction of massive infrastructure for the aircraft industry and the St. Lawrence Seaway. We also agreed to share in the costs of transporting

some agricultural production out of western Canada to export position. I call it co-operative federalism. In our terms, it is a foundation of a co-operative commonwealth.

A number of myths have been perpetrated and emphasized by those who would like to do away with the Crowsnest Pass or statutory grain rates. I would like to spend a few minutes in dissolving those myths. The first one is that the railways lose money hauling grain. They have never lost money hauling grain. They have received full payment, both directly and indirectly, since the first railway was built.

I want to illustrate by using the figures for the year 1980 in which, at most, the railways lost $10 million hauling grain. If one uses the formula devised by Mr. Snavely in his third report, under the terms of reference ordered by the minister, the railways' costs for hauling grain for 1980 amounted to $671 million. That included a 25 per cent return on investment; it included $123 million of add-on profit; the revenues received by the railroads using the Snavely commission, Transport Canada estimates and publics accounts, amounted to $538 million. Mr. Speaker, they got $132 million from the grain producers; they got $193 million from branch line subsidies; they got $70 million from branch line rehabilitation; they got $4 million in boxcar repairs; and $9 million in hopper car lease; and $116 million saved them in interest charges on the hopper cars purchased by the various governments from the Canadian Wheat Board. Mr. Speaker, they have been fully compensated. That is the case in almost every year you want to look at. Certainly it is the case in every year that I have looked at.

• (1510)

The minister complains that the grain producers pay only 20 per cent of the cost of hauling grain. Why is he picking just on the grain producers? Using the same Snavely formula, cost recovery on hauling grain would be 46 per cent. On the St. Lawrence Seaway cost recovery is only 20 per cent, using the Snavely formula. On the National Harbours Board the cost recovery is 43 per cent, using the Snavely formula. On our highways and roads system, using the Snavely formula, cost recovery is 32 per cent. For Mirabel airport, the cost recovery is 14 per cent; and for Pickering it is only 2 per cent.

Why the Minister of Transport (Mr. Pepin) chooses to pick on the grain producers, when everyone else gets subsidies as large or larger, is beyond me. It has been said that the Crow rate is an unfair transportation subsidy. Well, of the $2.4 billion in transportation subsidies, $277 million went to grain movement; $971 million went for air subsidies; $335 million for marine; and over $500 million for VIA Rail.

Mr. Pepin: Wrong figures for air.

Mr. Benjamin: Mr. Speaker, I do not know why the minister picks on the grain producers. May I also remind the House that one of the main items of logic towards keeping the Crowsnest grain rate for grain producers is that it allows the grain producer to compete in the international market. The United States grain producers have access to massive inland water systems, entirely built, paid for and operated by the public of that country. That allows them the cheapest form of transportation for most of the grain near the Missouri, Ohio and Mississippi River systems and in some of their canal systems. It allows them to put the grain into export position at a lower cost.

The Argentine raises almost all its grain within 300 or 400 miles of salt water and for the longer distances of their grain haul the Argentine government pays all of the transportation costs. Australia produces most of its grain within 200 or 300 miles of export position. Since this country as a whole, all of Canada, benefits to the tune of four billion or five billion a year in a foreign exchange benefit, surely it is only fair that the nation as a whole share in the cost of getting that grain to export position, just as we share in the cost of transporting goods out of Atlantic Canada or in Atlantic Canada, just as we share in the cost of building airports, seaways and so forth.

Mr. Speaker, this is myth No. 2: grain is a main roadblock to increased western grain capacity. Everyone agrees that rail capacity in western Canada has to be increased and will require a massive investment of many billions of dollars. To lay the blame for that lack of capacity on grain producers is both unfair and unreasonable. Mr. Speaker, "It ain't wheat, it's coal". The department's own figures show that by 1986 or 1987 only about 14 per cent of that capacity will be required for grain; the rest will be for coal, potash, sulphur and other products like that.

An hon. Member: Canadian Pacific coal.

Mr. Benjamin: Mr. Speaker, I have a strange feeling, a suspicion, that there are some companies and bureaucrats slobbering outside the door of the Minister of Transport, waiting to get some action going on the coal blocks held by the Government of Canada. Canadian Pacific was required to cede 50,000 acres to the federal government by 1904. Several federal departments and the government of British Columbia have been bickering about it. The reserve on those lands was 7.8 billion tons, and if you multiply that by $60 to $100 a ton, you have enough revenue to goldplate the rails all the way to the Pacific Coast. The government holds rights under the Crowsnest Pass Agreement Act for 50,000 acres of coal-bearing land in southern British Columbia. The development of those coal blocks is not possible without revocation of the Crowsnest Pass Agreement Act, the legislation which limits prices for the sale of this coal to $2 per ton. I submit, Mr. Speaker, that is why the minister and his cohorts say that Crow must go—"It ain't just wheat, it's coal."

Mr. Speaker, myth No. 3: raising grain freight rates will result in increased livestock production and processing in western Canada. Well, Mr. Speaker, does anyone really believe, is anyone under the delusion, that the massive livestock and dairy industry in Ontario, in southern British Columbia, the hog and dairy and livestock industry in Quebec and Atlantic Canada, are going to hold still for something like a $20-a-ton increase in their cost for feed grain? I doubt very much that Quebec or Ontario would hold still for that. I am

pretty certain that the federal government will be the first in line to pay some subsidies to recover the increased cost of feed grains for the benefit of those feeders, livestock producers and dairy producers in eastern Canada and in British Columbia.

Mr. Pepin: Give the westerners a chance.

Mr. Benjamin: It is a delusion suffered by the cattlemen, by what I call the Texas cowboy syndrome, that they have been suffering in southern Alberta and Saskatchewan for many years. If they were so right, I cannot understand why most of the packing industry pulled out of western Canada; if they had such a good advantage, why didn't they stay?

• (1520)

The statutory grain rates are so fundamental to our history, our economy, the strengthening of confederation and national unity that even the slightest consideration to requiring grain producers in western Canada to pay more can be called nothing less than a betrayal and traitorous. Those who want to destroy the statutory grain rates for our grain producers are the ones who started the row in the first place. It was not the grain producers who raised the issue. I think the first occasion it was raised was in Winnipeg in the mid-seventies by a former minister of transport.

With them are the railroads naturally, although I do not think they particularly care where the money comes from as long as they get it. Who else supported the destruction of the statutory grain rates for western grain producers? This minister and his two predecessors wanted them changed. Naturally the cattlemen's association, the Winnipeg Commodity Exchange, some of the specialty crop raisers whose grain does not come under the jurisdiction of the Canadian Wheat Board—

Mr. Pepin: What about the Government of Alberta?

Mr. Benjamin: The minister raises the Government of Alberta. I am glad he did. We will be able to use that in the coming weeks. We can also use some quotes from Conservative Members of Parliament, but I will not belabour the House with that today. There are two provincial governments, the Saskatchewan Association of Rural Municipalities, the cow-calf operators of western Canada, the National Farmers' Union and, no question about it, the majority of the membership of the Saskatchewan wheat pool want the Crowsnest rates kept for our grain producers.

Why the government would even consider flying in the face of what was said by Mr. Justice Emmett Hall is beyond me. It is the most definitive study ever done on the principle of statutory rates, particularly those that apply to grain. I remind the House that if the statutory rates for grain can be tampered with and increased, it will automatically lead to raising, if not cancelling, the maritime freight rate subsidies.

If our prairie grain producers have to pay by 1987 what Mr. Snavely calls for, 5.1 times the Crow, that means a cut in net farm income of 36 per cent. Farmers will have less income to spend on the purchase of trucks, tractors, fertilizer, sprays and other supplies. It could mean the loss of another 51,000 jobs for Canadians, many of them in the industrial heartland of this country.

The government should make these investments in increased western rail line capacity, but in return for those investments it should obtain equity. How much more do we have to give the railroads in order for them to carry out or have the capability of carrying out their responsibilities? Canadian National has had over $2 billion of its bonded indebtedness taken off its books and transferred to the books of Canada, making the people of Canada the only shareholders in that corporation. As a result, Canadian National has been relieved of paying anywhere from $30 million to $100 million a year in interest charges on that debt. Our shares in Canadian National are an investment which have returned great benefits to this country.

Canadian Pacific is a similar case. It is not only just the millions of acres of land given to them along with the mineral rights from 1881 on, it is also the cash they were given. As a result of those benefits, the investments they made to develop subsidiary companies have returned to them billions of dollars. This has more than compensated for any alleged loss in moving western grain.

Since 1881 we have provided Canadian Pacific with billions of dollars in annual subsidies. In fact, during most of the decade of the sixties, had it not been for federal government subsidies, Canadian Pacific would have shown net losses. This was at the expense of the taxpayers of Canada.

We in this party say that if you are going to provide capital and put it into either Canadian National or Canadian Pacific, it is not unreasonable to get equity in return for that investment. I agree it would only be a paper entry in terms of any funds given to Canadian National. It would just increase the shares we own. In the case of Canadian Pacific, it is money the minister suggests will have to be spent over the next four or five years. If we obtained equity in return for that capital, the people of Canada would own 20 per cent of the shares of Canadian Pacific Limited, which means control of Canadian Pacific.

I do not know of any private enterpriser who would agree to put capital into a company without getting equity in return. I have never heard of such a thing, but that has been perpetuated by successive national governments since 1881. To compound the felony, when you look at Snavely's third report, he not only wants them guaranteed a 25 per cent return on investment plus another 22½ per cent add-on profit, but he includes in that investment the CPR mainline track from Port Moody to Kamloops, which was built entirely by the taxpayers of Canada, to be turned over to Canadian Pacific at no cost. Mr. Snavely says that Canadian Pacific should get a 25 per cent return on that investment. That is not equitable, it is robbery.

I do not understand why the minister would resist taking equity in Canadian Pacific Limited. There has certainly never been any objection to taking equity in other corporations in this country. Having equity gives you some say as well as control in the operation of that system. In conclusion, I remind

the House that this issue is so basic to confederation that anyone who tries to tamper with it does so at their peril.

• (1530)

We also welcome what I believe to be the unanimous support of the members of the official opposition, albeit reluctantly by some who had to be dragged, kicking and screaming, into it. We welcome the support of the Saskatchewan Progressive Conservatives, albeit reluctantly on the part of their leader, who said that two thirds of the grain producing farmers must go. Of course, we welcome the support of the Saskatchewan Liberal Party, which is led by a former member of this House. I hope that the minister will add that name to the list of those who want to keep the Crowsnest Pass rate for the producers.

If it is proven through whatever formula is chosen that the railways are losing money hauling grain, we would not object to the railroads being paid the difference between the compensatory rate and the Crow rate. We would insist that it go directly to the railroads and that the money must be invested in the railway plants. The rates would continue on the basis of maintaining the statutory rates for the grain producers, equal rates for equal distance and no variable rates. We also say that if there are any proven losses, that is a separate matter. If the government and the Parliament of Canada decides that those proven losses should be made up to the railroads, then let us do so by all means.

It is not necessary to change the statutory grain rates. It is only a matter of making a decision in the public interest to make up that difference directly to the railroads as is done in so many other areas. If user-pay was applied, no one could afford to fly, drive a car, ride the bus or put a boat in the Seaway. If you are to have full cost recovery, it would be necessary to double and triple current air fares as well as raise the marine rates so high that no shipping concerns would wish to enter our ports, let alone the Seaway.

To return to my opening remarks, this is how we share the costs of our nationhood. Surely that is fair and civilized and demonstrates how we can treat one another decently and civilly. It shows how we can keep a united country. It is not just a question of whether the farmer is paying 18 cents or 20 cents a bushel to ship his grain; it is whether or not Canadians are paying for the cost of keeping the nation united through co-operation, trust and fairness.

I believe that the single issue of statutory grain rates has much greater ramifications. The consequences not only concern grain producers in the three prairie provinces; it means much more to the whole country. I hope that the minister will decide to keep the statutory grain rates in place and that any additional funds required, for the two railways in particular, for capital investment in western transportation in return for equity and any operating subsidy required will be continued, but that money given to the railways for branch lines, branch line rehabilitation and interest charges saved on hopper cars and other equipment will be counted in those subsidies. Only then can additional moneys be expended for the full recovery of operating costs.

I do not know what else I can say in order to persuade the minister and the government that this is the wrong course of action and will cause irreparable damage to our nation, particularly western Canada. Although this issue may not be significant enough to contribute to the destruction of Canada, it merits the necessity for Canadians to work together again in sharing the cost of what is a fundamental necessity for Canada.

I hope members who speak after me during this debate will delve into other aspects of the argument. I also hope that members opposite will study the issue from the different aspects which I have mentioned, namely, the sharing of the cost of running the country and keeping our western grain producers in particular in a competitive position with other producers in the international grain trade. This area is so crucial to our entire economy that I submit it cannot be ignored.

Although we cannot have a vote on this resolution, it is my hope that the House will agree that the motion is valid. With that agreement I think we could go a long way to accomplish much more during this session of Parliament.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, the hon. member who preceded me indicated that this is a debate about a view of the nation. I agree with him on that. There is no question that what we are debating here today are two very different perspectives of where Canada should be heading. On the one hand, we hear a plea from the NDP to keep the status quo. We hear a plea for the past, a plea for retrenchment, a plea for reaction and regression. The NDP want us to hold the line. They do not want us to make any changes or to have any vision. They want to hunker down in their corner and protect the old traditions of the past.

Mr. Benjamin: You did not listen, Lloyd.

Mr. Axworthy: We are prepared to put forward a vision of the future, one that sees opportunity and progress in the prairies.

Mr. Blaikie: Visions of the CPR is not a vision of the future.

Mr. Axworthy: I will get to the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) very soon because I want to address remarks to his constituents, especially in view of the stand he has taken. We want to have a vision which provides an opportunity for the prairies to divesify. We are talking about a new industrial strategy and vision for western Canada where there will be the opportunity to diversify the economy, redress the grievances of the past and bring about a stability and growth in that economy which will place the western region at the forefront of economic growth in Canada. We are not prepared to buy the argument proposed by the NDP and their counterparts is Saskatchewan.

Mr. Nystrom: And Ralph Goodale.

Mr. Axworthy: Their argument is based upon fabrication. We saw what trouble they had in question period when they

were fumbling with the facts. We know how loose and goosey they are with the facts—anything to get 15 seconds on the evening news. What we have over in the corner opposite is Canada's great fog machine. All they can produce is a great cloud which completely shrouds the truth. They are not capable of understanding the reality of the situation.

I am afraid that the New Democratic Party caucus has been too busy reading the fiction produced by the NDP in Saskatchewan. Mr. MacMurchy, the great ad man, is travelling around the country from town to town and meeting to meeting, taking his shoe off and banging on the desk, claiming all sorts of wild and totally unbelievable claims about the proposal that we made for the Crow rate. The claim is that we are going to get rid of the Crow and that that will cost western farmers 13 times the present cost.

• (1540)

It seems that members of the New Democratic Party are not very good at arithmetic. We have known that for many years, but they seem to have come to a mental block when it comes to dealing with the Crow affair. What we are talking about is a commitment by this government to an additional $600 million per year in perpetuity in terms of the statutory grain rate. I did not hear the hon. member for Regina West (Mr. Benjamin) talk about that. He conveniently forgot that fact, just as Mr. MacMurchy seems to forget about it. We are not talking about doing away with the Crow; we are talking about a major commitment by the federal government to establish a new statutory rate to which we will contribute six hundred million additional dollars per year.

It seems incredible that in a debate which is so serious and important to the growth and development of our region in western Canada and to the prospects of this country, members of the New Democratic Party are not prepared to deal with what is real, what is true and what is fact. They seem to have blocked their vision, and we know why. They have a certain base and constituency, and what we are seeing is the evolution of the NDP into the real reactionaries of the west. They are the people who are incapable of thinking in progressive terms. They are not swimming with the stream of the new generation of westerners who are trying to develop a new basis for enterprise and entrepreneurship in the west, who want to develop industry and new processing plants, create new work for the railroads and develop new centres of research. Members of the New Democratic Party are not interested in that. They are interested in harking back to the brave old days of the 1920s and the Regina manifesto. Those were the halcyon days when they were going to create a magical crusade, the children's crusade of Canada. It is unfortunate because this debate is too important for Canadians to be ground into the prairie dust with that kind of fiction.

The fact is we are debating something which could be one of the most important investments this country could make in its future. We are talking about one of the largest megaprojects. We are talking about $13 billion of investment in a brand new and modern transportation system which not only will provide for a substantial increase in capacity to move goods to market but also increase the agricultural output of the west by $2 billion in 1990. It will also provide for a wide variety of new jobs and employment in western Canada.

I sit here with some interest watching members of the New Democratic Party from Manitoba and the city ridings of Winnipeg. They seem to ignore, for example, the study which was put forward by the city council of Winnipeg. That is not a one-sided body. On that council are members of all parties.

Mr. Blaikie: The council is run by the ICEC, and you know it.

Mr. Axworthy: The Winnipeg city council pointed out that one of the most serious drawbacks to the development of manufacturing in the city of Winnipeg has been the existing Crow rate. The council also talked about the closings of the Swift plants in St. Boniface, Edmonton and Regina being the direct result of existing grain rates.

Some hon. Members: Oh, oh!

Mr. Axworthy: Hon. members say that is not true. I have the study here; I will be glad to table it for hon. members. Perhaps members of the New Democratic Party are not interested in listening to facts or listening to the Winnipeg city council.

Mr. Blaikie: We are.

Mr. Axworthy: All they want to do is yell. They have very loud voices, and I suppose they enjoy listening to the echoes in the echo chambers between their ears. They are not prepared to accept the facts. I want the hon. member for Winnipeg-Birds Hill to go back to his riding and tell his railway workers that he is prepared to give up 2,000 additional jobs for railway workers in Manitoba because of his stand on the Crow rate.

Mr. Blaikie: Nothing to do with it.

Mr. Axworthy: I want the hon. member for Winnipeg North (Mr. Orlikow)—

Mr. Blaikie: Come up and run against me. You run in Winnipeg-Birds Hill and we will see.

Mr. Axworthy: We will be glad to run a good candidate against the hon. member. We want him to tell his railway workers—

Mr. Blaikie: Any time you want.

Mr. Axworthy: Aren't they getting excited, Mr. Speaker?

Mr. Blaikie: Resign and we will have a by-election.

Mr. Axworthy: We have obviously plunged the needle into their veins because they certainly are spouting a lot of blood on the floor of the House of Commons. We can always tell when members of the New Democratic Party hurt because they bleat. They are bleating very loud and long this afternoon.

The fact is that what we are talking about is an opportunity to develop major new manufacturing in western Canada, to develop employment for tens of thousands of westerners, and to provide the opportunity to increase substantially and enhance our agricultural products, livestock, grain processing and grain production itself.

We are talking about a vision of the future. We are talking about the willingness of this government to take a stand and to open a debate in western Canada and across Canada on one of the most important items which will lead to the development of the economy of this country and the economy of the west.

Mr. Blaikie: Let's have public hearings.

Mr. Axworthy: We are very pleased and proud that the Minister of Transport (Mr. Pepin) has been prepared to take that stand. He has received the endorsements of a wide variety of western groups for his stand.

It seems that the members of the New Democratic Party are afraid of dialogue. That is the great party of democracy. In the House hon. members are always asking that we get into debate.

Mr. Blaikie: Public hearings.

Mr. Axworthy: They are afraid to get into an honest consultation whereby farm groups have the opportunity to sit down and put their points of view on the table and look at what they can produce in our economy. No one is going to cook the books for them. They can come to Dr. Gilson, present their facts and figures and talk about what is really taking place. Out of that will come a report and recommendation which will then be debated in the House of Commons. What could be a clearer, more open process of policy making than that?

But members of the New Democratic Party are afraid of that process, and I know why. They are afraid of what it will show. It will show that the kind of conventional shibboleth on which they have been hanging their hats for years will be proved false and wrong. It will show that they are simply captives of the past and that their stand is not one which will promote the progress in which we in western Canada are interested.

Over the past year the western affairs cabinet committee has spent many months meeting with a wide variety of western groups. That committee met with literally hundreds of westerners who spoke to ministers on the committee. The committee met with these people in private and in the open to discuss the economic future of western Canada. One message came through loud and clear, and that is that we must modernize the transportation system. We must have a transportation system which can move our grain and our commodities. We must have a system of rates which allows for proper manufacturing and processing in the west. We must have a transportation system which guarantees the future of western Canada.

That is the basis upon which all our history is founded. There was no disagreement about that. There was certainly disagreement about the different methods which might be used and the different formulae which could be proposed.

It is for that reason that we have recommended—and our cabinet colleagues accepted it—that the next step in that process should be dialogue and consultation to arrive at what the proper formula should be. No one was prepared to take the first step, so one of the major commitments this government made was to put $1.3 billion on the table as our commitment to western Canada and to the modernization of the transportation system. We realized we were not going to move this debate off dead centre, where it had been for years, unless someone was prepared to put hard money on the line and was prepared to make a major investment, a major commitment of large amounts of money to the improvement, expansion and modernization of our transportation system. That is what we did through the western fund. That is the kind of commitment this government has now made, and that has broken the log jam. We are now in a position where the parties are prepared to talk. The result of consultations right across the west is that people are prepared to come to the table to present their cases and offer their different formulae.

The NFU and the NDP, those two brothers of blindness, are not prepared to enter into that kind of debate and discussion.

Mr. Nystrom: What about Ralph Goodale?

Mr. Blaikie: What about the Liberals in Saskatchewan?

Mr. Axworthy: The NFU and the NDP are not prepared to enter into that discussion. By the very fact that they are entering into that consultation westerners are showing that they are interested in the future and that they are not listening to the siren calls of the NDP federal caucus, which is simply out of step, out of tune and out of time.

The whole point of this debate is to talk about a different kind of future. It is important that we clear up much of the mythology the NDP is trying to conjure up with respect to this matter. Mr. MacMurchy is running around Saskatchewan, as are his colleagues in his caucus, saying that the federal government is going to introduce variable rates, and everyone gets all excited about that. The Minister of Transport and the Prime Minister (Mr. Trudeau) have said very clearly in Saskatchewan that if westerners do not want variable rates, they will not have them. It is up to them to go to Dr. Gilson and present their case for or against this. If it is the decision of westerners not to have variable rates, they do not have to have them.

• (1550)

We hear the NDP claim that this will ruin rural life in western Canada, that it will have the effect of a wrecking crew in small towns. The authority cited by the hon. member for Regina East (Mr. de Jong) was Mr. Justice Emmett Hall, who pointed out in his study that the primary reason that small towns are being ruined in western Canada is because of the actions of the provincial governments—the new road systems, electrification and all the other programs such as the centralization of the school system. If one examines the reasons for

change in the small towns and rural life in the west, it will be seen that they have little to do with changing the Crow rate. The provincial governments are responsible because they brought about the changes. That is the basis of Judge Emmett Hall's report, and he is the man who is quoted as the great authority on railway rates. He should be an equal authority on the impact of those rates on the small towns and rural life of western Canada.

Mr. Blaikie: Mr. Speaker, would the minister accept a question?

Mr. Deputy Speaker: Does the minister want to accept a question?

Mr. Axworthy: Mr. Speaker, I will be very glad to accept a question if I have time at the end of my presentation. I could ask the hon. member for Winnipeg-Birds Hill how he can justify to his constituents the loss of several thousands—

Mr. Blaikie: Oh, oh!

Mr. Deputy Speaker: Order, please. The minister has the floor.

Mr. Axworthy: There are a lot of important questions, and for answers to some of them we must look to those ostriches of the past who dug their heads in the prairie gumbo, unwilling and uncaring about the future. Talk about gophers and groundhogs, Mr. Speaker! Members of that party opposite have not seen the light of day for years.

What we are talking about is the necessity to deal with this question in western Canada on the basis of facts and realism. We are not talking about getting rid of variable rates. We are not talking about ruining small town life either. What we are talking about is the kind of investment that the producers of western Canada have been requesting for years. We are talking about the kind of investment that will restore the urban centres of western Canada to their pre-eminence as transportation centres. We are talking about the creation of employment across Canada, from the steel mills in Sydney to the locomotive shops in Quebec and Ontario and the major urban centres of western Canada. The change in the Crow rate will have multiple benefits for every community across Canada. It will create employment.

The NDP hawk their wares daily. They say, "Create more employment, create more jobs and invest in the country". What we are doing is changing the Crow rate to provide for one of the most important and critical investments that will create employment for tens of thousands of Canadians. Members of that party cannot be so hypocritical as to argue out of both sides of their mouths at the same time and expect Canadians to believe them. They will be found out after a while. They tell their constituents in Saskatchewan that they defend the Crow, and then they come down here and tell eastern workers that they are trying to create more employment for them. Why do they not go to the workers in Sydney, London, parts of Quebec, Winnipeg and Regina and say that they are trying to create more employment by standing against any change in the Crow rate, which would bring about a substantial investment of $13 billion in western Canada in the next few years and thus provide countless man-hours of employment in a variety of industries?

How can they try to get away with such duplicity? Their attitude is beyond belief. It is one of the greatest acts of piracy that we have ever seen in this House. They are trying to conjure up in the minds of westerners the idea that this is something that will deprive them of their birthright. Westerners have been asking for a fully developed, diversified economy as part of their birthright, one that is not based only upon raw materials but one that involves a variety of industrial enterprises and thus will not be subject to the cycles of resource markets but, rather, will provide a stable pattern of employment.

We offer an opportunity to put that in place in western Canada. We offer a system that will have enormous impact upon our export markets. It will not only provide an almost $2 billion increase in the export market for raw grain producers, but will provide a wide variety of new markets for processed materials such as oil seeds. Why are the canola crushers so anxious for this change? Why are the commodity producers so anxious for it? It is because they realize that for years they have been deprived of the opportunity of making their case and establishing a firm investment pattern in all regions of the country.

I return the plea of the hon. member for Regina East. If he is prepared to deal with this issue with a sense of honesty, a sense of realism and a sense of the progress which his party says it believes in, then I would ask him to change his position on the Crow rate. He should be prepared to help westerners enter into consultation, to engage in the kind of co-operative approach and participation that we offer so that we can reach a solution that is fully reflective of all issues. We want the inner few at that table. We want all the farm groups there and all interests to be represented. We would ask the NDP to use their good offices with the Saskatchewan government, with the pools and with the inner few to get them to participate and find the best answers for the west and for our transportation system. Rather than raising the flags of negativism and opposition, let them recognize this as a real opportunity for the west to develop fully its economic position.

We return the plea, Mr. Speaker. We have opened up the debate and dialogue and we are prepared to make a major investment in western Canada. We are prepared to enter into wide-based consultation with all groups and all kinds of interests. It is up to members of this House from every party to see that this takes place and it is particularly up to western members of the opposition to use their good offices to ensure that the debate is founded on facts, on figures that are real and not fabricated, on premises that are true, not fiction. They have a responsibility and an obligation to their constituents in western Canada to ensure that such negotiation takes place. If they persist in simply trying to distort, twist, hide and cover

the necessity for the modernization of our transportation system, they are doing a serious disservice to all Canadians.

We return the plea to the NDP and ask that they get on the right track and begin thinking of progress in the country. We ask them to help develop a proper, new statutory rate that will benefit producers and westerners alike.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: The hon. member for Winnipeg-Birds Hill (Mr. Blaikie) on a point of order.

Mr. Blaikie: Mr. Speaker, is there some time left in the minister's allotment and, if so, would he permit a question?

Mr. Deputy Speaker: Would the minister accept a question?

Mr. Axworthy: Yes, Mr. Speaker.

Mr. Blaikie: Mr. Speaker, when the minister was speaking of the NFU and the NDP being blind brothers together in this struggle to preserve the statutory rate, I wonder why he left out the Liberal Party of Saskatchewan? Given his supposed interest in the facts, why was this particular fact not brought to the attention of the House in his speech?

Mr. Axworthy: Mr. Speaker, I would be very pleased to correct the record for the hon. member. The Liberal Party in Manitoba, Alberta and British Columbia endorsed the Crow rate resolution. We met last Friday with the leader of the Liberal Party in Saskatchewan to discuss it and cleared up many of his concerns. He was also buying some of the propaganda put out by Mr. MacMurchy in Saskatchewan about the variable rates.

In western Canada two governments support the change as well as the western Liberal Party. We hope that if the NDP go back and talk to their own brethren in Saskatchewan they will come on board as well.

Some hon. Members: Hear, hear!

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, my time is limited but I want to open my remarks by observing that the Minister of Employment and Immigration (Mr. Axworthy) does not know what a service he has done Mr. Goodale and his political pursuits in Saskatchewan. He knows not what he has done! I think he demonstrated one thing during this debate, and that is that while he may have obtained a new pair of glasses, he still cannot see what the issues in western Canada are and he is doing a disservice to western Canadians in promoting this particular policy.

A lot of people are watching this debate today and a lot of people will read about it. They may be a little mystified by some of the antics that have taken place today. There has been a lot of yelling back and forth between the Liberals and the NDP. People may be a little surprised about that because, as the Canadian public knows, the philosophy of the two parties is very similar. They support very much the same issues and on many important issues they stand together, like Tweedledum and Tweedledee.

• (1600)

There is a story which I think is probably true about Noah's ark. The story is similar to the relationship we see between the NDP and the Liberal party. The New Democratic Party supported the Liberal government on 19 different confidence motions. It supported the government through thick and thin on every important issue. We remember when the leader of the New Democratic Party said that the constitutional document is a very civilized one. He stood four-square behind the Prime Minister (Mr. Trudeau) on this particular issue. On important economic issues, such as defeating our government on its budget which would have resulted in progress for the country, the NDP and the Liberal party were together. They are together on every issue. By the time I finish my comments today, I hope to demonstrate precisely what is happening with respect to this issue.

Mr. Keeper: Mr. Speaker, I rise on a point of order. Would the hon. member permit a question?

Mr. Hnatyshyn: Mr. Speaker, I only have 20 minutes. If I have time remaining at the end of my remarks, I would be glad to do so.

In any event, at the time of the flood there were two animals of every species on Noah's ark. Noah was somewhat concerned with respect to the cats. In order to ensure that there was no hanky-panky between the cats, he decided to put two animals to watch. He chose the two giraffes because they had long necks. He said to the giraffes, "Now, you watch to make sure that nothing happens here which might increase the number of passengers, because we have a full load". Well, after 40 days, the platform came down and off came the animals two-by-two, except for the kittens. There were 19 of them following the two cats. Noah said to one of the giraffes, "I thought I put you in charge of this; you were supposed to watch what was happening". He said, "I am sorry, Noah, I thought they were just fighting"!

That is exactly what we have on the floor of the House of Commons—the NDP and the Liberal Party pretend to fight, but they are together on so many issues.

Canadians will understand, particularly with respect to this item, that statements have been made by spokesmen on behalf of the New Democratic Party which indicate that it was prepared to negotiate an end to statutory Crow rate. On the basis of statements made by the Minister of Employment and Immigration, we now know that the Crow rate will be axed. It is not worthy of being axed, but it will be axed to the detriment of western Canadians. If this is allowed to go through, I fear it will be the end of a way of life for our farmers. I submit it will mean the end of the family farm.

In 1977 the Hall commission made two significant and fundamental recommendations. The first was the retention of the Crowsnest statutory rate, and the second was that the

difference between the statutory rate and the cost of transporting grain would be paid directly to the railways. To ask western Canadian producers to pay commercial rates for hauling grain is to ignore an historical and statutory right, to ignore the competitive realities of the marketplace and to ignore the natural and artificial advantages of competing countries.

I am glad to see the Minister of Transport (Mr. Pepin) present in the House because I should like to give him some advice. I ask him to change his advisers who set up the place of meeting to discuss the Crow rate in Saskatchewan. He went to the town of Delisle which is a great town in my constituency. Whoever was the Liberal adviser who told the minister to go to Delisle, Saskatchewan, should receive the golden finger award. The minister was sent to the hotbed of people who were very much opposed to his position. Last fall I attended a barbecue with 1,000 other people. The minister went there to meet with 1,000 farmers and he was barbecued.

Mr. Pepin: I was on ice!

Mr. Hnatyshyn: That is right, the minister was put on ice. I am very serious about this issue. I am sorry that the western representative in cabinet has taken such a position on this very important issue. As I say, Canadian grain producers must meet the competition of the international marketplace. They purchase their inputs in a Canadian marketplace which is protected to some extent. Any increase in freight costs will result in an automatic reduction of their earnings. Any reduction will impact upon the industry as a whole and particularly upon those who are dependent upon it.

On a more basic level, this situation for westerners, particularly those in my province of Saskatchewan, is very much like the situation in respect of the language rights of residents of the province of Quebec. It was part of the confederation package between Canada and the prairie provinces; it is the prairie Magna Carta. I ask hon. members from all parts of Canada to remember this in the months and weeks to come. We came to the bargaining table with different needs and aspirations. We have a collective duty to protect the rights won by the respective partners to this great pact. This plan sounds the death knell for untold numbers of rural communities and, in general, for the rural way of life.

Many hon. members in the House will not understand the social and cultural fabric of the west and how important it is to westerners. Many will not understand how vulnerable it is to destruction from economic forces at work at this time. Western Canadian producers cannot afford any increase in the Crow rate. Next year farm income will drop by 15 per cent. Farm costs will rise by 25 per cent in 1982, after a 63 per cent increase over the last two years and 89 per cent over just one three-year period. Where does that massive increase go? Well, 55 per cent to 60 per cent of that money goes into the hands of the federal government. Massive amounts of money, possibly $51 billion, will flow out of the west in the next five years. Aside from those figures, the cost of maintaining the Crow to the federal government is paltry.

I am appalled at the lack of respect the federal government has shown the producers of western Canada in moving to change the Crow when there is substantial and fundamental opposition. I cannot understand the Prime Minister coming to the city of Saskatoon, Saskatchewan, and saying that the people protesting against a change in the Crow rate are uninformed. I represent those supposedly uninformed people and I will take their attitude over that of the Prime Minister any time. What did he say when he arrived in Saskatoon? He was asked a question about the statutory rate. In his response he said that the government cannot please all the people all the time, everywhere on everything. He said that he had yet to go to an open rally in a province where someone has not said, "Why should we pay the shot?" Here it happens to be prairie farmers and "big deal", says the Prime Minister. What kind of attitude is this for the Prime Minister of the country with respect to the legitimately held views of a very significant and important part of our population, the western grain producers? It is no wonder that every time the Prime Minister goes to western Canada he increases the votes of hon. members of the opposition by 2,000 to 3,000. It is because of his attitude, his arrogance and his insensitivity to western problems.

The people of western Canada see this situation as a lack of faith in western Canada. The Minister of Transport indicated that a decision will be imposed if no consensus is reached out of the Gilson hearings. I say to the minister who is sitting here now that this is unacceptable. The people of western Canada understand the game. They feel that the Liberal government says, "What do we have to lose in western Canada—nothing political". The government has shown its concern for the farming community in its budget; it can just as easily give the west a shaft over the Crow rate. There is nothing in the budget and it is getting even worse treatment in terms of this particular issue.

I have warned before, and it has now come to pass, that the so-called western development fund will be the vehicle by which Liberals will make up the Crow gap in 1982. This fund, the $4 billion elusive dream of the October 28, 1980, budget of the Minister of Finance (Mr. MacEachen), is now the $1.3 billion nightmare for westerners. Is it any wonder westerners have so little faith in the Liberal party and its policies? First of all, the federal government announced in 1980 a $4 billion fund to promote the modernization of the grain handling and transportation sector, as well as to promote western industrial diversification. Then in the 1981 budget the government slashed it by 60 per cent. In February, 1982, the federal government used that money as a handout to the railways without tangible guarantees as to how it is to be used. If the government can slash that fund once, they can slash it again. I thought *The Globe and Mail* in a recent editorial stated the case very well when it said this:

• (1610)

The fact is that the prairies do not trust the federal government. They have no faith in any promises Mr. Pepin may make, no faith in any promises the government may make. They have the Crow. They will stick to the Crow.

Will the federal government ever, Mr. Speaker, grasp the idea that it takes action, not promises, to win back a totally disillusioned electorate?

My specific concerns about the proposal are innumerable, but I want to outline a few. First of all, the entire process is taking place outside of Parliament. Once again it is not Parliament that will examine a major change proposed by the government. It has apparently forgotten that Parliament exists. The whole process is to take place behind closed doors. It is remarkable that discussions on a proposed change which can be so devastating in impact will not be open to scrutiny, particularly by the producers affected. The proposal places a ceiling on further government contributions beyond the 1981-82 shortfall at a time when massive funds are about to flow into federal tax coffers. The proposal opens the door to variable rates, which is absolutely and profoundly unacceptable. Western farmers have not fought for 80 years to maintain the statutory rate only to see it tossed to the wind.

Even if we have a statutory rate as part of the package, the proposed open-ended escalator to be paid for by the producer spells variable rates, and that is wrong. One harks back to the words of Mr. Justice Emmett Hall who gallantly fought against the Crow rate desecration. I quote him:

> If once tampering with the statutory rate is accepted or condoned as an item on the bargaining table, all will be lost.

Mr. Justice Hall is a distinguished constituent of mine and I subscribe to his position absolutely. Once the subject is on the bargaining table, Mr. Speaker, it will only be a matter of time until it is lost. There is no position to take except to adhere through thick and thin. The Crow is not bargainable. That is also a statement by Mr. Justice Hall, a perceptive man who has given leadership on so many issues of importance to this country.

After the rates go up, Mr. Speaker, and when the smaller farms and towns start to die, how will the service be any better? There is nothing in this proposal to guarantee that service. Those guarantees must be there before we even think about giving more money to the railways from whatever source. We also want to know how the proposed subsidy will be distributed. The government has given absolutely no indication of that. They have told Dr. Gilson basically this: "We want to dump the Crow. We want to hit all those westerners who dare to refuse to vote Liberal. We do not care what impact it has in the west; you figure out the fine print and do it quickly and quietly."

Mr. Pepin: Why would we do that?

Mr. Hnatyshyn: The minister knows that is what the Liberal government is saying to Dr. Gilson. We from western Canada do not accept that way of dealing. We do not stand for the status quo either. We recognize the problems in the present system of moving grain. Under the present branch line subsidy system it is well known that the railways are subsidized to be inefficient, as they clearly have been in many areas. The railways should receive adequate compensation for hauling grain, but the existing statutory freight rates should remain. We have said the shortfalls should be met by the federal treasury, and adequate guarantees must be provided to ensure adequate capacity and performance. As well, the anomalies in freight rates between processed and unprocessed products must be resolved in some fashion.

Above and beyond the yearly payment of the 1981-82 shortfall, the federal government has an ongoing responsibility. However, the railways must demonstrate to the satisfaction of the producers that they can deliver grain on time in a reliable and effective fashion before additional payments should be made. With deference I say to the minister who has responded on behalf of the government that he has the thing all wrong. You do not go to the farmers and say: "Now, you pay for some—

Mr. Pepin: You are talking about billions of dollars.

Mr. Hnatyshyn: —imprecise commitments to improve service and we will see that things happen to the benefit of farmers down the line." He should be saying to the railways: "Get the system in order and then we will come back to the farmers and see whether there is any room to talk at that time." The problem with the minister is that he has it reversed.

The fact, Mr. Speaker, that this proposal is going forward without the fullest consultation really dismays me.

Mr. Pepin: Lots of people know more than you do about it.

Mr. Hnatyshyn: I can hardly believe there has not been consultation, not only with the agricultural organizations and associations but with the producers themselves. We know that in Saskatchewan there is serious questioning, not only in the pools but in all organizations, with respect to the position being taken and the whole process which is going on.

I would like to close my remarks, Mr. Speaker, by saying that I am interested to see that the NDP has finally brought this motion forward. I would not want to suggest they were more interested in its political effect than in the issue itself. I would be the last to accuse them of any sort of devious frame of mind such as that. However, it is rather interesting that this matter has been on the Order Paper and we were obliged to bring it forward immediately following the announcement while they have let the matter lie until this week. Has it anything to do with the calling of the provincial election in Saskatchewan? I ask that question rhetorically because I know the NDP, all of whom have to take a course in sanctimony before they come into this House, will answer that one—

An hon. Member: Before they run as candidates.

Mr. Hnatyshyn: That is it, before they run as candidates, says my colleague, the spokesman on a leadership review of the Liberal Party. Mr. Speaker, I simply want to say that when they take such a position I wish they would get together with Premier Blakeney, because he has been equivocating. I am sorry to say that, notwithstanding all the material I get in my home, the letters and so on telling me what they are going to stand for. Premier Blakeney has been quoted as recently as

January of this year as saying that he was quite prepared to negotiate a change in the Crow rate. In an interview on the CBC he acknowledged that fact. This is the same Premier Blakeney who is going to the people of Saskatchewan, arm in arm, I take it, with—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. Keeper: On a point of order, Mr. Speaker, since the House opened last October the Tories have voted with the Liberals 26 times, whereas the NDP did so only 13 times.

Mr. Hnatyshyn: Very shoddy business.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, this is my first debate as Parliamentary Secretary to the Minister of Transport. It is perhaps very appropriate that I take part in this debate on Crow rate change. I was a little disappointed that the original mover, the hon. member for Humboldt-Lake Centre (Mr. Althouse), withdrew his support and had his colleague, the hon. member for Regina West (Mr. Benjamin), move the motion. I do not know why, whether he was afraid to defend his own motion—

Mr. Pepin: He is campaigning in Saskatchewan.

Mr. Flis: —because I come from that part of Saskatchewan. I was born and raised in his riding. I was born and raised in the riding of Humboldt-Lake Centre, where that hon. member, the original mover of this motion, comes from. I am sure that this motion does not represent the wishes of the farmers in his riding. As a matter of fact, my family left Saskatchewan 30 years ago because of the CCF government at that time under Tommy Douglas. My father, along with four sons and two daughters, saw no future in that province because of the lack of foresight of the government at that time. Unfortunately, it is the same lack of foresight of the federal New Democratic Party which will force many farmers out of that province again.

• (1620)

Mr. Blaikie: You like the Tories in Ontario?

Mr. Flis: I am sad that I must say that that is a fact and the truth.

Mr. Blaikie: What about interest rates?

Mr. Flis: I can understand the concern of the farmers for the Crow, as it gave an element of security in a changing world for 85 years. However, change must come. It is happening everywhere. Even the Saskatchewan Power Corporation, owned by the provincial NDP government, increased its electricity rates by 8 per cent in 1980 and by 12 per cent in 1981. The provincial government says that it is okay to increase electricity rates, but that it is not okay to increase shipping and grain rates. I do not know how Premier Blakeney explains this double standard that he is practising within his own province.

I want to show that the changes to the Crow proposed by the government are for the better, not for the worse. The attitude of the NDP, federally and provincially, of opposing any change whatsoever is simply irresponsible. Provincially, it might be excusable because of the Saskatchewan pre-election fever obviously getting in the way of rational debate. It is surprising, however, as in the past Premier Blakeney has taken a much more realistic position.

I would like to quote what Premier Blakeney said when he appeared on a CBC show on May 20, 1977. I would like my colleagues from the NDP and the hon. member for Saskatoon West (Mr. Hnatyshyn) to listen very carefully to what Premier Blakeney said at that time. He said:

> Now I don't want to be quoted as saying that I'm happy to see Crow increase, that's not so, but I'm realistic enough to know that time goes on and costs go on and I think farmers are realistic enough to say that at some time they would look at increasing Crow, provided they receive the same legislated statutory protection they now have for the Crow rate.

There are three aspects to Premier Blakeney's statement. First, as time goes on costs will increase. That is a fact. Second, farmers are realistic enough to realize that at some time in the future they would look at an increased Crow rate. That is a fact. Third, farmers would want legislated statutory proection. That is a fact. That is what the premier stated on May 20, 1977. On February 8, 1982, the Minister of Transport (Mr. Pepin) realized Blakeney's forecast of 1977. Why the change of heart in Mr. Blakeney? I do not know why.

Mr. Keeper: Because your family left Saskatchewan.

Mr. Flis: I do not know why. Even with the imminent election, the scare tactics and misrepresentations are not justifiable. The provincial government produced a beautiful little booklet which I believe is entitled "The Pepin Plan"—

Some hon. Members: Oh, oh!

Mr. Flis: —paid for by the provincial taxpayers and which led the Saskatchewan people astray. They pulled the same tactic with the Constitution and it did not work. It is pulling the same tactic on the Crow rate and it will not work. There have been further misrepresentations. The Minister of Employment and Immigration (Mr. Axworthy)—

Mr. Keeper: That is a misrepresentation.

Mr. Flis: —referred to the ad man, and he is correct. The Saskatchewan minister of agriculture, Gordon MacMurchy, put out a press release on March 8, 1982, which stated:

> Ottawa has only committed itself to a contribution of $612 million for four years—to 1985—no more.

This is totally incorrect. The Government of Canada has committed itself to paying the Crow benefit, estimated at about $600 million, indefinitely, and the commitment will be enshrined in law. This is what Premier Blakeney wanted and still wants, and this is what the farmers want.

Based on an erroneous premise, Mr. MacMurchy went on to calculate alleged losses to farmers in the province of Saskatchewan. However, he completely ignored the concept of sharing

future cost increases to be developed by the federal representatives on Crow. He completely ignored the benefits which could flow from increased grain production and grain prices. He completely ignored the benefits of improved railway performance and a better delivery system. He also completely ignored the potential for savings by producers—

Mr. Blaikie: Are you still reading?

Mr. Flis: —in reduced on-farm storage costs. I do not think this kind of misrepresentation will get the provincial government anywhere.

Federally, the NDP has clearly missed an opportunity to show some leadership. The major farm groups recognize the need for change. They have agreed to participate in the process and get the best possible deal for farmers. The NDP are saying, "Ho, ho, ho". Well, it is not Christmas time. I will refer them to the list of farmers and farm groups supporting the change in Crow. First of all, there are the prairie farm commodity associations, such as the Western Barley Growers Association with a member membership of 1,000, the Flax Growers Western Canada, the Palliser, the Manitoba and Saskatchewan rapeseed producers, the Alberta rapeseed producers, the Alberta hog producers and the Canadian Cattlemen's Association. That is a total membership of over 97,000. The Western Agricultural Conference has lent its support to changing the Crow. Under that group are Unifarm, with 63,000 members; the Alberta Cattle Commission with 13,000 members; the Alberta pool with 55,000 members; the Saskatchewan wheat pool with 70,000 members; the Saskatchewan Association of Rural Municipalities with over 2,000 members—

Mr. Benjamin: Oh, no, that is not true.

Mr. Flis: —the United Grain Growers with 60,000; the Saskatchewan milk producers, the Saskatchewan Chicken Marketing Board, the Saskatchewan Turkey Produce Marketing Board and the Saskatchewan Egg Marketing Board. As well, under that group, there is support from the Co-op Hail Association, the Saskatchewan hog producers, the dairy producers co-op and the Manitoba pool. The number of members supporting this amounts to over 300,000. Taking those two groups alone, we have over 400,000 members saying, "Yes, it is time we do discuss a change in the Crow". So much for the "ho, ho, ho" of the NDP. Instead of supporting the farmers they claim to represent, the NDP take the position of the renegade National Farmers Union—

Some hon. Members: Oh, oh!

Mr. Flis: —an organization which was almost moribund until it found this last vestige of the past to cling to.

Almost everyone recognizes that changes come. I might refer the NDP to some of the editorials which are supporting these changes.

Mr. Keeper: Talk to the people.

Mr. Flis: I refer the NDP to an editorial in the *Winnipeg Free Press* entitled "Unnecessary Issue", which states:

> There should be no mistake that those who oppose a change in the Crow are outside the mainstream of western agriculture.

I suggest that the NDP are outside the mainstream of western agriculture. The editorial of March 22, 1982 in the *Winnipeg Free Press* further states:

> In Saskatchewan, it would appear that short-term political advantage is more important.

There is no political advantage for this government to change the Crow rate, as suggested by the hon. member for Saskatoon West. However, this government, and I think all hon. members in this House—

An hon. Member: There are no Liberals left to defeat. You are right about that.

Mr. Flis: —when we are elected, must set goals for the future. We are not building a country—

Mr. Keeper: That's for sure.

Mr. Flis: —for ourselves. We are building a better Canada for generations to come, for our children, our great grandchildren and so on.

An hon. Member: Certainly not for today.

Mr. Flis: I wish the NDP would take that responsibility. Its members should just ask themselves what will be the benefits of the change in Crow for future generations.

The NDP is failing to represent the best interests of the farmers. As the Minister of Agriculture (Mr. Whelan) said in this House, it would be a betrayal not to do anything about the Crow. Members can read in *Hansard* of February 8, 1982, at page 14748, what the Minister of Agriculture said. He said this:

• (1630)

> I think that it would be a betrayal not to do anything about the Crowsnest Pass rate, to accept and go along with the old program, the old agreement of 1897 and not move ahead. If we did all things like that in our country we would not be the envy of the world for our agricultural industry.

I am proud to be a member of a party that shows it is not afraid to take that stand.

Let us be clear on what the federal government is proposing under this change. First, grain will always have a special status. The process set up by the Minister of Transport will guarantee that this special status will be enshrined in legislation, to give the farmer the security that he or she needs.

Secondly, the government will provide an annual payment—not just for four years—of the Crow benefit, calculated for 1981-82 at some $600 million. This commitment will also be in legislation, as requested by the Premier of Saskatchewan.

The sharing of future costs increases, as suggested by my friend for Regina West, is a matter for negotiation. It is a major part of the Gilson exercise. What could be more democratic than direct negotiations with those affected? This

government has always believed in and practised the consultative process. It will always believe in obtaining ideas, suggestions and recommendations from the grassroots of this country. That is what the process will be. There will be requirements of railway performance, service, investments and adjustments in other rates to promote certain agriculture, and a monitoring system to make sure that they do what they are supposed to do.

Also in legislation there will be a mechanism or framework to determine what the rate should be. The railways will not be able to charge what they want—again, as falsely promoted in some of the western provinces.

In the past, the farmer has a guaranteed rate but no guaranteed service. That did not do him or her a lot of good. The Wheat Board said it lost $1 billion in sales in the late 1970s because of transportation problems. The Secretary of State for International Trade (Mr. Lumley) said recently he knew of six countries which had turned to other markets because Canada could not guarantee delivery through its present rail system. What the government is proposing is that the guaranteed rate be replaced by guaranteed service—I wish to emphasize that, Mr. Speaker—along with a perpetual financial commitment from the government. That is leadership, and I wish the NDP would adopt some of it.

Mr. Speaker, the result will be that the railways will be compensated. Even Premier Blakeney concedes that this is necessary. The farmer will be protected and will have the assurance that he or she will be able to move his or her grain. To me, that is a better deal than the west has had in the past, and I think the NDP should go for it. The governments of British Columbia and Alberta, and the Saskatchewan Wheat Pool, are going for this deal, so surely the federal NDP members who were elected to make decisions on what is best for the whole country—not what is best for one region but what is best for the entire country, what is best for future Canadians—will support us in this process to come up with what is an equitable rate for farm producers.

I want to thank the NDP for bringing this topic to the floor of this House on one of the opposition days, because it has given the government an opportunity to set the facts straight, and to correct some of the false statements that the government of the province of Saskatchewan is repeating to its people. They will be able to read what has been said in this House and they will be able to get the truth.

I would like to congratulate the Minister of Transport, not because I am his parliamentary secretary—

Some hon. Members: Oh, oh!

Mr. Flis: —but because here is a minister who took the bull by the horns, as we used to say out west—

An hon. Member: Take the bull by the tail.

Mr. Flis: —who has shown leadership, who saw what is best for the future of the country, saw what is best for future agricultural producers. I want to congratulate him in this House. He knows what is good for the future of this country and he was not afraid to get up and say so. It is very easy, Mr. Speaker, to refrain from taking any decision, as the NDP continually do. No decision is very easy to take, but it is very tough to take unpopular decisions. Our minister, the Minister of Transport, did take an unpopular decision, but it is a decision that will benefit future Canadians; and that is what we are elected for, to build a country that will be the best in the world.

Some hon. Members: Hear, hear!

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, I find it very interesting that the member for Parkdale-High Park (Mr. Flis) should say such nice things about his minister. He said his minister took the bull by the horns; he may very well end up with the tail by the time this whole process is through.

Mr. Flis: You don't know which end of the bull is which.

Mr. Schellenberger: Well, I think I raise a few more bulls on my ranch than you do in your little lot in Toronto, when it comes to knowing which end of the bull is which.

I find it passing strange that while farmers are facing some of the worst dilemmas they ever faced since the Depression in regard to costs versus the price they are getting for their grain, we as a national government, under the leadership that the hon. member for Parkdale-High Park is talking about, are discussing making that farmer look forward to paying more for transportation of his grain to the west coast and east coast.

The Minister of Agriculture has been saying some very interesting things. In a speech in Winnipeg he said that between 1975 and 1981 the ratio of farmers' net income to farm cash receipts dropped from 39 per cent to 21 per cent. He went on to say that it might be even worse in the coming year and that the net farm income is expected to drop 15 to 20 per cent in 1982. He was in such a depressed mood at the time, Mr. Speaker, that he went on to say that perhaps he should revise the old Farmers' Creditors Arrangement Act to try to bring farmers through this period.

The minister responsible for the Wheat Board announced the initial prices yesterday or the day before. The farmers in my constituency are facing a decrease in the initial price that they will receive for grain in 1981-82. For barley it is down 30 cents a bushel; for oats it is down some 31 cents a bushel. All other prices remain the same, no change. Farmers are facing increased costs of production, as was mentioned by the Minister of Agriculture (Mr. Whelan). We get from the Canadian Wheat Board a lowering of the initial price system. They are not prepared to take their responsibility in the face of this type of income figures. They use the act that they have, the section that is there, where they can borrow money if need be to maintain a price, and they feel that that price is justified and what better time to do that than today as we face these terrible income pictures.

The deputy minister of transport stated, as he was discussing the new proposal on the Crow rate—and this is in the *Western*

Producer of February, 1982, an article by Mr. Adrian Irwins—that the range of increase looks as though it might be doubled, or maybe tripled, over a period of four or five years. He says that is kind of ballpark. That is the type of statement we get from the deputy minister of transport, Mr. Kroeger, as farmers are looking at the kinds of cost they may face in the future. He says they are not sure whether they will double or triple, and that is why we have the study. Farmers putting in a crop this year do not know whether they will have enough money at the end of the year to pay their costs, let alone enough to live on, yet they are being asked to accept a change in the Crow rate.

• (1640)

No wonder the motion before us today and the motion which the Progressive Conservative Party put before the House on Febuary 26 state that we should be very cautious about the proposals being made by the minister and look for leadership when we are dealing with transportation costs in western Canada. We made a very responsible suggestion. If the railways have been capable of delivering grain for the last 85 years at half a cent a ton mile, perhaps in the next 20 years they will be capable of delivering grain for the $612 million being proposed. If they show that the capacity is there, maybe farmers could then look at whether or not they should pay some increased costs. That is a very responsible suggestion which would take us to the year 2000.

I will be making suggestions which I hope will be looked at. Some excellent suggestions were made by the hon. Mr. Justice Emmett Hall as well as by Mr. Hugh Horner in his study "A review of the red meat industry". Some excellent suggestions could be proposed to help farmers with their income problem. The railways should be given an opportunity to show they mean business in the prairies and are going to take the incentive, the Crow gap, the money being provided by the government, and move the grain.

I want to discuss two suggestions made by people who have studied this area in the last number of years as well as put forward my own suggestion. Hon. Mr. Justice Emmett Hall put forward an excellent suggestion. Another suggestion that should be looked at is in Mr. Hugh Horner's study. The railways have stated this many times. They feel that their branch lines inhibit them. Over the years we have provided subsidies for branch lines. We have never actually seen that money go to grain branch lines; it has always gone into the general operating fund.

There is some difficulty in moving grain across the branch lines. In many cases the hopper cars are too heavy. They cannot be loaded to full capacity. Some $200 million a year go into branch line subsidies, but this is not being used to upgrade them.

In the 1977 Hall report, some suggestions were made that have never been discussed. In chapter V regarding branch lines, four alternatives were outlined. One suggested we should study a mini-train alternative, an independently owned and operated power unit delivering modified grain cars from the elevator to the loading facilities on the main line where the grain would be transferred to hopper cars. Another alternative was a short line, independently owned and operated loading unit delivering grain from the elevator to the main line train assemblies. He went on to discuss the trucking alternatives. The other was a do-nothing alternative which is a continuation of the present system.

The second proposal, the short line alternative, makes eminently good sense to me. The railroads have never done anything but ask that branch lines be abandoned. Perhaps it is time for us in western Canada to put forward another alternative. The branch lines should be turned over to the provinces as part of the rural rail bed and allowed to be operated by independent owners or co-operatives. That suggestion was made by Mr. Justice Emmett Hall and outlined by Hugh Horner in his study for the Alberta government, his review of the red meat industry. He suggested that grain independent branch lines be transferred to the provinces at a nominal fee and operated by the provinces as part of the rural road system. He discussed the $200 million a year in branch line subsidies and $80 million a year for branch line rehabilitation. These subsidies do not necessarily go to the upkeep of the branch lines. The railways use the money wherever they feel they can get the greatest economic return.

Our motion in February proposed that this issue be directed to the parliamentary committee, for intensive study and the turning over of branch lines to the provinces to be operated as part of their rural rail bed could be part of that study.

These branch lines are analagous to the rural road system. They are an essential part of the infrastructure for rural western Canada and they should not be allowed to deteriorate. The farmers and businessmen of those areas should be allowed to form co-operatives and run them in a fashion that would keep them as an integral part of western rural Canada.

There are many advantages to this system which are outlined in this review. Often when we get excellent reports such as the one by Mr. Justice Emmett Hall and Mr. Hugh Horner they are allowed to gather dust. We go on with what members opposite call leadership, which is just doing away with a program that has been part of western Canada for the past 80 years.

The minister should accept our suggestion of providing the Crow gap, some $600 million, to the railroads and ask for a guarantee of service. In the meantime, we should be allowed to put forward these kinds of suggestions.

If the federal government were to pay that $600 million and set up a task force or royal commission to study the feasibility of turning over the 8,000 miles of branch lines to the prairie provinces at a nominal fee to be run as part of their rural road system, we could establish rural regional rail co-operatives to operate these short-haul lines as part of the rural system of road beds. They could purchase through an incentive plan some smaller locomotives. Huge locomotives would not be required for the operation. The grain cars could be transferred to the main line, picked up at regional terminals and pulled to the ports as part of a unit train.

The grain could be cleaned at the inland terminals and the screenings used as feed for livestock. We could establish a provincial rail authority to oversee the operation of the system and disperse the revenues and costs to the rural co-operatives. The GTA could still be in charge of rail car allocation. We could very easily put in place the same kinds of tax credits as in the oil industry and movie industry to allow these co-operatives to buy the extra grain cars and locomotives needed to operate the system.

This whole area makes eminent sense to me and is one that should be proposed to western Canada. It is one that the leaders in western Canada should be allowed to discuss so that we do not just have to accept the position being put before western Canada by the Minister of Transport and his one-man committee, who is holding negotiations behind closed doors so that we do not know exactly what is happening.

• (1650)

These ideas, along with those which have been proposed to the Wheat Board during the last few years to assist western farmers, must be considered. Such ideas included an assured market plan which the Wheat Board called MAP. Farmers are now saying that we should take a second look at this program in order to make some changes.

Mr. Jarvis, head of the Wheat Board, has recently been discussing a proposal for a cartel, which is something I have some difficulty with. It is just another name for something that members from all parties in the House have started with the United States, namely bilateral arrangements whereby we would set floor prices so that our two countries, which move approximately 70 per cent of all export grains in the entire world, would not be in such a competitive position that we are actually selling to countries who can afford to pay at below the farmers' cost of production.

If these ideas were being proposed at this time, along with fuel rebates, proper extensions of the small business development bond, plans to assist farmers who face extremely high interest rates and energy expenses during the next five years, then perhaps we could ask western farmers to look at some changes in the Crow rate in the next 20 years.

There is another anomaly which has not been addressed by the Minister of Transport in his Crow rate proposal. It concerns the British Columbia railroad and the farmers who deliver grain from the Peace River region. They have never been included in the Crow rate proposal. The British Columbia government has been paying the Crow difference out of the grain which is coming from the Peace River area for many years now. Until the last couple of years, the Wheat Board had not even been allocating some of the grain cars which were purchased by the government and the Wheat Board to farmers in that area. This situation has been rectified due to the strenuous arguments made by the hon. member for Prince George-Peace River (Mr. Oberle).

I believe the Minister should accept this proposal and ensure that the farmers in the Peace River area of British Columbia have their problems placed before the committee which he established so that disbursement of moneys may also be made to the British columbia area. I believe that this is a very important consideration.

I would like to speak for a moment about some of the situations which can happen when an aggressive group is put into a system which, although it has been functioning for 85 years, has not been functioning very well and even deteriorating. When we were the government in 1979 the hon. member for Vegreville (Mr. Mazankowski), who was the Minister of Transport at that time, decided that some emergency plans had to be put in place in order to deliver grain until a system could be worked out to alleviate the many problems in the western grain transportation and gathering system. He convened an emergency grain movement task force of which I was glad to be a part. In a matter of two months we were able to set up the Grain Transportation Authority. We were able to make some 16 recommendations.

Even though nothing changed in the system at that time, the amount of grain which moved from the prairies to the ports increased substantially. To us this indicated that by aggressively addressing the problems in the system it could be made to work at a greater capacity than in the past. This was proven by the task force which was working in the prairies at the time.

We discovered some very interesting things which should have been happening for a long time and were not. We found that we should reduce segregation in the grain terminals and pursue the pooling of oil seeds. The system which had been operating for years was one whereby each grain company demanded that the car which they loaded in the prairies be delivered to their terminal when it came to port, even though the rapeseed was exactly the same in all cars. When a train pulled into Vancouver with some 100 cars, we often had to have 60 to 70 switches in order to get the right cars to the right terminal.

After the task force found that these things were happening, the Grain Transportation Authority went to work and discussed the whole matter. We now find that there is a pooling of oil seed cars, with the result that the turn around in those cars has increased dramatically.

We should employ supplementary quotas to attract grain to our interior cleaning facilities. At a time when there is a shortage of cars and there are cars which go to port with 5 per cent to 15 per cent of weeds in them, just imagine how much more grain we could move if those cars were cleaned in the prairies. There is a need for those screenings to remain in the feed industry of Alberta and Saskatchewan. We can relax some of the cleaning standards for our high grade wheats because they are really not needed.

We can pursue the possibility of making some effort to provide incentives instead of constantly imposing penalties to get our grain moved by the railways and the companies in a more efficient manner. Therefore, there are ways of making the system work more efficiently if Members of Parliament and task forces are allowed to look at new ideas and methods. There is much to be found out.

We are facing some very astonishing statistics concerning the movement of products from the west to our ports.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but the time allotted to him has expired.

Hon. John M. Reid (Kenora-Rainy River): Mr. Speaker, when one is discussing the grain industry in the west, one is discussing a topic which probably gets spoken about more in the House of Commons than any other. I think when one speaks about the grain industry in the west, one is also talking about a subject which has great emotional attachment and we are dealing with a mythology that is very important to a great many people. In debating this subject today we are also debating a subject which is in the very middle of a raging debate in western Canada. We are dealing with something which is alive and well.

I believe we are also debating a subject which I think the House of Commons has very seldom debated. In the eight or nine years since the Hon. Otto Lang first raised the question of the Crow rate, I cannot recall when the subject was debated in the House of Commons so often. One of the reasons some members are unfamiliar with the debate and what has been happening to the railways and to the wheat farmer vis-à-vis the transportation system is that we in the House of Commons have been afraid to touch the subject. This is because we understand the emotional impact that discussion of this subject has back west. We have therefore tended not to deal with this question in the House in an adequate way.

Now that the government has finally made a decision to move and attempt to deal with some of the problems which have been caused by the Crow rate, it is somewhat of a shock and surprise to us all to discover that when we go back to review our own records of our committee hearings there is almost nothing in the file. We are all beginning to learn the facts anew.

In my judgment, having been an advocate of studies of the Crow rate back in the middle 1960s when I came to the House of Commons and joined the Standing Committee on National Transportation, and after spending a year travelling the railways of Canada with the committee which rewrote the National Transportation Act, I can recall what a terrible day it was to those of us who wanted to see the Crow examined when the House turned down the clause in that bill which would have allowed to take place the study as to what the costs and the benefits of the Crow were.

I think that decision of the House in 1967 set us all back in terms of being able to deal with this particular question. Therefore, it becomes much more difficult for us to do it now at a time when the economy is slowing down and at a time when everyone is being forced to tighten their belts.

Why are we doing it now? It is for the same reason that everyone is cutting back in every field. We have discovered that our ambition to spend in the private, corporate and governmental sense is exceeded by the revenue we have to spend. We have now reached the point in the Government of Canada accounts where 25 per cent of every dollar we collect as revenue goes to pay the national debt. There is just not much money in the bucket any more, and the consequence of that is that the government is examining all its expenditures.

• (1700)

We know when it comes to the railways that there must be massive investments over the next ten years. That money has to come from somewhere, and it is going to come from the Canadian taxpayer, it is going to come from the railways, it is going to come from the consumer of the goods that are moved on the railways, and a greater share will have to be paid by the producer of the goods which move by those railways.

The question we are discussing is: What are the fair shares and what are the amounts each group will pay? I think it is an absurdity to say that the amount paid by the producer of grain is going to disappear. The projections we have—and nobody has challenged them—are that by the year 1990 the grain producer will be paying 2.5 per cent of the cost of moving his grain, yet if we go back 25 years to the middle fifties, we find that the grain producer was paying 75 per cent of the cost of moving his grain. I find nothing written anywhere in the statutes of man or in the word of God that says this is the condition that has to go on forever.

Who is paying the cost? Part of the NDP motion today says we should nationalize the CPR.

Mr. Nystrom: Right on.

Mr. Reid (Kenora-Rainy River): Will that save anybody one cent? My God, when I look at the profits of CP Rail, I see one person who is subsidizing the grain producer, and that is whoever owns shares of CP Rail, because CP is not making any money. The people who subsidize are the railway workers. Every railway worker takes less pay than he would otherwise get because of the subsidy which goes into the system. Everyone who moves freight in and out of western Canada—or almost anywhere in Canada—pays a part of the Crow subsidy, and that subsidy is going up as the amount paid by the grain producer goes down.

The farmer has paid a heavy cost too. We do not have diversification of western Canadian agriculture because of this. One of the things I have taken an interest in is the question of triticale. It is a very interesting subject for those who want to understand the problems the Crow has caused to the agricultural industry. Here we have a new grain. It is probably the only new grain discovered in the last 500 or 600 years. We are not growing very much of it, even thought it was put together at the University of Manitoba. It is grown in Mexico. It is grown in Russia. It is grown in Poland. Only now is it beginning to be grown in western Canada. Why is it not growing in western Canada in substantial amounts? Because it cannot be shipped out of the country, or anywhere, because it has to pay the full rate, and the full rate discriminates against any grain crop produced in western Canada unless it happens to be on the short list which comes under the Crow. What does that

mean for farmers in western Canada? It means they are locked into a one-crop economy. That is not very sensible because any economist and any farmer will tell us that what they really want to do is rotate crops and make sure they are able to protect themselves against being wiped out totally by whatever disease or pest might come along.

Let me refer to a story which appeared in the *Star-Phoenix* of Saskatoon.

Mr. Hnatyshyn: A great paper.

Mr. Reid (Kenora-Rainy River): "Topsoil drift said fault of Crow rate" is the headline of a story by Nancy Russell on March 18. The story points out that because there is only one crop and not enough variety in what is being planted in western Canada, topsoil is moving on. There has to be a greater range of crops planted, but the Crow works against that. The Crow locks farmers into a very limited number of crops they can grow on an economic basis because they cannot move those crops out. If farmers cannot move them out, it does not make any sense to grow them. If they cannot grow them at a profit, it does not make any sense to grow them.

When we look at the subsidies which are in our system, there are two points we have to remember. The subsidy which goes into the Crow is paid by all Canadians. Who gets the benefit of that subsidy, Canadians or our foreign customers? I put it to hon. members that in point of fact the person who receives the benefit of the subsidies we have built into our system is not a Canadian at all but a foreign customer. This applies not only to grain but also to many other minerals I know we export, and even to some of the manufactured goods we export. I do not mind paying subsidies, but I really would like to see their major benefits reside here in Canada.

The other point I want to make about subsidization or any kind of system is that if we do not put into the system the money that is needed to make the system work, it will not work. In the last 25 years we have systematically deprived Canadian railways of the revenue they need to make their systems work. That is why branch lines are down. That is why there has not been the kind of investment the railways should have been making in hopper cars. That is why the Government of Canada and the provincial governments have had to go to the rescue. They have had to buy hopper cars for the railways because the railways are not generating enough profits to be able to buy the cars. This applies not just to cars but to the whole range of things the railways do. We have starved the system, and nationalizing the CPR would not change that one little bit. What has to happen is that more money has to go into the system so that we can bring it up to date. The difficulty is that not having invested enough money in the system in the last 20 years, the investment in the eighties will have to be massive indeed.

The second point about subsidies is that they tend to protect those people who were there first. In the case of the Crow rate, that was the farmer. It is important to recognize that when the Crow rate was developed it did provide enough money to cover the cost. It did provide a little margin of profit. Probably until the end of the Second World War and perhaps into the early fifties there still was not much of a burden, but what has happened since then? The basic understanding of governments and the railways about the Crow rate was that instead of costs going down, as had been the assumption, costs went up, and the costs are now escalating at a rate which simply cannot be sustained by the system unless there is a new source of revenue. The question we are debating is where that revenue for capital improvements will come from. Where is that revenue for operating expenses to come from, who is going to pay and how much?

Mr. Nystrom: Not the farmers, John.

Mr. Reid (Kenora-Rainy River): Why should the farmer be in the position where 25 years ago he was prepared to pay 75 per cent of the cost of moving his grain and in 1990 he insists on paying only 2.5 per cent of that cost? Is there a God-given right to that? Everyone else has to play in the international market. There are very few people who are exempt from playing in the international market. I recall the deals we made in the GATT, and I know the way tariffs are coming down in the next five years. If anyone has any illusions that the old concept of a high tariff country is going to be there for very long, he just has not been paying any attention to what has been going on, and he has not been paying any attention to the inability of our tariff barriers to keep foreigners out. My goodness, the automobile industry is now taking full-page ads in the newspapers of Canada to say that they have no tariff protection. The New Democratic Party has said, "We want 85 per cent tariff protection for the automobile industry". I do not think that is an appropriate way to go, but the NDP has said, "We are no longer a free-trade party from the west; we are now a high-tariff party from Ontario." The New Democratic Party wants 85 per cent Canadian content in any portion of cars coming in. That is crazy, but that is the NDP position. That is certainly what members of the NDP are promoting in the province of Ontario, and that, I take it, is coupled with the NDP position that the manufacturers of Canada should be protected and the farmers should be protected. There is not enough money in Canada to do that.

The dilemma we have in trying to deal with the Crow, in my judgment, is a very simple one. We have a system which has been in place for 85 years. We have a system which, all things being equal, probably would not need to be changed. But all things are not equal. Inflation and increased transportation costs have conspired to put an intolerable burden on the whole railway system. The question we have to ask ourselves is how we can restore the railways so that they will be able to provide us with the kind of service we require to keep our foreign clients on whom the western grain producer is totally dependent.

• (1710)

Nationalization of the CPR would not bring a single additional penny into the system; the money must come from outside. Where will it come from, Mr. Speaker? What are the economic effects of the kind of cross-subsidization that we have? I think there have been two main victims of that form of

cross-subsidization and one has been the west. It has hindered the development of alternative economic opportunities in the west and it has blocked the diversification of agriculture. It means we have been locked into a pattern set in the west in 1896.

Another group of people has had to pay for that subsidy as a result of the total distortion that has taken place in freight rates in Canada, in two ways. The first has been the kind of distortion that in the Canadian rate structure has always put a premium on moving natural resources as opposed to moving manufactured goods. In other words, the way the freight structure was established, largely as a result of the Crow, was that it tended to take resources from the natural resource areas and move them to the cities to be manufactured and then move the manufactured goods back. If we look at the freight rate structure for any natural resource, we will find a bias in favour of the movement of resources to the city. That structure developed as a result of the Crow.

The second bias in the system is that a good portion of the deficit that the railways occur in the movement of grain is covered by the freight shipper on other commodities. That means that potash, iron ore, lumber and all bulk goods pay a higher cost for transportation as a result of the subsidization cost. We in the rural areas pay a higher cost for freight than would be the case if the subsidy did not exist.

While I have a great deal of difficulty with the process developed by the Minister of Transport (Mr. Pepin) in stripping frunds from VIA Rail, I have to say that I think it was a healthy thing to take the cost of subsidization of passenger rail service away from the freight shipper. That was a sound move. I think we should put our subsidies on the table; that is, pay them directly and not try to incorporate them by passing the burden to other people who use the system.

We have to decide where the subsidy is to go. The question is whether it should go to the farmer directly or to the railroad. I have a strong feeling that, regardless of the administrative difficulties, the subsidy should go to the farmer. I believe that for the simple reason that the farmer takes the risk. He decides what to plant and what market to approach. If the subsidy were paid to the farmer, then he would be in control and could do what he thinks is best.

I recognize that there is an institutional argument for the subsidy to be turned over to the railways, but I do not believe that the railways can necessarily decide what is best for me. I believe that the subsidy should be paid directly to the farmer so that he can make his decisions and, of course, he will make decisions in his best interests. I think my main point is clear, Mr. Speaker. There is the choice of subsidizing an institution, the railways, or putting the subsidy in the hands of the farmers. I believe it would be better not to put it in the hands of the railways but to put it in the hands of the person who can make the best use of it.

I have gone over the minister's proposals in some detail. By and large I have been surprised that this is but a modest step forward. It is not an elimination of the subsidies built into the Crow; basically what we are saying is that the subsidy is going to be kept at a particular level and that increased costs after that level will be shared in some proportion.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Len Gustafson (Assiniboia): Mr. Speaker, I am pleased to enter this debate on the Crow rate because of its importance to the western grain farmer. I do not suppose any other subject is more important to the Saskatchewan grain farmer than retention of the statutory Crow rate. It is important at this time when farmers are faced with the highest cost of production ever.

We can draw a couple of parallels that are very important to Saskatchewan and to western Canada regarding the statutory Crow rate. One is the national energy policy. What we are engaged in is an east-west battle of a very, very serious nature. It is just coming into play particularly in the province of Saskatchewan because the New Democratic Party in that province has chosen to make it a political football. I do not suggest that that is exactly a good thing, but all of a sudden it seems that the NDP in Saskatchewan has become the great defender of the farmer.

I should like to set the record straight, Mr. Speaker. Members of the Conservative Party in this House who come from western Canada have again and again defended the western grain farmer, and that includes the Saskatchewan farmer. That is specifically so in regard to a number of items, but particularly on the statutory Crow rate. The NDP-Liberal coalition defeated the former Conservative government when the hon. member for Vegreville (Mr. Mazankowski) was minister of transport. In the short period that we formed the government, advances were made in the movement of grain. This was of importance to the Saskatchewan and western grain farmer. Again I caution hon. members of the NDP that they should not use the statutory Crow rate as a political football; it will backfire on them.

• (1720)

What is our position on the statutory Crow rate? First we say very emphatically that the statutory Crow rate must remain and that the government must make up the difference or the Crow gap. Why is this so important? I mentioned earlier that farmers find themselves in a price squeeze situation such as they have never experienced before. The main reason for this is rising fuel costs. For example, in my area right now fuel costs have risen $1 per gallon. It just hit the $1 mark. It used to be $1 per gallon and now it is $2 for gasoline, again thanks to the NDP-Liberal coalition. The cost of diesel fuel has risen 70 cents per gallon, the cost of repairs to farm machinery has increased three times or 300 per cent in the last five years, and machine costs have tripled. Farmers are faced with a very serious situation. Yet at this time the Minister of Transport (Mr. Pepin) chooses to drop a time bomb on the farmers of Saskatchewan and of western Canada. This will put another load on their shoulders which they will not be able to bear.

What is the importance of the situation? Agriculture or the production of food in Canada is in a foremost position. As long as it remains number one, Canada will remain strong. We must be very careful not to take steps to undermine agriculture. Wheat is one of the major bases of agriculture, particularly in western Canada, as is the movement of wheat. We in the Progressive Conservative Party stand for upgrading branch lines because there are too many of them which cannot carry hopper cars or are only carrying hopper cars with half loads. This does not make sense. A contribution has been made by the government to upgrading these branch lines and, in many cases, the work is being done. But I could point to rail lines and branch lines in my own area where culverts were moved in and then moved out without any work being done. It is most important to see work done in these areas.

What will the outcome be for farmers? First it will be very dependent upon the attitude of government in the House and the attitude of hon. members regarding this very important issue. We have a commission to study the issue which is conducting hearings at the present time. I should like to say something about this study because there has been a great deal of talk concerning what is really being said by grassroot farmers. I represent grassroot farmers in my riding. I have talked to them and they have said that they want the retention of the statutory Crow rate. It is most important that it be retained.

What about production and its importance to farmers? I should like to indicate a few facts in this regard. In 1905, 90 per cent of all people were engaged in agriculture. They produced enough food to feed the people of North America. Today we have a little over 4 per cent of Canadians who are engaged in agriculture and are producing enough food to feed the people of North America and a good deal of the world. It is important to keep agriculture strong.

What will it do for Canadian consumers? We all know that Canadian consumers purchase the cheapest possible food compared with many other countries of the world. This is an important factor. Perhaps we could argue today that farmers have received an advantage which others have not received. In many cases farmers have purchased under a tariff and have sold on open markets. In many other cases they have purchased in areas where they have paid a third more, and perhaps even 50 per cent more, because of a protected market. I remember years when a good truck was selling for $2,000 or $3,000 less in Crosby, North Dakota, than a similar one was selling for in Estevan, Saskatchewan. Why was this? It was because of a protective tariff.

Such things have existed throughout the history of Canada. I am not suggesting that it was wrong in all cases, but I am suggesting today that farmers cannot afford to pay an additional $1 per bushel. I raised this matter with the Minister of Agriculture (Mr. Whelan) in the House on the basis of having personally gone to Alexander, North Dakota, and checked on the price of moving grain from that city to Seattle. The price at that time, which was approximately two years ago, was $1.35 per bushel. Under the statutory Crow rate, wheat is moving out of Weyburn, Saskatchewan, at 19 cents per bushel. I am suggesting to the House that the increased cost in the movement of grain could amount to as much as $1 per bushel in the next four, five or six years. This is a very serious threat to the economy of western grain farmers and of Saskatchewan in particular. This is why I take a strong stand that the statutory Crow rate must remain and that the Government of Canada must make up the Crow gap.

What is our responsibility in this situation? Today we have a very, very irritated western Canada. It is irritated because of the insensitivity of a government which did not understand the western Canadian energy policy. For example, I have spoken with people who are involved in the service and supply industry in Weyburn, Estevan and Swift Current. They indicated that they are only selling 20 per cent of production in southwestern Saskatchewan. On April 1 a new quota will be set for south Saskatchewan which will also restrict production. The people of that area will only be permitted to move 35 per cent of production. They do not understand this severe measure. They do not understand why hundreds of people should be out of work. They do not understand why service and supply companies should be going broke, be forced into bankruptcy and be forced to sell their equipment when Canada needs oil but purchases offshore oil from Mexico at a cost to Canadian taxpayers of $16 per barrel higher, with about $9.06 in incentive grants to refineries, when the same grade of oil is available in Saskatchewan. I want to suggest that people do not understand that. When they do not have jobs you cannot explain why they should have to go through this. If the government and Members of Parliament are as insensitive to the Crow rate as they are on the national energy policy, you are going to have a very serious situation in western Canada. I would like that to go on record here as giving a warning of the existence of a very serious situation, and it is most important that the government and the Minister of Transport be sensitive to it.

• (1730)

I do not feel, Mr. Speaker, that I should belabour the subject. I have made my point. We face a very serious issue, probably the most serious in the history of western Canada. Therefore, I advise Members of Parliament, the government and government backbenchers, to weigh very seriously the issue of the statutory Crow rate and make their decision taking into consideration the future of this nation and the importance of the agricultural industry to this great country of ours, Canada. I thank you.

Mr. Laverne Lewicky (Dauphin): Mr. Speaker, it gives me great pleasure to be able to speak to this whole issue of the Crow rate. I would like to preface my remarks with a comment about a term we use in sociology, one that I have probably used in one of my first lectures in teaching sociology, namely, ethnocentrism. The idea behind that is that so often we judge other cultures—in this case other regions of Canada—based on our own limited experience, background and academic training. When I think about the fact that the Canada bill has

just been passed in the English House of Lords, and specifically about the clause dealing with multiculturalism, I realize it took a little while for us in Canada to realize that there are ethnic groups in Canada with a different background from those with an English or French heritage. It is of interest to me that reports such as that of the task force on Canadian unity, the Pepin-Robarts report, recognized this diversity. I urge the minister to go back to his own report because it also dealt with the question of regional diversity. There are differences in regions from one coast of Canada to the other. The report asks this question:

> What of regionalism, which we have identified as the second line of cleavage in Canadian society which needs attention in the present crisis?

In looking at this report it seems to me we had an intelligent co-author who recognized that there are regional differences.

Mr. Pepin: Indeed.

Mr. Lewycky: Looking at some of the specific recommendations on page 125 we see a plea that we:

> —recognize the diversity among Canada's regions and the need to permit all regional communities to flourish.

With the knowledge that the current Minister of Transport was involved in that kind of study, I am utterly baffled, dismayed and disappointed that he now fails to recognize the academic rhetoric which is now being used. I think it is important that we look at this whole issue as one which gives us an idea of the nature of Canada; how we are different from region to region, how these historic developments have occurred, and how we can make sure they do not continue to work to the detriment of a specific region of Canada.

I would, therefore, like to focus for a moment on what I might call an historical argument for the retention of the Crow rate, for the importance of painting, as it were, an economic picture of Canada and taking a look at our history. In sociology we would say that as Canada developed, there was a kind of axis, a metropolis called central Canada, and a hinterland in the prairie provinces. We developed a national policy on transportation in such a way that there was resource extraction from the west, much of which for a long period of time was in the form of wheat. At the same time we saw the development of manufacturing at the centre, the metropolis. This policy was developed to some extent at the expense of the west. As this developed, and as tariffs were given to the east to protect the manufacturing industry—

Mr. Pepin: And taken away.

Mr. Lewycky: —we found in the process that we were paying more in the west. The one concession that we in the west had was that we could depend on a statutory and stable rate for the movement of grain. But we now have a minister—who, I thought, having been involved in this commission, would understand the regions the best—working to the detriment of the prairie provinces.

Mr. Benjamin: He undermines his own report.

Mr. Lewycky: As the hon. member says, he is undermining his own report. We in the west, especially in Manitoba, have a particular problem with these proposals because Manitobans do not really stand to benefit from the development of the Rogers Pass and other things because most of our grain is shipped through Thunder Bay and through Churchill.

An hon. Member: Not enough of it.

Mr. Lewycky: As the hon. member says, not enough of it. More should be shipped through Churchill.

I would now like to look at the Manitoba scene, especially the Tyrchniewicz Report of March, 1980. We should take a look at this report to see what the negative economic impact would be on Manitoba. This study was not done under a New Democratic Party administration in Manitoba; it was done under a Conservative administration. The Conservatives did not reveal the results of this study because, of course, they were afraid that their position might be untenable. Any educated person who looks at the report could see what the negative impacts would be on the Manitoba farmers if we had a removal of the Crow rate.

• (1740)

This study was done for the Government of Manitoba by three faculty members of the Department of Agricultural Economics at the University of Manitoba. One of their principle conclusions was that if the Crow rate were removed, on the hypothesis that the increase in freight rates would be 3.4 times the present amount times Crow, there would be a $50 million drop in farm output in Manitoba. It would cut the net farm income by an average $1,056 per farm. An area such as mine, the Parkland region, could not take such a loss. It is an undeveloped region and it is economically deprived. Many people do not have a net income of $7,000, never mind some of the higher incomes of people in urban centres. Many people live at the poverty level. In my constituency alone, there are seven Indian reserves with an average unemployment rate of 80 per cent to 85 per cent. Such a change would mean a terrible loss in these kinds of areas. This can be seen if one adds all the other increased costs of moving grain, let us say, by trucks, and the increased cost on roads. We would face a terrible loss in Manitoba. It is a real laugh to hear all the statements suggesting that a change in the Crow rate bring benefits to Manitoba.

Mr. Benjamin: Manitoba does not get a nickel.

Mr. Lewycky: In no way will we will see increased opportunities for the processing industries in Manitoba and other provinces because there are tariff barriers and restrictions which will not allow for the easy growth of these industries. In no way will eastern provinces support programs for their own industries when the Minister of Transport (Mr. Pepin) is promising that the easterners will not suffer anything as a result of the change in Crow. There will be no opportunity for further development of processing industries in the west.

The other fear I have is that if the Crow rate is removed, we can expect the death knell to sound in places like the Port of Churchill and other ports which might otherwise be developed.

As far as Manitoba is concerned, there is no way that the removal of the Crow rate would provide any kind of economic benefit. I was quite troubled this afternoon while listening to the Minister of Employment and Immigration (Mr. Axworthy).

An hon. Member: Propaganda.

Mr. Lewycky: He is the minister who supposedly represents western Canada. I was amazed at his lack of understanding of some of the problems that we face there. An article in the *Winnipeg Free Press,* dated March 13, 1982, quoted him as saying that the Crow is one of the icons of western ideology. He has a complete lack of understanding. Actually, the Liberal Party is one of the icons in the west. One can find there only a few old pictures of Liberals.

Mr. Benjamin: It's an endangered species.

Mr. Lewycky: There was a meeting which took place in Fort Garry which, I believe, was called a two-day think tank, but it produced nothing but tanked thinking, as far as I can gather from the impact that it had on the Minister of Employment and Immigration. It is really detrimental to the west to have the Minister of Employment and Immigration as minister, because he does not seem to understand some of the historic problems that we have faced in the west. Perhaps he should read some of the speeches made by Senator Hazen Argue in the other place. Even as late as November 27, 1981, the senator said that it is unlikely that changing the Crow rate would do much to stimulate the livestock and the processing industries on the prairies. That was his candid assessment of what would happen on the prairies. I think we ought to take cognizance of what the senator said in the other place. In fact, he said:

> I don't intend to let the wool be pulled over my eyes and I don't believe that farmers can afford to have it pulled over theirs, either.

Mr. Benjamin: He is just a sheep, anyway.

Mr. Lewycky: I think Senator Argue was correct in stating that. He is a cabinet minister. The other day the Prime Minister (Mr. Trudeau) indicated where cabinet ministers should go if they disagreed with government policy. Senator Argue said further that the report prepared by Transport Canada earlier this year concluded that the impact of freight rates on the location of livestock and processing industries is exaggerated. I wish that the other members of cabinet would take cognizance of what some of their own members have said. They should take note of some of the wisdom in their own wisdom bank, rather than in their think tank, in terms of a fair and equitable policy with regard to the movement of grain in the west.

Some hon. Members: Hear, hear!

Mr. Lewycky: Let us take a look at some of the specific reasons for arguing that the Crow rate should be retained. The distance over which we must move grain in western Canada to get to port is much greater than in any other competing country. However, in terms of our balance of payments, our grain exports are quite sizeable. It is in our own national interest to ensure that our agricultural economy is properly supported. Other countries do that. The hon. member for Regina West (Mr. Benjamin) mentioned earlier what competing countries, such as Australia, Argentina and the United States, do in terms of export of their grain. Our situation in western Canada is regionally different. As the Minister of Transport stated in his former report, there are regional diversities. I wish he would recognize these regional diversities and see that they are taken care of.

We should take a look at the whole question of tariffs, at the benefits they have brought to central Canada and how much they have cost other regions of Canada. I said earlier that the manufacturing sector in central Canada was able to develop because of tariffs. There is no manufacturing sector in western Canada to speak of. As a result of these policies and tariffs which enabled the central Canadians to develop their industrial sector, the prairies, with 16 per cent of the population, have been able to develop only 8.1 per cent of the manufacturing jobs.

An hon. Member: Shame!

Mr. Lewycky: In anyone's books, this is inequality. This is an illustration of what I mean when I say we should take into consideration some of these other aspects. Certainly, many reports have recommended the retention of the Crow. I simply want to underline the following statement of Mr. Justice Emmett Hall in 1975:

> If once tempering with the statutory (Crow) rate is accepted on condoned or is an item on the bargaining table, all will be lost. For once the subject is on the bargaining table, it will be only a matter of time until it is lost step by step.

In other words, what he said is that the economic forces would inevitably shift the total cost of grain transportation to the farmers. That is not the problem that producers of other commodities face. The coal producer can pass on his transportation costs, and Premier Blakeney of Saskatchewan recognizes this. The potash producers can pass on the costs, but the farmers are not able to pass on their costs. They have no control over the price they receive for their grain. The farmers have no control over their input costs, no control over the costs of fertilizer, no control over the costs of energy. Their economy is squeezed; it is a cost-price squeeze. Farmers are always being forced into this vice.

• (1750)

The one item that they have had throughout the years has been the statutory Crow rate. Now the Minister of Transport (Mr. Pepin) wants to destroy this and with it destroy the agricultural economy of western Canada.

Arguments have been made about this, such as that if you give the railways more money the railways will do a better job

in transportation, that is if you give up the Crow rate. Yet, when you take a look at the facts, you see that the railways have not been doing their job, they have not been living up to their standards. The removal of the Crow rate will not solve this problem.

Mr. Pepin: How do you know?

Mr. Lewycky: Mr. Speaker, I have a quotation here from George McGovern, the former United States senator from South Dakota. Speaking of the situation there, he said "We have a line here in South Dakota so bad that a boxcar fell off the track the other day and the train was standing still." They have variable rates there. Is that the type of transportation system we are trying to model ourselves after?

Mr. Benjamin: They have commercial rates.

Mr. Lewycky: They have commercial rates, as the hon. member says. Changing the Crow rate will only add to the railway's profits, not to improve the transportation of the prairie wheat. We have to keep this in mind when we look at this whole subject.

Some arguments have been made about the increase in grain traffic and the way grain is clogging up the railways. It is said that because of this you have to have railway expansion. Yet if we take a look at some of the statistics, we find that by 1990 the grain that will be marketed out through the west will be only 14 per cent of the traffic. Coal and potash will be the greater commodities marketed there. So, if the percentage of the grain commodity being exported there is going to be reduced, why should we place all the burden of transportation on the backs of the farmers, who already have been hit by this government's policies in so many ways? It is important for us to make sure that we see that our agricultural economy remains healthy, that our agricultural economy continues to thrive and flourish, because that is the only way that we in Canada as an entire country can ensure that we do meet all of our food needs.

The Acting Speaker (Mr. Ethier): May I remind the hon. member that his allotted time has expired.

Mr. Ralph Ferguson (Lambton-Middlesex): Mr. Speaker, the farmers out west—

Mr. Benjamin: What does a bushel of wheat look like, have you any idea?

Mr. Ferguson: Perhaps I should start off, Mr. Speaker, by advising the hon. member for Regina West (Mr. Benjamin) that I am a farmer, too, from southwestern Ontario. We have produced corn, soybeans, wheat, barley, beef cattle, laying hens. I say that just to have it on the record. I worked on a farm all my life. As a matter of fact, during the years of World War II, I helped my father on many occasions to unload western barley out of the boxcars to take it back to our farm to feed it to livestock, ultimately to assist in the war effort to feed our troops in England and the troops of our allies.

I am delighted to take part in this debate today on a topic of vital interest to many Canadians. It has been an issue of extreme importance for so many years. Like all pieces of legislation that are in constant use, this particular matter should be updated to keep abreast of the modern facilities required to fill the world markets and use fully the productive capabilities of western Canada.

We know the Canadian Constitution was passed today in the British House of Lords. The old British North America Act was amended many times over the years, as required. So, too, must the Crow rate be re-examined to ensure that the farmers of Canada have access to world markets.

I would like to point out that the agri-food strategy report, presented by the Minister of Agriculture (Mr. Whelan) in September last, points out that we in Canada can increase our production by a tremendous volume. But what good is this increased production if we do not have an efficient transportation system capable of delivering that product to the port of export or to the Lakehead?

Looking back, it is interesting to note that in 1908 and 1909 the rate from central Saskatchewan to Thunder Bay was about 18 per cent of the price of a bushel of wheat. Then, as wheat prices increased, that rate dipped to about 5 per cent in 1920. The same cost of transportation climbed to about 40 per cent during the 1930s, when the world wheat prices bottomed out. At the present time the price has dropped to about 3 per cent or 4 per cent of the cost of a bushel of wheat.

Surely the time has come when we must ensure that we do have the modern and updated facilities for the increased traffic, to benefit not only the farmers but the total agricultural industry and all the allied services that have an effect on our total economy.

Mr. Benjamin: Agreed.

Mr. Ferguson: Mr. Speaker, we in Canada compete against the farmers in the nation to the south of us, who have a great inland waterway extending into the heartland of the production areas. We have to compete against the unit trains with modern non-stop unloading at some of the Gulf ports. We must also ensure that we provide the incentives here in Canada to modernize the system in a way that will allow us to compete aginst our neighbours to the south of us.

Mr. Speaker, may I call it six o'clock?

The Acting Speaker (Mr. Ethier): It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Daudlin): When the House rose at six o'clock, the hon. member for Lambton-Middlesex (Mr. Ferguson) had the floor.

Mr. Ferguson: Mr. Speaker, at six o'clock I was pointing out that if we as Canadians are to compete against the farmers of the nation to the south of us who have a great inland waterway extending into the heartland of their crop production areas, or if we are to compete against the unit trains with non-stop unloading, then we must ensure that we provide incentives and the modernized systems that allow us in Canada to compete, particularly those people in the prairie provinces.

We are no longer just referring to huge volumes of grain moving on these lines. We are referring to huge volumes of coal, sulphur and other goods and products for export. If we expect to have the services that are required for competition with other goods, I respectfully suggest that an adjustment is required now. I refer to the fact that grain shipments account for about 20 per cent of the traffic to the coast at the present time.

The government's total contribution to grain transportation since 1970 has been $1.7 billion. We have spent over a billion dollars in branch line subsidies in the last decade. We purchased 8,000 hopper cars in 1973, and in 1980-81 we leased another 2,000 hopper cars at an annual cost of about $12 million.

In 1974 we shared half the cost to the railways of $44.8 million for rehabilitating 7,200 boxcars. From 1977 to 1984, we spent or committed $495 million to upgrading and rehabilitating dependent rail lines in the prairie network. Between 1968 and 1982 we spent $23 million for port improvements at Churchill, Manitoba.

We are committed to $30 million for site development for the grain terminal at Prince Rupert, British Columbia. Since 1971 we paid $184 million to subsidize the movement of export flour and grain to Atlantic ports, mostly from elevators in the Georgian Bay area. Certainly the Government of Canada is prepared to commit additional funding over the next several years to assist in the movement of grain.

As a member of this Thirty-second Parliament from the province of Ontario, there is one point I want to make abundantly clear. Many people from western Canada feel that the Crow rate is of tremendous benefit to Ontario. This is no longer the case. In the last few years Ontario has been a net exporter of feed grains and is no longer a beneficiary of the rate. Other areas of eastern Canada do benefit to some extent, and also from the livestock feed freight subsidy that applies to eastern Quebec and the Atlantic provinces.

I hope we do not begrudge that assistance to those areas whose potential productivity or diversity of production is limited due to climatic and geographic locations and other conditions. It is also the areas that supplied scores of men from eastern Canada, not only Ontario but other provinces, who travelled west on the old harvest excursions to help with harvest there after the eastern harvest was completed. These were all forms of assistance that were provided to ensure that the harvest was completed in those days when there was not as much competition from other goods moving on the rail lines. We were able to market the grain in a better form than we are today.

The question as to whether or not the Crow rate should be changed was not really an issue until the early 1960s. In 1961, the MacPherson Royal Commission on Transportation acknowledged an emerging railway revenue problem and recommended that subsidies be paid to the railway for losses incurred by reason of continuing utilization of light density lines and the Crow rate. As well, in the 1960s, the branch line rationalization process got under way.

• (2010)

The railways could neither maintain nor reinvest in the large branch line network, with the result that by the early 1970s the system began to deteriorate. In response to this situation, the federal government began to spend large sums of money, as I mentioned earlier, to purchase rolling stock and repair branch lines.

It was in 1975 that the then minister of transport, the Hon. Otto Lang, called for a change to the Crow rate by articulating his "bold approach" concept. The bold approach introduced the notion of Crow benefit which would result in a producer not having to pay the full cost of moving grain by rail in one increase. At that time his initiative faced severe opposition.

In 1975, the American consultant, Mr. Snavely, headed a one man commission to look into the cost of moving grain by rail. His report was released in 1976 and showed that the railways lost $103 million in 1974 for moving grain. His results were generally accepted by the west but no concensus as to who should pay the railways for lost revenue emerged at that time. In 1979, an updated report produced figures for 1977 losses of $160.5 million and a further update produced figures for 1980 which showed losses of $244.4 million.

In 1978, primarily because of transportation difficulties, the Canadian Wheat Board announced that it had to forgo or defer grain sales of approximately $1 billion. As a result, in January, 1979, the board ordered 2,000 hopper cars to be paid for out of producer funds at a cost of $87 million. At the same time, producers were forced to store grain on farms for longer periods and, certainly, interest rates were higher as well.

The result was a realization by many that the existence of the Crow rate was no longer in the producers' best interest. During the fall of 1979 the Crow rate became the major topic of discussion at many of the farm meetings.

Eventually, these discussions emerged mainly between two umbrella organizations; the Western Agricultural Conference and the Prairie Farm Commodity Coalition. These two groups each put forth a position requesting the federal government to address its responsibilities in the area of rail transportation.

Simultaneously, the matter of capacity constraints to the rail system through the mountains placed additional emphasis on the necessity of the railways to earn more money for

moving a commodity which represents 20 per cent of the railways' workload but provides only 3.5 per cent of the revenues.

Obviously, something had to change. One year ago, I was pleased to be invited to a meeting here in Ottawa which was called by some of Canada's farm leaders to hear their presentations on this issue. Their opinion was that by talking with each other and with us, as members, as well as with those directly affected, a workable solution could be found. I commend the minister for the action that he has taken in this response and I will be waiting for the recommendations from Professor Gilson which I believe will lay the foundation to enable us to update and modernize a system which will be a credit to this nation.

One point that I cannot agree with, however, is a suggestion by the NDP that we nationalize the CPR. I cannot accept such a far-fetched proposal because when I look at the CPR in my particular area—in fact, the Montreal to Windsor corridor—I find that the lines run parallel in most places and throughout most of that area, while the CNR lines are double tracked. This is a heavily travelled area for both rail lines. Is the NDP suggesting that we close one of these lines which are so heavily used and create a bottleneck which would be as critical to that area as that which we are trying to eliminate through the Rockies in the next few years? Are they suggesting that we nationalize a huge company which provides the only competition to our nationally run railway? Are they suggesting a move which would not improve the service but would most certainly place many people out of work? I strongly disagree with them.

I do agree, however, that the time has come, by any measure of comparison, to re-evaluate a program that has served us reasonably well for the last 85 years. But due to changing times and values, a broader scope of users and a need to compete in world markets, we simply cannot stand still. The Crow rate has served this nation well in the past but if we are to let our system rest on its laurels, we will end up with a system that has rusted on its laurels. Neither the prairie farmers nor Canadians will benefit.

The Government of Canada is taking these initiatives in dealing with the capacity problem in the interest of all Canadians. The whole economy will benefit from the opportunities which will be fulfilled as a result of these initiatives. The people of the three prairie provinces in particular will benefit because they have the capacity to feed a hungry world. They will be supplying those markets. However, as Canadians, we must ensure that the transportation system is capable of handling the volumes of grain and food which is produced to feed those hungry nations. Thank you, Mr. Speaker.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I am very happy to have the opportunity to speak tonight on this motion. I would like to congratulate the members of the New Democratic Party for introducing this motion. I think that it is most opportune and that the discussion at this stage is very proper.

I find the process set out by the hon. minister is good and I would like to review it for a moment. I like the proposal, that is provided it works out in the way in which I believe it can. Since I am not a prophet I am not saying that it will, but it is capable of working to the advantage of Canada and western farmers—Canadian farmers for that matter.

The process as set out by the minister in a report from a Ministry of Transport release simply says that the consulation process will lead to a new statutory framework. I think that is axiomatic. If the Crow rate is to be replaced, I say that it certainly has to be replaced with something equally beneficial for those whom it now serves. It should be made statutory not simply a measure which can be changed at will or at the whim of any president of the CPR, or even at the whim of any government, without careful consultation.

The process involves $3.2 billion over the next four years—not $3.2 billion per year, but $3.2 billion over the next four years. This is assumed to be the shortfall between the Crow and the actual cost.

The next step in the process makes the assumption that the money will be paid to the railways. I am sorry to see that because I think that all avenues should be considered in deciding how this will be handled. However the proposal says that the railways will guarantee performance and service related to grain transportation in return for an improved level of financial compensation. I will deal with that point in a few minutes.

The railways will begin extensive investment programs and implement rate adjustments to encourage agricultural processing in western Canada. There will be intensive consultations with the affected parties in the west, which will be completed sometime this spring. Then during the summer, I understand the governments of the four western provinces will have an opportunity to consider those recommendations and to make representations of their own to the federal government and to the people. Finally, the matter will be brought to Parliament in the fall of this year.

• (2020)

It appears the process could work to advantage. There are one or two things I do not like too much about it. I do not like closed-door consultations. I think it would have been far better to admit the press as well as members of various organizations which are interested. However, I have faith in our agricultural leaders, and possibly this will work out. If secrecy is required after representatives of the various grain organizations leave the consultation table, I do not think that would be right at all. These people should have the right to come back and talk to their people and make further representations if that is necessary.

We are putting great faith in the railways, and the CPR in particular. I want to review briefly some of the things which have happened in the past and examine whether there is reason for putting such tremendous faith in the railways carrying out their obligations, whether they are set out in statute or otherwise. Let us go back to the beginning of the railways and when the CPR was offered $25 million and 25 million acres of land, including all its mineral resources, to build a railway across

this country. Twenty-five million dollars of about 100 years ago would have a value today of close to $1 billion when we take into account inflation and so forth. The railway received a very large sum of money. In addition to that large sum of money the railway received 25 million acres of land plus all its minerals. That was quite a gift. I do not think we can forget that today, because for that money the CPR promised to build a railway. This is what the agreement says: "perpetual and efficient operation of a railway." That means forever. How has that worked out? The CPR has reneged on passenger service. It ignored passengers for a very long time and finally got rid of them altogether. The CPR treated passengers very shabbily for a number of years and did not want to provide passenger service at all, but it was under an obligation under its agreement to carry passengers. The railway was paid for carrying passengers and, in my view, the Government of Canada had no right to let the CPR out from under that obligation simply by saying, "All right, we will forget about it." The railroad received millions and millions of dollars through mineral resources, and in return it was to operate an efficient railway perpetually. Now the railway has cast off half of that service. I do not think the people can forget that, and I do not think the government should forget it either. Governments have been guilty of not making sure the CPR lived up to that arrangement.

In about 1897 or 1898 the CPR was anxious to secure the rich coalfields of British Columbia. Again it presented a proposition to the government, and that led to the Crow rate. I want to read from the actual bill which was assented to on June 29, 1897. I will not read the whole bill. Although the whole bill is worth reading, I will read just two of its clauses. They read as follows:

> Subject to the conditions hereinafter mentioned, the governor in council may grant to the Canadian Pacific Railway Company a subsidy toward the construction of a railway from Lethbridge, in the district of Alberta, through the Crow's Nest Pass to Nelson, in the province of British Columbia (which railway is hereinafter called "the Crow's Nest Line") to the extent of eleven thousand dollars per mile thereof, and not exceeding in the whole the sum of three million six hundred and thirty thousand dollars—

There was another three and a half million dollars paid to the railway to permit it to go into the rich coalfields of British Columbia. For that what did the railway promise to do? It said:

> That the company will construct or cause to be constructed, the said railway upon such route and according to such descriptions and specifications and within such time or times as are provided for in the said agreement—

Mr. Pepin: And it did.

Mr. Taylor: Listen.

—and, when completed, will operate the said railway for ever;

Forever.

Mr. Pepin: It doesn't say with subsidies.

Mr. Taylor: The bill went on to deal with the particular rates that were to be charged. Here is what the railway promised the rate would be: a special rail freight rate was to be applied to the transportation of export grains and flour from shipping points in British Columbia, Alberta, Saskatchewan and Manitoba to Thunder Bay, Churchill and ports in British Columbia. The Canadian Pacific Railway entered into the Crow's Nest Pass Agreement with the federal agreement in 1897. As part of the agreement, the CPR agreed to maintain the Crow rate in perpetuity. Does that not mean forever? It did not mean just until 1982. It said forever, in perpetuity. The CPR received $3.6 million plus a number of other benefits in return for its promise to build a line into the rich coalfields of British Columbia. When I was a boy I used to wonder why everyone would laugh around the coalmines and say of the government, "Well, that is the CPR, isn't it?" They thought the CPR was the Government of Canada. I am beginning to think that too. The CPR apparently tells the government what to do, not the other way around.

Mr. Blaikie: It always has.

Mr. Taylor: The CPR got out of passenger service after it was paid for getting into it. Now it wants to gets out of the Crowsnest Pass rate which it promised to keep in operation forever. I think that is something of which we should be mindful when we start looking at the proposition today.

I want to deal for a moment with the actual condition of the CPR. Perhaps it is poor. Perhaps it has had tough luck. Perhaps it has been beaten by inflation.

Mr. Nystrom: No, no.

Mr. Taylor: Perhaps it will go on welfare. If it applied, I think it would probably get welfare from the federal government.

An hon. Member: It is about time it went off welfare.

Mr. Taylor: Let us look at the CPR's record. I have here its 1980 record. The CPR got its starts, as I said, with a gift of $25 million and 25 million acres of land, including mineral rights. In addition, it got another $3.6 million to build the line from Lethbridge to the mineral-rich Kootenay Valley in southern British Columbia. From this start it has expanded into a giant corporation, with current assets in 1980 amounting to $4.362 billion. That is only part of it. The company has properties valued at cost totalling $8 billion plus an investment portfolio exceeding $379 million.

Mr. Pepin: That must be a sin.

Mr. Taylor: It has other assets worth over $289 million.

Mr. Pepin: Shame.

Mr. Taylor: According to CP's actual 1980 report on its current accounts, it is making profits on almost everything. It is down a little with respect to truck transportation and one other enterprise, but on everything else profits are way up. The total profit for the year was very good—so much so that the company was able to provide a dividend of $3.89, I believe to the millions of people who invested in it. The only branch that earned less in 1980 than in 1979 was CP Telecommunications

and perhaps CP Air. CP Air is going through a bad period and could not be expected to provide much, but it still came up with $2.8 billion. In 1980 the only ones to lose money were CP trucks, CP Rail, CP Telecommunications, CP Air, CP Ships Navigation, miscellaneous hotels, and what have you. Every branch made a profit in 1980 except for CP trucks. They apparently know how to run a railway but they do not know how to run a truck line. They would have been wiser to stay out of the trucking business. They tried to eliminate the competition, but the truckers were too smart. CP is not a poor corporation; it has done exceptionally well. I do not say that it should have lost money. I am a free enterpriser and I like to see people make money. But I also like to see people live up to their agreements and not make their whole purpose in life the pursuit of money.

• (2030)

CP Rail could very well continue operating with the freight rate it agreed to guarantee forever. The profit record shows that it could still operate this way and come out ahead. I think the government has to be very careful about letting the corporation renege again on one of its obligations that it undertook for perpetuity.

I want to deal with some other points now, Mr. Speaker. There is a suggestion, which apparently arises from the annual report, and some farm organizations agree with it, that the shortfall of $3.8 billion should be paid to the railways. I have some misgivings about that. The railways have a pretty bad record of living up to their obligations. If we let them renege on their obligations, as we have done to date, it will be a poor deal and the western farmer in particular will be affected.

In his statement the minister said that there would be a guarantee, but what kind of guarantee, Mr. Speaker? Will it be a guarantee that the railways will not haul coal or sulphur or other minerals and let the wheat wait? I live in a coalmining area and I have seen carload after carload of coal and minerals go by while the wheat already loaded in the cars is not picked up. What kind of guarantee is there that the railways will haul the grain and give the farmers the service that they need?

Agriculture is a big industry in this country, Mr. Speaker. The farmers who raise barley and oats are important; they feed the world. I remember one time being at a meeting where a lawyer got up and said, "I plead for all". Then a minister got up and said, "I pray for all". A farmer got up and he said, "I pay for all." There is a lot of truth in that, Mr. Speaker. The farmer may be a livestock farmer, a beef farmer, a hog farmer, a horse farmer, a barley farmer, a potato or fruit farmer—there are all kinds of agricultural products.

I think the minister and the government should take a long look at agriculture when they are reviewing this plan. It is important that every phase of agriculture receive service. The minister spoke of getting a guarantee from the railway. The Minister of Energy, Mines and Resources (Mr. Lalonde) has referred to an ironclad guarantee. Well, this guarantee should be double ironclad. Like hundreds of farmers in the west, I do not have faith in the CPR. It has not been fair to the western farmer and it has not lived up to its obligations. Simply paying over the shortfall to the company will not guarantee anything.

Perhaps we should examine the possibility of making the payment to farmers. A payment on an acreage or some other basis would have some merit and should be considered. The farmer could sell his grain wherever he wanted. He could haul it in his truck. He could feed it to his hogs or to his cows. He could send it by truck and compete with the railways. That would make the railways cut the lard out of their operations, if there is any. It would rationalize the whole thing. A lot of things could be done.

The Acting Speaker (Mr. Daudlin): Order, please. I regret that I have to interrupt the hon. member but his allotted time has expired.

Mr. Taylor: Thank you, Mr. Speaker. I regret it too.

Mr. John Evans (Ottawa Centre): Mr. Speaker, I almost regret that the time of the hon. member for Bow River (Mr. Taylor) has expired because I always enjoy listening to him. He has such a colourful way of putting across his views. I should like to make some comment about the approach he has taken to this issue, and, more important, about the approach taken by the member of the New Democratic Party who set down the motion.

What is at issue is whether we are going to make the hard decisions that are necessary in order to ensure that we have a rail transportation system in this country for the 1980s, the 1990s, the year 2000 and beyond that will provide the service required by western Canadian producers, to move their products from the point of production to the point of export or consumption. Are we going to worry about the future of this country, or are we going to continually squabble about the past? I for one opt for the future of this country and not the past, as does the Minister of Transport (Mr. Pepin).

A similar and related issue is whether we are going to deal with Canadian problems in a way that will maximize our opportunities, or are we going to squabble amongst ourselves about trying to preserve the status quo? The status quo in western Canada is simply not good enough. There is great potential in western Canada and we must maximize the opportunities there and not squabble about how to preserve the present. Canada has always been a land of opportunity and we must maximize that opportunity.

Those are the issues involved in the Crow rate, the VIA Rail argument and so many other aspects of the discussions that we have had in the House over the last few months. I refer to the issues related to the budget, about whether we are going to get inflation under control or let it get out of control, about whether we are going to take the hard decisions that are necessary if we are going to have a prosperous future. Are we going to do these things or continue squabbling about things past until we find ourselves in a position where we cannot take advantage of the opportunities that we have and cannot

compete with the rest of the world? There is no reason whatsoever why Canadians cannot be at the top of the pile rather than half way down it.

• (2040)

Let us look at the Crow rate. What was it originally designed to do? Was it originally designed to be a subsidy? I suggest that it was not meant to be a subsidy. It was meant to be a stabilizing factor, so that farmers could count on a stable rate for the transportation of their product to markets across time. They could count on the rate because it would not fluctuate wildly. Were farmers from 1897 to 1925 to 1940 receiving subsidies from the railroads or from taxpayers? The answer to that is no, they were not. During the period from 1897 to 1925, the rates for handling grain were in fact somewhat below the statutory Crow rate. Farmers paid the full shot for moving grain. This was the same from 1925 and through the 1930s when costs and prices declined dramatically. Farmers were not receiving a subsidy from anyone, and they did not ask for a subsidy from anyone. They were paying the full shot up to 1940. In 1950 the situation was the same. Farmers paid the full shot of moving grain, and they were not asking for a subsidy or a handout.

In 1940 wheat was selling for $28 per metric ton. If we look at the cost of moving grain at that time, which was $4.28 per tonne, the relationship was approximately 17 per cent—the cost to farmers of moving their grain was about 17 per cent of the price of the tonne of grain which was being moved. In 1950, because of the inflationary period during the Second World War and shortly thereafter, the cost as a result of the statutory Crow dropped to 7.2 per cent. From 1950 to 1970 the relationship held constant; the relationship between the price of grain and the statutory Crow stayed at about 7.2 per cent. The cost to farmers relative to the price they were receiving for wheat stayed at about 7 per cent, which was down from 17 per cent during an earlier time. In 1980, when economic conditions changed dramatically in all western countries, the percentage of the cost of moving grain dropped from 7.2 per cent to 2.2 per cent. In the period from 1940 to 1980, the percentage of the total grain price, which in 1980 was $219 per tonne as opposed to $28 per tonne in 1940, dropped from 17.2 per cent to 2.2 per cent. Especially during the period from 1970 to 1980, a very real subsidy was obtained, whether it was a subsidy from the railroads or from Canadian taxpayers, as a result of the purchase of grain hopper cars and other infrastructure, branch line subsidies or whatever.

If we look at the problem of subsidies, we find that, in the absence of remedial action, it is forecast at present the cost to farmers of transporting grain under the statutory rate, which was 20 per cent of actual cost in previous years, will fall to 12 per cent in 1985 and 7 per cent in 1990. I think that is important and relevant.

I have heard the arguments of hon. members opposite, which I think are false, that one reason for the Crow rate was to offset eastern tariffs which protected eastern manufacturers, that the protective tariff was absorbed by western farmers or westerners generally, even by people in British Columbia, and that if eastern manufacturing was to be subsidized by Canadians, then western agriculture should be equally subsidized. Times are changing. We have now entered into a general agreement on tariffs and trade which will substantially reduce tariffs from 1981 to 1985; indeed on some products they will be gone altogether. Is it a valid argument that the justification for the Crow is the existence of tariffs to protect eastern manufacturers? If protective eastern manufacturer tariffs are being eliminated, should there not be an adjustment to the Crow?

I am not a lawyer, but when conditions change dramatically in the area of contract law, is it not true—and I am sure the lawyers in the House will correct me if I am wrong—that it can be raised as grounds for reopening the contract? If conditions change dramatically enough, such that one party is put at an extreme disadvantage with regard to another in a contract, is it not grounds for reconsidering the contract? In some cases I understand that it has been the case.

I would suggest that conditions have changed dramatically. What has changed dramatically? We went from very low rates of inflation and very low increases in the costs of doing business during the 1940s, 1950s and 1960s, to very high rates of inflation during the 1970s, which raised the cost to farmers of moving grain and in all other areas, such as the costs of fuel, seed grain, heating and labour. The costs of all these items rose, but the cost of rail transportation did not. If companies are expected to provide reliable transportation to move products to market, it seems only fair that they should be allowed to earn a fair rate of return, as the hon. member for Bow River indicated earlier. He believed that a fair rate of return should be available. He asked whether he could rely on CPR to move grain. What would happen, for example, if we in the House of Commons in our wisdom decided to tell Ottawa taxi-drivers that for some reason they had to transport Members of Parliament from the House of Commons to their residences at a rate which was only 20 per cent of the cost they could charge anyone else in Ottawa? How long would Mr. Speaker wait if he called for a taxicab from the House of Commons and said that it was for a Member of Parliament?

Mr. Blaikie: What would happen if they were given half of Ottawa?

Mr. Kempling: What would happen if we paid for their cars and for their gasoline?

Mr. Evans: It would be an extremely long time, Mr. Speaker. The hon. member for Bow River was concerned about moving grain, and I am concerned about moving grain. I want to see western agriculture and manufacturing being given the greatest possible opportunity. If the railways are able to obtain full tariff for moving potash, coal or other products, if the rail transportation system is already overloaded or running close to capacity and they had a free choice, what kinds of products would they move? They would move the ones on which they get full tariff, and in the case of taxi drivers, they would take passengers other than Members of Parliament.

• (2050)

The grain is going to sit on the siding, and that is not acceptable. We have to find a way to ensure there is an economic benefit to the transporters to move that grain, and clearly right now there is none. The railroads lose money year after year moving grain when they can be making money moving something else. That is a not a situation difficult to understand for anyone who thinks about economic problems. If we do not allow a fair rate of return on every aspect of a company's business, it will take those areas where it does not make money and shove them aside. Western grain farmers are going to become second-class citizens, and we cannot allow that because we have a great potential in the grain growing regions of western Canada. The grain has to be moved.

In the last two or three years, Mr. Speaker, I have heard it said that because we could not guarantee the movement of grain we have lost as much as $1 billion to $1.5 billion worth of foreign sales.

Mr. Blaikie: If the railways had not been on strike.

Mr. Evans: Whether it be potash from Saskatchewan government mills, which is competing with grain growers in Saskatchewan and paying the full tariff, by the way—

Mr. Friesen: I wonder if the hon. member would permit a question.

Mr. Evans: The hon. member can ask his question at the end of my remarks. There is another point I would like to make, Mr. Speaker. As the hon. member for Bow River said, it is important that those who come to an agreement live up to the agreement; there is more than just money involved, there is honour involved, the obligation to live up to an agreement. I ask all members to consider the following. Last September an agreement was reached between two parties, the Government of Canada and the Government of Alberta. One of those parties is now saying that the agreement is no longer valid. I am not saying it is wrong, but why are they saying that? They are saying it because economic conditions have changed dramatically; the world price of oil has dropped. So, after nine months one party to the agreement says it is no longer valid, we have to renegotiate. And they are taking unilateral steps to force the other party to renegotiate.

I am not condemning that, Mr. Speaker. There might be good and valid reasons for it. However, I am saying that we have one nine-month-old agreement on which it is all right to renegotiate, but we have another agreement which is 84 years old which it is not all right to renegotiate. If economic conditions change, then certainly we are big enough in this country to open our eyes and see the consequences involved if we do not look realistically at the problem and renegotiate agreements which are totally and hopelessly out of date and out of touch with reality.

Were we to stay with the Crow rate as it is now, Mr. Speaker—the total transportation system is going to cover its costs, no two ways about that—what is going to happen is that because grain farmers are not paying the full cost of moving their grain, the loss the railroads incur is going to be passed on to someone else. That will be the people who move potash, coal and other products. I ask you, Mr. Speaker, is it fair to ask the people moving those other products to absorb that additional cost which in turn may make them uncompetitive in world markets, and which may cost the jobs of people who work in the potash mines, coal fields and in the production of agricultural products not covered by the Crow? Is it fair to Canadian taxpayers generally to ask them to pick up part of that cost? These are questions which have to be asked, and the Minister of Transport has asked the questions.

When I was at the University of British Columbia my colleagues in the transport centre there were telling me the Crow rate has to be examined. No transport minister has had the courage to stand up and take that bull by the horns except for this one, and I applaud him for it. I think the process he has established is a fair one, and we will come up with a fair resolution of this problem. We will have the basis for developing an efficient and effective transportation system to increase and enhance the prosperity which is there to be had in western Canada.

The Acting Speaker (Mr. Daudlin): I regret to advise the House that the hon. member, having used up all of his allotted time, can only be asked a question with the unanimous consent of the House.

An hon. Member: No.

The Acting Speaker (Mr. Daudlin): There is not unanimous consent. The hon. member for Yorkton-Melville (Mr. Nystrom).

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, the hon. member for Ottawa Centre (Mr. Evans) said the Minister of Transport (Mr. Pepin) should be applauded for his actions. I think he is probably the only person doing so because if the minister were to come to western Canada today I am sure he could not beat Al Capone in an election. That is about how popular the minister is, Mr. Speaker. It strikes me as rather curious to hear four or five Ontario members such as the parliamentary secretary, the hon. member for London-Middlesex (Mr. Bloomfield) and the member who has just spoken, get up and tell us how they are going to solve all the problems in western Canada. If the Liberal Party is so wise or, as the member says, the best in the west, why are there only two Liberals remaining in western Canada? I can assure you, Mr. Speaker, that if my constituents are any indication, those two members will not be here come 1983 or 1984.

Some hon. Members: Hear, hear!

Mr. Nystrom: As my friend says, it could not happen to a nicer guy if it happens to the Minister of Employment and Immigration (Mr. Axworthy).

In addition, Mr. Speaker, it strikes me as rather odd hearing the hon. member for Ottawa Centre speak about the west as if we were back in the caveman's age and hauling our grain to

market on this rickety old transportation system which has not changed since 1897 or 1891. That is the impression he tries to leave with the House, that we have not modernized, we have not improved the branchlines or kept up the main line. I am not sure if he is aware, Mr. Speaker, that the farmers of western Canada, the governments of Alberta, Saskatchewan and the Government of Canada have supplied some 14,000 hopper cars to move western Canadian grain. We indeed have modernized the system on the prairies. The Potash Corporation of Saskatchewan, for example, has 1,400 cars moving potash out of our province right now. The reason they have done this is that the railways went on strike many, many years ago in regard to moving grain from the prairies. The last time the CNR bought a boxcar to move grain was about 1947. For the CPR it was way back in 1951. Despite these facts, Mr. Speaker, we have a government across the way which stands up and defends the railways. We heard an excellent speech in the House tonight from the hon. member for Bow River (Mr. Taylor). He spoke about the CPR, concerning all the money it had received, and the promises and agreements it had made to move the farmers' grain forever at a rate known as the Crow rate in this country.

• (2100)

I think, because of the speeches that I have heard here today and the incredible ignorance one sees exhibited on the government side of the House, that it might be very useful to spend a few minutes going over the Crow rate and presenting to the House, in a very positive way, what my constituents are saying to me and what the feelings of western Canadians are. I do this because the Parliamentary Secretary to the Minister of Transport (Mr. Flis) rose in the House this afternoon and admitted that what the government was doing was a very unpopular decision, to use his words. I also remember the Speech from the Throne in April of 1980, when the Prime Minister (Mr. Trudeau) said to the country that despite the fact that the government did not have any elected members from the three western provinces, it would listen to western MPs in the House of Commons. I have gone through two years in this Parliament, and I wonder where the listening is evident, for the government is surely not hearing, if it is trying to listen. No matter where I go in my constituency, whether I speak to farmers or urban dwellers, people in my riding want the Crow rate kept. They see it as a part of the confederation bargain. They see it as a part of our nationhood. Ontario got the tariff protection. Ontario got freight rates which benefited the province. We got the Crow rate in the prairies.

Perhaps it might be useful to spend just a few minutes reviewing briefly the history of the Crow. Transportation has always been a part of national policy in this country, and it should be a part of public policy in Canada. If one looks back to 1881, at that time Canada needed a national railway to link central Canada with the west coast in British Columbia. A deal was struck with the railway companies, back in 1881. In return for building a railway to the west coast, the government gave the railways $25 million at that time, which would be worth a lot more now, of course, because the value of the dollar has really diminished in the one hundred and some odd years. As well, the government gave the CPR 25 million acres of land with mineral rights. It gave the CPR many tax exemptions in addition. However, that was the deal and, in return for all the gifts and concessions, the railway was built to open this country and tie the west coast with central Canada.

Some 16 years later, in 1897, the federal government once again wanted to build a railroad. This time, it wanted to build a railway in the southeastern British Columbia end of the Crowsnest Pass. Therefore, once again, the government of the day said, "We will have to strike a deal. We will give you something if you will build a railway."

An hon. Member: And they gave.

Mr. Nystrom: The government of the day decided to give the CPR 43.6 million and $3.7 million worth of land. In return, the CPR would do two things. First of all, it would build a railway into southeastern British Columbia. It would also guarantee that the rates on grain moving out of the prairies would be guaranteed for the settlers in the prairies of the day and that rates and settlers' effects moving from central Canada into the west would be regulated for the settlers who were opening up western Canada. That was the deal in 1897.

The hon. member for Bow River has spoken in detail concerning benefits granted to the CPR. One can now look at the CPR and see how it has benefited from this massive deal over the years. The CPR is probably the biggest welfare bum that we have in this country.

Some hon. Members: Hear, hear!

Mr. Nystrom: If we had done the wise thing over the years, which any investment person or businessman would have done, we would have taken equity in that railway and the CPR would have become a public utility many years ago and could served the Canadian people.

I would like to continue the history of the Crow, and I hope the hon. member for Ottawa-Vanier (Mr. Gauthier) will listen to this. During World War I, the agreement was suspended. By 1925 the CPR, to the surprise of no one, had persuaded the Liberal prime minister of the day, Mackenzie King, to get rid of the agreement, to cancel the agreement, to throw it out, because the CPR was saying, "We will lose money". That was way back in 1925.

An hon. Member: Same old song.

Mr. Nystrom: But what happened in 1925 is something that I hope will happen today, 57 years later, in 1982. From the west, back in 1925, Members of Parliament representing farming and labour got up and debated, arguing to save the Crow. Because Mackenzie King needed political support in western Canada in order to maintain his government, he decided to relent, to call an agreement an agreement, and to save the Crow rate.

At that time, a couple of amendments were made which were very important. The first amendment was that the

railways could not tamper with the rates. In other words, there was a fixed rate for the movement of the farmers' grain on all lines moving the grain out to the ports. The other principle was that there should be equal rates for equal distance. In other words, a farmer in a little town in northern Saskatchewan, like Porcupine Plain in the riding of McKenzie, could ship grain to market for the same price as a person a couple of hundred miles south of the city of Weyburn because they were the same distance from the seaport. That was a very important principle. It meant that the railways could not set social policy by playing off one community against the other.

The other important result from the Crowsnest agreement back in 1925 was that the farmers were given a delivery system and elevators were built. An entire social and economic structure began to flower and flourish across the prairie provinces because there was a fixed rate for the movement of grain. There were no variable rates, so the railways could not play any games. A farmer could pick up the law books of Canada and he would know that he would be charged 18, 19 or 21 cents per bushel for the movement of his grain to the seaport.

What will result from the plan of the Liberal Party which sits across the way? First of all, the Crow will go. So said the Minister of Transport, when one has stripped away all the rhetoric, the flowery wording, the prose and the poetry in his announcement back in February. The minister will do three things. First of all, he will fix a rate for the railways in the statutes. He assures us that the railways of this country will receive guaranteed rates for moving the grain in this country. The railways instead of the farmers will have a statutory rate in Canada.

Some hon. Members: Shame, shame!

Mr. Nystrom: The second principle in the Liberal plan is that the producer should pay more. The farmer will pay more to move grain to market. The third principle in the Liberal plan is that there should be no fixed rate for the farmers of Canada. What will be missing, first of all, will be fixed rates under the Crow and, second, there will be no guarantee of equal charges for transporting grain equal distances.

What will be the consequences? The consequences will be very simple. In a few years' time, the effective rate for a farmer moving grain might be doubled or tripled. It will eventually go up maybe 10 or 20 times the present price a farmer pays to move his grain. This will mean that small farmers will be forced off the land. The minister may call that efficient. He may call it economy of scale. However, whatever he calls it, ordinary farmers in my riding will suffer. They will be pushed off the land because they will not be able to afford to farm.

The second consequence, when one considers variable rates, will be that the railway, the CPR, will determine social policy in this country because it will have the right to decide the rate from a certain town to a certain branch line compared to another town on a secondary main line, compared to a third town on a main line. If the rate will be, say, 10 cents or 20 cents a bushel higher on a branch line, farmers will obviously start hauling their grain to a secondary line or a main line, to a different town, to a different community. Eventually, the elevator will close and the town will fold. The CPR will be making social and economic policy in this country. I say to Your Honour that that is not good enough and it is not right.

I want to mention two other points. The hon. member for Ottawa Centre went on at great length about the importance of being competitive and the importance of being efficient. I agree with him. It is very important that we be competitive and efficient, that we modernize the grain transportation system in western Canada. But I want to say to the member for Ottawa Centre that when we look at the Crow rate we must compare that in terms of a benefit to our farmers with what American farmers, Australian farmers and Argentinian farmers and European and other farmers are getting in other parts of the world. We are in tremendous competition with those countries.

• (2110)

If we look south of the border, for example, we find the Americans have subsidized the grain farmers massively—the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) knows this—in the program they have in the Missouri and Mississippi barge river systems. I think it was about $8 billion or $9 billion that was put into it by the government of the United States of America. They have done that, not only in the building of those systems but in their maintenance, to the tune of over half a billion dollars a year. Judge Emmett Hall said it was about $1 billion a year in terms of payments from the American government to maintain the transport system in the United States of America. From what I hear, in talking with senators and Congress members in the United States, it is not the intention of the American government to diminish those subsidies or to remove them. In other words, if we diminish what we pay in terms of an operating grant or a subsidy to our farmers in terms of the Crow rate and if the Americans do not, then we will be all that less competitive in the world scene, and we will probably sell less grain in the world.

Mr. Speaker, about five weeks ago I had a chance to go to Brussels and speak with the people in the European Common Market. I found that the Europeans give massive subsidies to their farmers. Once again, if they continue to subsidize their farmers and if we reduce the subsidy to our farmers, our farmers will be less productive and will probably sell less grain on the world market. That is important, that is important to all of us in this country, not just to farmers but to people in the cities—in Winnipeg, in Halifax, in Montreal, in Toronto or in Brantford or elsewhere—because the export of grain is a major benefit to all of us. In fact, in the first 11 months of 1981 our exports of grain were some $5 billion. That has a tremendous impact on the over-all wellbeing of all of us as Canadians. Lo and behold, we find the Government of Canada has not done any major studies whatsoever to assess the impact of reducing the Crow rate benefits to western Canada, on the over-all economy, or on the Canadian dollar, on the balance of payments, or on unemployment, or on any of these issues.

Mr. Speaker, if you look at it just from a competitive point of view, it is very important to all of Canada that we keep the Crow rate and keep it firm in law when other countries around the world give other subsidies to their grain producers. If you look at it from a bureaucratic point of view, the Crow rate system is probably the least costly and the most efficient way to help the grain farmer of any country in the world. We do not need hundreds of bureaucrats sending out cheques to farmers or assessing the income of farmers or assessing the income of the railways. All we need to do is to fix by statute the rate which we have had now for many years, and have that as our way of helping the grain farmers in western Canada.

Mr. Speaker, more and more people are becoming more and more concerned about the lack of real democracy. Once again we see the ugly head of hypocricy rearing itself in this Crow debate. We find a minister wanting to give to his cabinet, through order in council powers, the right to negotiate future increases in what the farmers will have to pay for the sale of grain. So in the future farmers will not have any direct input through their Members of Parliament from western Canada. Farmers will have to rely on the generosity of the sensibility of a federal government to set a reasonable rate for the shipment of this grain.

Mr. Speaker, that is like sending a skunk into the henhouse to collect your eggs. It is no wonder that more and more western Canadians are becoming alienated from the federal institutions that all of us in the House would like to keep, improve and democratize in the years that lie ahead. It is very dangerous that this government wants, once again, to take away from us our rights as Members of Parliament, representing our people, to get up and represent them in the House.

Mr. Blaikie: Thank God it is a statutory right and they cannot take it away, like VIA, without debate.

Mr. Nystrom: Mr. Speaker, that means that through the waving of a magic wand the Minister of Transport can decide to double the Crow rate, to triple the Crow rate, to put it up by ten times. Look at what they did with VIA Rail. They decided to get rid of all kinds of rail lines for passenger service. We did not have the right to have a committee look at it or study it. Members elected from western Canada did not have the right to get up in the House of Commons and vote—to vote on a bill to reduce the service to this country by VIA Rail.

I think that is dangerous, Mr. Speaker. It is giving awesome powers to government, awesome powers to bureaucrats and regulatory agencies, powers that are dangerous in a democratic society.

Mr. Speaker, the Minister of Transport was in Delisle very recently and got a little preview of the feelings on the prairies. If he is serious about holding this country together, perhaps he will change the bill that he is going to bring into this Parliament next fall and guarantee the Crow for western Canadian farmers.

Mr. Speaker, the government has been talking about all the grants to railways. We have given hundreds of millions of dollars to the CPR. We have the CNR, which is supposed to be a publicly owned people's railway. I suggest, in closing—

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member, but I would remind him that his allotted time has expired.

May I give some information to the House. There seems to be an agreement to recognize the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) for eight minutes; the hon. member for Portage-Marquette (Mr. Mayer) for seven minutes; and then conclude with the hon. Minister of Transport (Mr. Pepin). Is that agreed?

Some hon. Members: Agreed.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, in the eight minutes allotted to me I can say all that is necessary. First of all, I have heard the word "subsidy" in this so-called Crow debate too many times to sit silent. Let me say once again that there is no such thing as subsidy in the Crow rates. They are maximum rates. During most of the history of the railways in the whole of Canada, the freight rates paid by the farmers under the Crow agreement were the main profit source of the railways. For decades, 90 per cent of the profits came from the shipping of grain to foreign markets. We carried the people of Ontario and of southern Quebec; we carried the people of British Columbia on our backs, when they were losing money in those areas because of the competition of ships, or trucks that carried goods across the prairies, and when most had a losing operation by taking a profit out of the farmers.

I would prefer the word "subsidy" not used, because it is not a subsidy—and the record shows it.

In 1967, after ten years of intensive study by a royal commission, it was admitted to the House by the then minister of transport that there need be no more mention of the Crow in the House because we had proved for ten years that there were no losses on the Crow rates. These are the facts. No more should "subsidy" be talked about.

Mr. Speaker, a month ago I tried to steer this debate to what I thought was the crux of the situation. I think it has occurred several times today. Rightly or wrongly, the Crow rate in the minds of westerners is part of our Magna Carta, protecting our rights for what we did in opening up the west. No one is going to change that. It is just as sacred as is a constitution that lasts a thousand years. That does not mean it cannot be discussed; but do not try to push it across us that because the railways said they are losing money on the Crow we have to change a solemn agreement made long ago.

• (2120)

I am not going to go into any serious discussion about the Crow. Enough has been said. In my remarks a month ago I made very clear the minimum that would have to be done before there could be discussion. Before the minimum is done, it will be at least 20 years from now. Therefore, the discussion

led off by the minister's announcement a few months ago is really irrelevant.

What we are doing here today is curious. When the debate was led off by the hon. member for Regina West (Mr. Benjamin), I thought he was making an effort, which was unusual for him, to be constructive and to try to get people to sit down and discuss this rationally. All of a sudden the minister from Winnipeg, the Minister of Employment and Immigration (Mr. Axworthy) suddenly launched a direct frontal attack on the NDP.

I was watching the debate and wondered what was going on. The next speaker was from Saskatoon West (Mr. Hnatyshyn). He smelled something irregular. When you find a minister of the Crown attacking the NDP, knowing how much they owe to the NDP for these last 15 years, you wonder. That member got up and told the story about two cats in Noah's Ark. Members know the story. It is as old as the hills. How are you going to keep the population down in a cramped little ark? Noah appointed a couple of giraffes to look into all the corners and make sure there was no funny business. When they ended the long trip and were going ashore, all the animals left the ark two by two. They were thanked for their consideration for each other. At the end of the row two cats came out.

An hon. Member: We told that story earlier.

Mr. Hamilton (Qu'Appelle-Moose Mountain): I am repeating the story to freshen your minds and to make clear what is going on here. When you have a situation where two cats appear to be fighting in the spring, common sense and experience tells you that they are not always fighting.

When the fight developed this afternoon, I thought it was funny that these two cats should be fighting. When I heard the story being told by the hon. member for Saskatoon West, I thought his intuition was right. It is spring.

All this talk today is only for one purpose. There is a Saskatchewan election in the offing. We wait minute by minute to see when it is going to be announced. It was obvious what the Liberals were doing. How could they help their allies in Saskatchewan? They could not help them by attacking the Conservatives. The only thing they could do was to crucify one of their loyal members. At one time he was the member for Assiniboia. He was the cat who tried to tell the farmers 15 years ago they had to believe in user-pay. He saw his boss, the former minister of transport, go down the drain. He went out and became the Liberal leader. He said he had changed his mind and was now for retention of the Crow. You can imagine Liberal cabinet ministers going out in public and crucifying this Liberal leader in Saskatchewan, saying he was not for retention of the Crow, he was a good loyal Liberal, and what Otto says he follows.

An hon. Member: Otto, is he still around?

Mr. Hamilton (Qu'Appelle-Moose Mountain): He is still around. He is vice-president of a grain company. I am saying that something funny is going on here. When you see two cats fighting, do not always believe what you see. We are simply going through the preliminary ritual rhumba of an election in Saskatchewan. It is absolutely necessary that the Liberals appear to be opposed to the NDP. If they are not, how are the Liberals out there to know what to do? Now you see the situation, and I leave the answer to the public.

Why is this going on? It is simple to explain. There will be an election in Saskatchewan. What you hear and what you see ain't necessarily so.

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, this is a very important debate we are having on this, an NDP opposition day. It is important for many reasons. After having listened to the debate, I find it unfortunate that there should be so much rhetoric and so little light shed on the problem. In many ways it is the responsibility of the government to shed light on this problem.

We all know there is a problem. The railways are not receiving enough money from the movement of grain to adequately compensate them and, as they tell us, ensure that they have enough capacity to move the raw materials that western Canada is capable of producing. Everyone realizes that, including the provinces.

The three prairie provinces have been involved. They have either bought or leased hopper cars. The federal government, to its credit, has recognized the problem. It has been involved in purchasing hopper cars and in a boxcar rehabilitation program. The producers have recognized the problem and, through the Canadian Wheat Board, have bought hopper cars to assist with capacity.

The lead speaker for the government was the minister from western Canada, the only elected member of the cabinet from western Canada, the Minister of Employment and Immigration (Mr. Axworthy). I found it unfortunate that he did not set a little higher tone for the debate. He talked about enormous export increases for western Canada as a result of changing the Crow.

A lot of producers and members of this House would have been very interested to hear him tell us where these enormous increases will come from. He could have explained to us and the producers why a change in the Crow will have the effect of increasing exports. If it is going to increase exports, everyone would be in favour, but they would like to know why. We would also like to have been told that when we have the increased capacity to move grain and raw materials to export position, the government will be willing to follow through and look after Canadians in terms of the way we trade with other countries. We all know we had serious problems in the last series of GATT negotiations and how they ended up. It is true that many tariff barriers were lowered. For a period of eight years we are going to move to lower tariffs. We also know there are many non-tariff barriers which prevent Canadians from competing in markets such as the European Common Community and Japan.

If our government had seen fit to see that agriculture was better represented at those negotiations, it would be a lot easier

for producers and members from western Canada to have some faith and have trust in what the government is doing.

The hon. member for Yorkton-Melville (Mr. Nystrom) pointed out that in many ways it is interesting that when we have this debate on a purely western issue the government does not really have any western members to stand up and talk about what it is intends to do in terms of western Canada. Today we heard from a parliamentary secretary, the hon. member for Parkdale-High Park (Mr. Flis) who was born in Saskatchewan but has lived in eastern Canada for a long time. A lot of western people watching this debate on TV and subsequently looking at *Hansard* will find it curious that that kind of member has to stand up on behalf of the government and tell us why in western Canada we have to do things differently.

In many ways I find it unfortunate that we should have the rancour, bickering and politicking going back and forth that we had today. That does not shed any light or give guidance to people genuinely concerned about the issue from a factual point of view.

That obligation does not end at the federal level. If we set a proper tone for the discussion and discussed it in terms of the issues and facts, it will be reflected back to the people we represent. On the same basis, the provincial governments have a responsibility. I find what the Premier of Saskatchewan said, as long ago as 1977, unfortunate. I will quote from an interview broadcast on CBC telelvision on Friday, May 20, 1977, close to five years ago. He said:

• (2130)

Because we believe that farmers are entitled to the Crow rate but we think that under certain circumstances, at some future time, the case might be made for increasing the level for Crow, provided that it was given the same statutory protection.

Clearly, as long as five years ago, the Premier of Saskatchewan was suggesting that there could be changes in the Crow. We all know that in the last four or five months he has continued to say that he is prepared to look at changing the level of the Crow. Yet when it comes time to review that, he takes an entirely opposite position.

I think it is unfortunate in many ways because, as I said, it does not shed a lot of light or provide much insight into the problem. It only confuses the issue.

This is a very serious matter for western Canada. It will have a profound effect on us for many years to come. I think it is the obligation of everyone, particularly the government since it is responsible for governing the country, to see that this decision is made with as much diligence as we can provide in Parliament.

I feel it is important to repeat that it is unfortunate today that we could not have had a discussion at a different level with respect to these problems and provided some solutions which would increase our productivity and our ability to contribute to Canada, instead of the politicking and rhetoric which we have witnessed.

I would like to close by simply saying that we all agree that there is a problem. I believe that it is up to us all to see that this problem is solved in a fashion which will benefit western Canadians with the best possible results. If this is achieved, it will result in a great benefit to all of Canada.

Hon. Jean-Luc Pepin (Minister of Transport): Mr. Speaker, I will try to maintain the high degree of debate which the hon. member for Portage-Marquette (Mr. Mayer) longs for.

This is chapter two in our series on western rail transportation and the Crow rate. I am sure that there will be many other chapters before we come to the end of this debate—

An hon. Member: You can be sure of that.

Mr. Pepin: —hopefully, by the fall, when we will be in a position to give westerners a much better statute for transportation of their grain than they have now.

At present, they have a statute which obliges them to pay only half a cent per ton mile but there is no equivalent obligation on the part of the railways to transport the grain. This is the root of the problem which we are faced with now. This is why the federal government had to take action in the recent past and buy hopper cars and proceed to branch line rehabilitation along with the other events which have taken place in recent years. I read recently that the Crow rate was dead from the moment the federal government had to begin buying hopper cars.

An hon. Member: I think so.

Mr. Pepin: During the debate on February 26 I tried to explain why we have to enhance the condition of the main line in the west and why we believe that the farmers will have to make a greater contribution to the transportation of their grain than they do now. I tried to answer the questions as to what guarantees the railways would have to give, which would be immensely greater than they give now.

Of course, I emphasized the great contribution that the federal government would be making through adding $1.3 billion to the $1.8 billion for four years already committed by it to grain transportation.

What has happened since our announcement on February 8 in Winnipeg? A moment ago, one of the members of the Conservative Party complained that they were not given much attention. The reason for that is quite obvious. We are sympathetic to their position because they are totally divided and, being charitable people, we do not want to exploit that situation. That is why we pick on our friends in the NDP, because at least they are offering a target which the Conservatives, unfortunately, are not.

I am just pointing out to the hon. member for Portage-Marquette that it is the NDP which have provided the opposition to us on this matter. It is not particularly the federal NDP either; opposition has come primarily from the Saskatchewan provincial NDP partly because of a certain election—as the

hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) indicated—which may take place in that particular province in the near future.

I have found what they have been saying to be rather interesting and I have been following what has been said in all the papers. As you know, Mr. Speaker, I am of the class of '63 in the House—I recognize I have been on holidays for nearly seven years—but for the past 20 years I have seen my party subjected to the daily moral reprimands of those political monks and nuns who form the New Democratic parliamentary wing. Well, I have news for you. They are not beyond temptation and they are not beyond sin. We have had an illustration of that today. They have a way of occasionally powdering figures and powdering concepts, which is really their trademark. We saw evidence of that today. They have found a way to distort the 1880 and 1897 agreements, the Canadian Pacific and Government of Canada railway construction agreement of 1880 and the Crowsnest agreement of 1897. I do not need to display my intellectual capacity because these distortions have been proven in many books and articles. There is a recent one on Sifton which corrects all the interpretations made by the member for Yorkton-Melville (Mr. Nystrom), who looks like a Rhodes scholar and probably was one. What the NDP are repeating today are perceptions which have been found to be incorrect in history and which a number of authors have debunked.

An hon. Member: Tell us about the shares in Power Corporation.

Mr. Pepin: You see, that is a very intelligent argument. It has been used in Saskatchewan. Somebody said that it was because I served on the board of Power that I was supporting CP in this matter since Power has shares in CP. This is nasty, brutish, short and particularly immoral because when I was on the board of Power it did not have a share in CP. These are the kinds of arguments that are made by those saintly people over there who take pride in being superior to everyone else and in this particular instance, as in many, really lie. I find that remark particularly disagreeable and nasty.

Some hon. Members: Hear, hear!

Mr. Blaikie: Tell us about Ottawa Pioneer Grain. Tell us that has nothing to do with this.

Mr. Pepin: We have heard again this afternoon certain interpretation of the meaning of the Hall Commission. Hall has suddenly become a great expert on the Crow. When you read the book, you find he has hardly four or five pages on the subject, and some of it is contradictory. Nevertheless, this is the rewriting of history that the members from the NDP resort to. There is a quote which I will have to refer to next time, a *feuilleton*, which says that this government will introduce the variable rates in Saskatchewan. This is being repeated every day. The Prime Minister was in Saskatchewan recently and said that if western farmers do not want variable rates, there will be no variable rates. They keep repeating that, and I have it here. It reads:

> The Pepin plan eliminates a fixed rate in law for the movement of grain and it eliminates equal rates for equal distance.

That is not true. I hope that it is parliamentary, when it is true, to say, and there is no other way to say it, that it is a lie.

Mr. Nielsen: Like double tracking.

Mr. Pepin: That is true. It is being done now.

To continue with this statement, it said:

> In doing so, it threatens the social and economic fabric of rural Saskatchewan.

So the introduction of the variable rates which most probably will not be introduced—

Some hon. Members: Oh, oh!

Mr. Blaikie: Most probably?

Mr. Pepin: We have not done it. The point I want to make is that that concentration or consolidation is a phenomenon which has already taken place in Saskatchewan. Perhaps a few figures will illustrate that. The number of permits in the west has gone done from 200,000 to 140,000. The sizes of farms have grown. There has been a reduction in the number of country elevators from 5,200 in 1970 to 3,090 now. The number of delivery points has also been reduced, from 1,835 in 1970 to 1,245 now. There has been a reduction in the number of grain companies. That consolidation which hon. members opposite fear we might bring about already exists in the west. This is not something that the "dirty" Liberals or "nasty" Liberals or "immoral" Liberals are going to create. This is something which already exists. Why does it exist? It exists for a number of reasons. The economics of primary elevators is one of those reasons. As elevators have become obsolete in the west they have been replaced by bigger ones with better health standards, better working conditions and what not. Indeed, some smaller elevators have disappeared and a number of social entities have been downgraded because of their disappearance. That is a fact of life. This was not created by variable rates or a reduction of the Crow rate, which has not yet taken place.

• (2140)

I love to read at night, and I have been reading some material from Mr. Justice Hall. He said this:

> Rural electrification has no doubt had the most significant positive social impact on rural life ... Due to the ability to keep bread, fresh vegetables and fruits for a longer period, these commodities were purchased in greater quantity, farther from home leading to the closing of local bakeries and stores.

The phenomenon of consolidation has been studied by Mr. Justice Hall. I repeat, it did not take place today. It will not take place in the future. It has already taken place. It is due to a number of factors, some of them economic and some of them social. For example, some consolidation has taken place by virtue of action taken by the province of Saskatchewan. It is the Saskatchewan government which has presided over the concentration of schools and the elimination of schools where there were not enough students. It is the Government of Saskatchewan which has contributed to the concentration of

social services, hospital services and the like. I have all the figures here for those who would care to have them.

Mr. Blais: They don't care.

Mr. Pepin: This consolidation has also been the will of the people of Saskatchewan. It was not imposed on them. This afternoon we were told we presided over the destruction of rural life in Saskatchewan—for something we have not done yet, by the way—because of something which took place when the Crow was still in existence. Hon. members opposite should think a little bit.

Mr. Blais: Impossible.

Mr. Pepin: Hon. members should listen to what Mr. Justice Hall said on this particular point because it is beautiful. This concentration of rural life in Saskatchewan, as he said:

—took place, not as a part of a planned development—

Not because of nasty politicians.

Mr. Nystrom: Liberal politicians.

Mr. Pepin: Listen to that scholar.

—but as a result of many people making individual decisions on where they wished to shop, do business and socialize.

It was because they wanted to do it.

It is the people and the spirit of the people which gives the community viability, not the railways nor the elevators.

Consolidation is a decision of the people in Saskatchewan. They made these decisions before there was any possibility of reducing the Crowsnest rate or of having variable rates. And again, that decision has not yet been taken. I cannot judge all the things members of the New Democratic Party do, but in this matter they are really misinforming the public when they say that increasing the Crow rate will destroy rural life in Saskatchewan.

There are many things I would like to say. One argument to which I took exception is that part of the resolution which says that the government is failing to enhance national unity. I take exception to that. Why? The hon. member for Dauphin (Mr. Lewycky) accused us of working "to the detriment of the west". He accused the Minister of Employment and Immigration (Mr. Axworthy) of being a bad westerner.

An hon. Member: Right on.

Mr. Pepin: I have some quotes here. Who was the man who said—

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being 9.45 p.m. it is my duty to interrupt proceedings and to put forthwith every question necessary to dispose of supplementary estimates (E) and interim supply and to adopt all stages of any bills based thereon.

[*English*]

SUPPLY

MOTION FOR CONCURRENCE IN SUPPLEMENTARY ESTIMATES (E)

Hon. Donald J. Johnston (President of the Treasury Board) moved:

That Supplementary Estimates (E), 1981-82, laid upon the Table Thursday, March 18, 1982, be concurred in.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Mr. Blaikie: On division.

Motion agreed to.

Mr. Johnston thereupon moved that Bill C-99, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1982, be read the first time and printed.

Hon. Erik Nielsen (Yukon): Mr. Speaker, I wonder if the minister would provide the usual assurances that there is nothing contained in the bill which exceeds the requests which are contained in the estimates.

While he is doing that, would he please indicate the size of the aggregate contingency fund that is now available to the government?

Mr. Johnston: Mr. Speaker, there is nothing contained herein that exceeds the amount provided for in the estimates. I am not clear what point the hon. member for Yukon (Mr. Nielsen) is making with respect to the government's contingency fund.

Mr. Nielsen: Well—

The Acting Speaker (Mr. Ethier): This discussion can be carried out only with the unanimous consent of the House. There cannot be debate or questions at this time. If there is unanimous consent, I can recognize the hon. member for Yukon (Mr. Nielsen) again.

Some hon. Members: Agreed.

Mr. Nielsen: Mr. Speaker, this is a customary question which is always put at this stage of the proceedings.

An hon. Member: During Committee of the Whole.

Mr. Nielsen: I was simply interested in having the President of the Treasury Board (Mr. Johnston) indicate to hon. members what is the total amount available to the government by way of the aggregate contingency fund at this time.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adpopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Johnston thereupon moved that Bill C-99, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1982, be read the second time and referred to Committee of the Whole.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Ethier in the chair.

Clauses 2 to 7 inclusive agreed to.

Schedule agreed to.

On Clause 1—*short title*

Mr. Nielsen: Mr. Chairman, I wonder if the President of the Treasury Board could answer my question now. What is the total aggregate of the contingency fund now available to the government?

Mr. Johnston: Mr. Chairman, I am still not altogether clear. I presume the hon. member for Yukon is referring to Treasury Board Vote 5 with respect to the contingency that exists in the Treasury Board vote which is ultimately required for salary shortfalls. I do not recall this question having been asked before and I do not know why it should be pertinent at this particular time.

• (2150)

Mr. Nielsen: Mr. Chairman, it certainly is pertinent because the schedules speak of a contingency fund in net terms. I am simply asking the President of the Treasury Board, who should have the information at his fingertips, what the total aggregate of the contingency fund is which is available to the government at this time. He should have this information if he is up on his job.

[*Translation*]

Mr. Pinard: Mr. Speaker, there is no cause for debate. The first question was customary, the second is not. I suggest that the hon. member have his question put on the Order Paper and that we proceed in accordance with Standing Order 58(10).

[*English*]

Mr. Johnston: Mr. Chairman, as the hon. member for the Yukon probably knows if he has examined Treasury Board Vote 5, he will see that the amount of the main estimates provided for was $220 million and that $60 million additional was provided for in Supplementary Estimates C, if that is the question he has asked.

Mr. Nielsen: No, it is not the question I asked, but I will not hold up matters. Indeed, I cannot. It surprises me that the President of the Treasury Board would not be able to come forward with a global figure as to what the contingency fund is. I am sure the taxpayers of the nation would be very interested to learn what is in the sock for the government, that it does not have to bring before parliament in order to meet its obligations from time to time.

Mr. Johnston: Mr. Chairman, I hate to delay proceedings on this point but it is well known to members of the House that Treasury Board Vote 5 is specifically there to cover salary costs in particular. A certain amount is placed in the main estimates each year with respect to anticipated salary cost movements across government. The contingency fund to which the hon. member refers is contained in Treasury Board Vote 5 and is allocated specifically to meet costs in excess of the amounts provided for in the estimates. That has to do with the entire collective bargaining process, and that has been the situation for many years.

I mentioned a moment ago that the amount provided for in the main estimates was $220 million, which was supplemented in Supplementary Estimates (C) by an additional $60 million, so the total amount of Treasury Board Vote 5 for the year 1981-82 was $280 million.

Mr. Nielsen: Mr. Chairman, it is wrong for the President of the Treasury Board to misconstrue my comments in that fashion. In my question I was referring to the total contingency fund available to government. If he is not prepared to give me that answer now, that is his option. I certainly do not intend to hold up proceedings tonight and I certainly do not intend to put the question on the Order Paper because it would never be answered.

Mr. Johnston: Mr. Chairman, I do not want to hold up proceedings either. It is not clear to me that the hon. member knows what he is talking about. In any event, he will have ample opportunity to speak to me either privately or to question me in the House or when I appear before the committee. I will be very pleased to answer any questions in that regard. I must say, however, that the only contingency fund with which I am familiar as President of the Treasury Board is Treasury Board Vote 5, with which I expect the hon. member for Yukon is also familiar.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Ethier): When shall the bill be read for the third time? By leave, now?

Some hon. Members: Agreed.

Mr. Johnston moved that the bill be read the third time and do pass.

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

* * *

INTERIM SUPPLY

Hon. Donald J. Johnston (President of the Treasury Board) moved:

That the House concur in Interim Supply as follows:

That a sum not exceeding $8,786,438,129.08 being the aggregate of:

(*a*) three-twelfths of the total of the amounts of the items set forth in the Estimates for the fiscal year ending March 31, 1983, laid before the House of Commons on February 23, 1982, $7,667,738,200.25;

(*b*) an additional six-twelfths of the total amount of Economic Development Item 1, Transport Item L40 and Treasury Board Items 5 and 10 (Schedule A) of the said Estimates, $217,930,900.00;

(*c*) an additional four-twelfths of the total amount of Environment Item 15 and Labour Item 5 (Schedule B) of the said Estimates, $19,107,733.33;

(*d*) an additional three-twelfths of the total amount of Transport Items 20, 35, 65 and 80 (Schedule C) of the said Estimates, $189,073,750.00;

(*e*) an additional two-twelfths of the total amount of Communications Items 5, 15 and 45, External Affairs Item 25, Indian Affairs and Northern Development Items 15 and 35, National Health and Welfare Item 40, Public Works Item 55, Secretary of State Items 30 and 40, Transport Item 25 (Schedule D) of the said Estimates, $144,821,666.67;

(*f*) an additional one-twelfth of the total amount of Agriculture Item 15, Communications Items 1 and 75, Consumer and Corporate Affairs Item 1, Employment and Immigration Item 20, Energy, Mines and Resources Items 1 and 15, External Affairs Items 1 and 35, Governor General Item 1, Indian Affairs and Northern Development Items 40, 45 and L50, Industry, Trade and Commerce Items 5, 10 and L30, Secretary of State Item 1, Supply and Services Item 1, Transport Item 45 and Veterans Affairs Item 25 (Schedule E) of the said Estimates, $547,765,878.83;

be granted to Her Majesty on account of the fiscal year ending March 31, 1983.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: On division.

Motion agreed to.

Mr. Johnston thereupon moved that Bill C-100, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1980, be read the first time and printed.

Motion agreed to.

• (2200)

[*Translation*]

Mr. Johnston moved that Bill C-100, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1983, be now read the second time and referred to Committee of the Whole.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Ethier in the Chair.

The Deputy Chairman: Shall Clause 2 carry?

Some hon. Members: Agreed.

Clause 2 agreed to.

Clauses 3 to 5 agreed to.

Schedules A, B, C, D and E agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

The Acting Speaker (Mr. Ethier): It being three minutes past ten o'clock, the House stands adjourned until tomorrow at 11 a.m. pursuant to Standing Order 2(1).

At 10.03 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, March 26, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

EFFECT OF HIGH INTEREST RATES—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton South): Madam Speaker, yesterday the central bank lending rate rose again, increasing to intolerable levels the financial pressure on the ordinary citizens of our country. In view of the fact that high interest rates have made construction of new apartment buildings and homes an unviable proposition, and that my city of Edmonton presently has a vacancy rate of only 1.1 per cent, with many people there facing mortgage renewals, rental increases and loss of income through increasing lay-offs, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the Minister of Finance take immediate steps to reduce present high interest rates, which are severely damaging not only the economy, but the lives of hard-working Canadians desperately worried about their own future.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN WHEAT BOARD

ANNOUNCEMENT OF INITIAL GRAIN PRICES—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, the initial payments for Canadian Wheat Board grain announced on Monday are totally inadequate. Canadians cannot honestly expect farmers to continue to produce grain at prices lower than last year when the farm input price index in western Canada skyrocketed by 11.2 per cent during that time. I therefore move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House calls upon the minister responsible for the Wheat Board to show the courage and leadership which his office demands and immediately raise the initial prices to a realistic level which will allow farmers to cover the payments on their input costs which will come due this fall.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

AWARDING OF MEGAPROJECT CONTRACTS TO FOREIGN FIRMS—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise under Standing Order 43 on the matter of jobs from energy megaprojects. First we had the stacker reclaimer case in Prince Rupert and now we have a similar situation in the coal project at Sparwood, British Columbia. I have just been informed by letter from the regional manager of Westeel-Rosco Limited in Vancouver that a $20 million contract for conveyor covers was awarded to Continental Conveyor and Equipment of Alabama Inc., U.S.A. The American company gave assurances that almost all the components would be made in Canada. Continental then promptly awarded the work to a Chicago-based company and Canada lost another 20,000 man-hours of work. Therefore I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That in order that the highly touted spin-off effect of Canadian energy megaprojects does not rapidly turn into a tailspin, the Government of Canada take immediate concrete steps so that Canadian resources can be used to help Canadian business and governments to provide jobs for Canadians and not allow them to go out of the country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AUTOMOTIVE INDUSTRY

CALL FOR MEASURES TO STIMULATE SALES—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, the government, having made a complete shambles of our economy, is obviously unwilling or unable to resolve the problem. The resulting tragedies seem endless. We now have word that up to another 1,750 employees of General Motors of Canada will be laid off indefinitely next month, a depression-

sized lay-off that will undoubtedly have a serious ripple impact throughout the country. Therefore I move, seconded by the hon. member for Ontario (Mr. Fennell):

That this government take immediate steps to stimulate sales of Canadian-made vehicles, expand their efforts by bringing forward new programs to promote economic growth or, failing this, that this government call an election so that Canadians suffering from this indifference and inability of government will have the opportunity to turn the job over to others willing and able to achieve economic recovery.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

CALL FOR RELEASE OF ANATOLY SHCHARANSKY BY SOVIET AUTHORITIES—MOTION UNDER S.O. 43

Mr. John Thomson (Calgary South): Madam Speaker, I rise on a matter of urgent and pressing necessity to seek the unanimous consent of the House. Soviet Jewish dissident Anatoly Shcharansky has been unjustly held for over six months in solitary confinement and on low rations by the Soviet authorities, in direct contravention of basic human rights and of Soviet obligations under the Helsinki Accord to respect the fundamental freedoms of conscience and religion. In view of this injustice and the plea of Mr. Shcharansky's wife that politicians in the west take up her husband's cause, I move, seconded by the hon. member for Don Valley East (Mr. Smith):

That this House call on the Soviet Union to live up to its obligation under the Helsinki Accord and immediately release Anatoly Shcharansky from detention.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

FINANCE

TAXES ON GASOLINE AND DIESEL FUEL—MOTION UNDER S.O. 43

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, Canadians are paying more in taxes than they do for food and shelter. Many of these taxes are hidden in consumer goods such as gasoline where, in spite of falling world prices, Canadians pay an increasing amount of hidden taxes which are justified by such things as the need to raise prices to world levels and the need to pay for oil imports even while available Canadian oil is not being used. As an example, Ontario farmers who use gasoline are relieved from federal excise and sales tax of 20 cents a gallon while they are still paying 40 cents a gallon for other federal taxes. Ontario motorists now pay over 60 cents a gallon combined federal tax, and the federal government claims the largest single bite on a gallon of gas, 34.5 per cent. If the federal government is serious about fighting inflation, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

• (1110)

That the federal government immediately reduce the crushing burden of gasoline and diesel fuel taxation to consumers, and implement a rebate program on gasoline and diesel fuel to agricultural producers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

TAXATION OF INCOME AT SOURCE—MOTION UNDER S.O. 43

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the Minister of National Revenue (Mr. Rompkey) told this House on February 26, 1982, that fishermen in Atlantic Canada support the plan to have fishermen's income taxed at source, and whereas fishermen in Prince Edward Island have now joined with fishermen in British Columbia in making known their discontent with a measure that will severely restrict their available cash and force them to borrow at exorbitant interest rates, I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That the Minister of National Revenue be instructed to withdraw his plan to tax fishermen's income at source and replace it with an arrangement more acceptable to the fishermen and fishing communities.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

TRIAL OF ROYAL CANADIAN MOUNTED POLICE OFFICERS—MOTION UNDER S.O. 43

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I rise on an issue which involves the fundamental rights of several Canadians now being tried in Montreal criminal courts. They happen to be officers and former officers of the RCMP, and this fact alone should not deny them a modicum

of natural justice. Therefore I move, seconded by the hon. member for Athabasca (Mr. Shields):

That the government reverse its refusal to release certain documents as requested by defence counsel of the accused, documents which allegedly confirm that the officers in question had acted with the full knowledge and indeed at the request of certain ministers of the Crown, and that the Minister of Justice undertake that no documents involving any allegedly illegal acts by the security service of the RCMP are destroyed and that they be transferred to the safekeeping of the National Archives of Canada, and that cabinet ministers who were found by the McDonald commission as knowing certain illegal acts had been committed by the RCMP resign immediately as it befits our parliamentary tradition of ministerial responsibility.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

LEVEL OF TAXATION—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas the Fraser Institute has calculated that the average Canadian now pays more for taxes than for food, clothing and housing combined, and that taxes are the most rapidly increasing area of expense, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That this House deplores the socialist policies of ever-increasing taxes and insists that the government take its greedy hands out of the pockets of Canadian taxpayers.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

DEBATE ON LEGISLATION—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, this House has been recently put in the difficult and unfair position of having to debate equalization legislation which has an expiry date, and established program financing legislation which does not. Given that the EPF proposals which pose great risks to health care and post-secondary education need to be debated as fully as possible, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House instruct the Minister of Finance to separate the two aspects of the fiscal arrangements legislation so that equalization can be dealt with now and EPF later, and that the equalization proposals be amended to offset the inevitable disadvantage to which the province of Manitoba is put by the new formula, in order to make that new formula acceptable.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CORPORATE AFFAIRS

URANIUM PRICE FIXING TRIAL—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, given that the Liberal government has now abandoned the hypothesis that Crown corporations, senior government bureaucrats, and cabinet ministers are above the law, as witnessed by the argument by government lawyers that officials of Uranium Canada and Eldorado Nuclear Ltd. cannot be prosecuted for their involvement in the uranium cartel because they were acting in the name of the Crown, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Prime Minister and his cabinet be soundly condemned for establishing a totalitarian standard in Canadian society where he and his officials can operate in blatant disregard of the laws of Canada while other Canadians are required to obey the same laws.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1115)

ORAL QUESTION PERIOD

[*English*]

AUTOMOTIVE INDUSTRY

LAY-OFFS ANNOUNCED BY GENERAL MOTORS CORPORATION

Mr. Scott Fennell (Ontario): Madam Speaker, in view of the absence of the majority of the government, I will address my question to the Minister of State for International Trade. General Motors has announced a further 1,750 lay-offs in addition to the 7,444 during the past year, which has severely eroded the economies of Whitby, Oshawa and the surrounding area in southern Ontario. This situation is totally unacceptable. What is the government going to do about it?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, there are a substantial number of things the government is trying to do with respect to the Canadian automobile industry, and specifically with respect to General Motors in Oshawa. For the first time in Canada's history we obtained a major export contract for cars from General Motors in Oshawa to Iraq. That sale amounted to over $100 million. Unfortunately, the second order of that sale has not

been forthcoming to date because the cars which were sent over did not work. The Government of Canada does not produce those cars; however, we are trying to finalize the second phase of that order as well as trying to obtain orders from other countries.

INQUIRY RESPECTING GOVERNMENT ACTION

Mr. Scott Fennell (Ontario): Madam Speaker, the minister has totally failed the auto industry, the auto workers of this country, and the automotive parts manufacturers. One out of every six jobs in Canada is in the auto industry. The bottom line is that we cannot afford to sit back and watch the auto industry go down the drain. What is the government going to do?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, even if I were not hoarse I would not holler like the hon. member across the aisle.

Mr. Clark: That is part of the problem.

Mr. Lumley: We are very conscious of the seriousness of the situation in the automobile industry, as we are with respect to the situation in other industries. That is one of the reasons we have made unprecedented representations to the Japanese government asking for voluntary restraint. A country such as Canada depends, for about one third of its total gross national product, on its export markets. We are also very conscious of the fact that we could precipitate action on the part of other countries, and that might not be in the best long-term interests of Canadians.

TRADE POLICY

Mr. Scott Fennell (Ontario): Madam Speaker, voluntary restraint does not work within our own country; how could we make it work with our trading partners? Sixty thousand jobs in the auto industry, many of them in my riding, have already vanished. They are gone. We are not looking for a patchwork solution but a serious economic and trade policy which will bring jobs back to Canadians and get auto workers back on the job. What is the minister going to do about it?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, with respect to trade policy the hon. member has failed to take notice of the fact that in the past two years we have had the two largest trade surpluses in Canada's history. One half of the trade surplus in the export market last year was in the finished goods area, which is labour intensive. Obviously the hon. member has not been reading the statistics.

JUSTIFICATION FOR TRADE AND ECONOMIC POLICIES

Mr. Bill Kempling (Burlington): Madam Speaker, my question is directed to the Minister of State for International Trade. Last year Canadians purchased 903,531 cars and light trucks. That is a very significant market, in case the minister does not know that. The Japanese took 23 per cent of that market, or 207,639 vehicles. If the justification for the continuation of the auto pact for 18 years is that it created 60,000 jobs or more, how does the minister justify the trade policies of his government and the disastrous economic policies which are now eroding jobs away permanently? After all, we have a very significant automotive market. How does the minister justify them?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, surely the hon. member is not advocating that we renegotiate the auto pact with the United States at the present time when the automobile situation in the United States is worse than it is here in Canada. We have had negotiations and discussions with the United States government and with the automobile manufacturing companies in the United States and Canada with respect to their sourcing more parts in Canada during this very difficult time.

Mr. Kempling: Madam Speaker, I would have expected a stumbling and mumbling answer like that from the Minister of Industry, Trade and Commerce, but I expect more from the Minister of State for International Trade.

CANADA-JAPAN NEGOTIATIONS

Mr. Bill Kempling (Burlington): Madam Speaker, I take it from the minister's replies in press reports I have read that the Japanese minister of international trade and industry told the minister that, regardless, the Japanese are going to ship large numbers of vehicles into Canada and that the minister has neither the muscle nor the mandate to do anything about it. To get a little bit more basic, I want the minister to tell me what Liberal economic logic we are to convey to workers laid off at Ford and other plants who have lost their homes due to the high interest rate policy of the government, and who may now permanently lose their jobs because the government has neither the mandate nor the muscle to deal with Japanese imported vehicles.

• (1120)

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, knowing the hon. member I am sure that he is aware that Canada, being one of the world's largest traders, depends on its export markets for one third of its GNP. Last year we exported $84 billion worth of goods and services. This obviously created a substantial number of jobs in this country. International negotiations, particularly when considering taking unilateral action, can produce harmful effects in the long term. Consequently we give very serious consideration to any action that might be taken by the government.

THE ECONOMY

MONETARY POLICY

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, my question is directed to the Right Hon. Prime Minister. We all know that the chartered banks raised their prime lending rate to 17 per cent yesterday. We expect this to be a trend going into the spring and summer months. It seems that our high interest rate policy will be with us for a while. Mr. Bouey says that there will not be any change in the monetary policy. We have had this type of policy since 1975, and in terms of fighting inflation it has not worked. It obviously has not worked because our inflation rate is much higher now than it was in 1975.

I should like to ask the Prime Minister how much longer he expects we will have to wait for this to take effect? At what point will he change the monetary policy that we have now, as it obviously is not working?

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, I appreciate the question. This is my first opportunity to stand up and answer a question as parliamentary secretary.

The hon. member has hit on a very crucial point. I suggest to him the answer that was given by Governor Bouey to the finance committee yesterday, that the real cure to the interest rate problems we are facing is a severe and sustained attack on inflation. By bringing down our inflation rate we will undoubtedly bring down our interest rates.

* * *

AGRICULTURE

REQUEST FOR ASSISTANCE TO FARMERS

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, we obviously are not bringing down inflation. some of the backbench Liberals were saying on "The National" last night that the interest rate policy is not working.

In a recent magazine article the Minister of Agriculture is quoted as follows:

> "Who is this man Bouey?" Whelan asks. "I wonder if he wants every farmer to go bankrupt so he could then say he was successful with his high interest rates?"

Faced with the large number of high interest rate bankruptcies for farmers across Canada, from Prince Edward Island in the maritimes out to the other coast, I should like to know what the Prime Minister intends to do, or what the government intends to do. If he is not going to change the high interest rate policy will he do something at least to help one sector of our economy, that being the agricultural sector, the farmers who are going bankrupt? The small business bond is not the asnwer. I cannot think of one farmer who has received assistance under the small business bond program. What is the Prime Minister willing to do to help?

An hon. Member: Change the government.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Again, Madam Speaker, I appreciate the comments from the hon. member. We did indeed hear some comments from government MPs yesterday which, to my mind, indicates the very great concern that members on this side have for their constituents and their effectiveness in bringing that message to the government.

Mr. Clark: Where is Bob Kaplan when we need him?

Mr. Fisher: We appreciate hearing from them. We do not, under any circumstances, want them to stop prepresenting their constituents in this effective fashion.

The hon. member referred to the small business bond, and I should like to tell him that $2.5 billion has been lent under this program, of which $473 million has gone to farmers from four of the seven chartered banks involved in the program.

* * *

HOUSING

REQUEST THAT BANKS INCREASE MORTGAGE FUNDS

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, the Liberal Party is obviously in even more trouble than it thinks it is.

I should like to address a question to the minister in charge of CMHC. With interest rates expected to go up during the spring and summer, I wonder if the minister would encourage the government to have the chartered banks set aside part of their loan portfolios so that mortgage holders could renew their mortgages at a lower and locked-in interest rate, and I would suggest with no rollover for five years. Would the minister be willing to talk to his colleagues about that possibility?

• (1125)

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I would be very pleased to take representations from the hon. member, or indeed from any member of the House, on how we might approach the problem to improve circumstances for Canadians facing roll-over situations and higher mortgages. I must admit that I do not share the pessimism of hon. members that rates will not be lower. Indeed I admit, too, that I have been preoccupied with the response of government in an attempt to speed passage of Bill C-89 before the House that will provide 60,000 jobs in the construction industry, which we know is in a downturn. In addition, there is the objective of providing 30,000 rental units of affordable accommodation, and there is the Canada Mortgage Renewal Plan which provides assistance equivalent to a 4 per cent or 5 per cent reduction in interest rates to those Canadians who find it most difficult to meet new higher interest rates.

Mr. Baker (Nepean-Carleton): Get on with it?

Oral Questions

CRIMINAL CODE

OFF-TRACK BETTING—GOVERNMENT POLICY

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, you will remember that yesterday afternoon in the House I asked a very specific question of the Prime Minister relating to any drastic change in government policy respecting gambling or off-track betting. The Prime Minister left the very distinct impression—and I would suggest that he intended to leave that very distinct impression with the House—that he knew nothing about any change in policy, that no change in policy would be effected by order in council, regulation or in any such way and, furthermore, if there was a change in policy forthcoming that it would be by legislative amendment to the Criminal Code, with all of which I agreed.

At approximately 5.30 last night, three hours after that exchange in the House, a press release was received in the press gallery, in the name of the absentee Minister of Agriculture, indicating that indeed by some form of ministerial regulation or departmental regulation a drastic change in regard to government policy on such a controversial issue as off-track betting had taken place. Was the Prime Minister attempting to evade, in his usual manner, a direct question with an indirect answer in the House yesterday, or did he honestly really not know about a drastic change in government policy?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member will recall that when he asked me the question my first answer was to say that I would take notice of it, that I was not aware of any impending change of the nature about which the hon. member asked, to wit, a change by order in council. In effect I found out that there had been no change by order in council. There has been a change by governmental regulation, by departmental regulation, which is something authorized under the law to which the hon. member referred.

That particular change is one which had been announced twice in 1980 and once in 1981, in the sense that it was said that these were the policies of government which were being discussed with the provinces and with the racetrack industry. In that sense there was no impending change of unknown proportions. There was a regulation carried out under the minister's authority. I honestly did not know that it would be announced yesterday afternoon, but of course I remember that the matter was discussed and authorized in cabinet a couple of years ago. No order in council was issued yesterday.

REQUEST THAT DEPARTMENTAL REGULATION BE REVOKED

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I am even more appalled than I was last night.

Some hon. Members: Oh, oh!

Mr. Lawrence: On top of metric, on top of emergency planning orders, and on top of 101 other things on which the government is evading Parliament, no wonder there is such contempt for this place. It is falling down around our ears. Now we even have the Prime Minister being evaded by his own ministers.

Mr. Fox: Question.

Mr. Lawrence: My question to the Prime Minister is on a matter affecting moral issues, organized crime, law enforcement, tax policy and federal-provincial issues. Surely this should be debated in an open manner in the House.

Some hon. Members: Hear, hear!

• (1130)

Mr. Lawrence: Will the Prime Minister chastise his bull-headed Minister of Agriculture, revoke that measure, that regulation he should have known about anyway, and would he please bring forward a measure to this House which can be openly, freely and frankly debated in this House so that the people of Canada will know what is going on?

Some hon. Members: Hear, hear!

Madam Speaker: I do not know if that particular expression which the hon. member used to describe a minister is unparliamentary or not, but I would urge hon. members not to use these types of expressions. I do not think it is necessary in order to elicit information.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I find it somewhat astonishing that the hon. member accuses the minister of evading Parliament, particularly if he refers to my previous answer. The orders issued by regulation by the minister were issued on the authority of the law passed by this Parliament. They were issued after two announcements had been made in 1980, and one in 1981.

Mr. Lawrence: Not in this House.

Mr. Trudeau: The announcements were made, Madam Speaker, because the minister was consulting with the industry, and with the provinces.

Mr. Siddon: Why don't you respect Parliament?

Mr. Trudeau: If it is not respecting Parliament to do one's duty as a minister as provided for under the law, then I have a different conception of what respect for Parliament is than the hon. member does.

Some hon. Members: Hear, hear!

* * *

ENERGY

SERVICE STATION COST OF GASOLINE

Mr. Jim Hawkes (Calgary West): Madam Speaker, my question is for the Prime Minister. The Prime Minister will know that in the hearings of the Standing Committee on Public Accounts this week we discovered that we have a

national energy policy and a petroleum compensation charge which make imported oil cheaper to the refiner than comparable Canadian oil.

Most of the Mexican crude oil coming into Canada today is at a price to the refiner, because of the subsidy, which is 40 per cent less than the equivalent Canadian crude. This policy of importing oil throws Canadians out of work when we could be producing it, and it makes oil more expensive. If I were to drive to Montreal this afternoon where that Mexican crude is sold in the service stations, and if I were to drive up to a Petro-Canada service station, because Petro-Canada is an importer of Mexican crude, would I find my price at the pump to be 40 per cent less than I would find it at other service stations? If not, why not? Where is the money going?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not think one could attempt in the question period to explain all the energy policy of the government.

Mr. Clark: And the energy taxes?

Mr. Trudeau: The hon. member perhaps needs to study the policy a little bit and then he would understand what is happening.

Mr. Clark: It is called the OPEC subsidy.

Mr. Trudeau: I recall that his party last year was arguing that we were paying too much for Mexican oil, and now he is complaining that it is being sold too cheaply. I do not understand the concept.

Some hon. Members: Oh, oh!

REQUEST THAT PRICE BE REDUCED

Mr. Jim Hawkes (Calgary West): Madam Speaker, Mexican oil costs Canadians $32 a barrel. Comparable Saskatchewan oil is about $24 a barrel. It is the 18-cent a gallon subsidy, which all of us pay and which is given to Petro-Canada, amounting to $17.30 a barrel that saves Petro-Canada $17.30 a barrel. It produces a price that is $9.60 cheaper for Mexican crude than it does for equivalent Canadian oil from Saskatchewan. That is why the jobs are gone. Perhaps the minister might want to read the transcript of the hearings of the committee.

Yesterday we also discovered in the hearings of the Standing Committee on Public Accounts that by a change in policy—

Madam Speaker: The hon. member must come to the question immediately.

Mr. Hawkes: —we could reduce the price at the pump 11.5 cents per gallon tomorrow. Will the Prime Minister instruct the Minister of Energy, Mines and Resources to read the transcript and, within a week or two, reduce the price at the pump by 11.5 cents a gallon as the evidence from the committee hearing suggests?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I know you will recognize that commenting on the proceedings of a committee is not in order, nor is a question based on those proceedings in order. But nonetheless—

Mr. Clark: Put them in an internment camp.

Some hon. Members: Oh, oh!

Mr. Trudeau: Did you hear that, Madam Speaker? I was attempting to answer a question of one of his own members and the Leader of the Opposition interrupts by saying that I should put his member in an internment camp.

Some hon. Members: No.

Some hon. Members: Oh, oh!

Mr. Trudeau: He did.

Some hon. Members: Oh, oh!

Some hon. Members: No.

Mr. Trudeau: He said that, Madam Speaker. I am sure that the record will show that the Leader of the Opposition said "Put him in an internment camp". That is the Leader of the Opposition's answer to rational dialogue.

Some hon. Members: Hear, hear!

Mr. Clark: Who are you putting in the camps, Pierre?

* * *

AUTOMOTIVE INDUSTRY

DEFICIT IN TRADE WITH UNITED STATES

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is for the Minister of State for International Trade. It has to do with the automobile industry following today's lay-offs in Oshawa. You will recall in the 1980 election campaign that the Prime Minister promised to negotiate a fair deal under the auto pact with the United States. He then sent the minister of industry to Washington to negotiate a fair deal, and he failed. He then sent the minister of trade to Tokyo to negotiate a deal that he thought he would get, and he failed. Will the Minister of State for International Trade tell us what specific plans and programs does the federal government have to reduce the $1.7 billion deficit we now have in automobiles and parts trade with the United States of America?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as I said in answer to a question previously asked by the opposition, surely the hon. member is not advocating the renegotiation of the auto pact at this particular time when the United States automobile industry is in far worse shape than the Canadian automobile industry. I cannot believe, knowing the hon. member's qualifications, he would think that we would be able to negotiate a better deal for Canadians at this time.

Oral Questions

1980 ELECTION PROMISE

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I am concerned, as I am sure you are, with the cynicism that people have toward this institution. I specifically asked the minister what the government is going to do about the 1980 election promise when it promised to negotiate a fair deal with the United States, for Canada and for the auto workers. Specifically I want to know what the minister is going to do to fulfil the promise his leader made in 1980 when he said that we can expect a fair deal in the auto trade with the United States.

Mr. Kempling: You can forget about it.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, the government has kept the promise made during the campaign. We entered into consultations with the Americans immediately following the election. I think we have had about six or seven meetings specifically with cabinet members in the United States to discuss the automobile situation. One of our major concerns is how we can create a greater share for the North American automobile industry in the world. That is one reason why we have been working together, for example, in trying to obtain export markets for North American automobiles.

* * *

NUCLEAR ARMAMENTS

TESTING OF UNITED STATES WEAPONRY IN CANADA

Mr. Bill Yurko (Edmonton East): Madam Speaker, I have a question for the Minister of National Defence. It has to do with the U.S. military testing at Cold Lake. Canadian embassy officials have been quoted as saying that negotiations are for "an umbrella deal" that could extend beyond the testing of Cruise missiles. Could the minister give this House an idea, some advice, or clarify some of the following points: first, the limits or parameters of what is being negotiated; second, the extent and permanency of the U.S. facilities to be built at Cold Lake; third, the maximum number of U.S. military personnel who are to be stationed at Cold Lake, and fourth, the time-frame of such an agreement?

Some hon. Members: That is for the order paper.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think all the details asked for by the hon. member should be placed on the Order Paper, but maybe I should elaborate on the question asked by him. First, the testing is not to be done at Cold Lake only. I should explain that about two years ago under the Carter administration discussions started on the possibility that the United States might test some of its weaponry in Canada.

An hon. Member: Why not?

• (1140)

Mr. Lamontagne: Yes, why not. In any case, discussions carried on. Then the Reagan administration came into office and at that time we thought that it would be better in terms of Canadian security if we could negotiate with the United States an umbrella agreement under which we would have full control of any testing done in Canada, so that we would know exactly what they want to do. This is what we are negotiating at the moment, so there is no question at the moment of testing weaponry now in Cold Lake or anywhere else in Canada. The negotiations are proceeding under the very strict surveillance of the Minister of National Defence and the Secretary of State for External Affairs, and nothing will be done which is detrimental to Canadians.

* * *

ENVIRONMENTAL AFFAIRS

LAND EROSION IN CHILLIWACK DISTRICT OF BRITISH COLUMBIA

Mr. Alex Patterson (Fraser Valley East): Madam Speaker, it had been my intention to direct a question to the Minister of the Environment, but in his absence, and because of its importance and urgency I would like to direct it to the Prime Minister. It has to do with an extremely serious situation developing in my constituency which, unless arrested, could result in untold havoc in the Fraser Valley and possibly spill over into the state of Washington. I refer to the erosion which threatens the loss of 400 acres of prime land, including farm buildings, and in the near future could seriously threaten the dikes in the region of Carey Point, in the district of Chilliwack, B.C.

As the minister is aware of the problem, as well as the Minister of Agriculture, will he personally or through his officials respond to the rapidly increasing plea for assistance, and support the council of Chilliwack and district, which has already spent $80,000 on the project, by announcing his willingness to support their efforts, by matching any provincial grant up to $100,000 to complete the project currently under way?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I apologize that I am not on top of this particular question. I will have to take notice of it on behalf of the Minister of the Environment.

DANGER OF SPRING FLOODING

Mr. Alex Patterson (Fraser Valley East): Madam Speaker, perhaps the Prime Minister could take this under consideration. Will the minister confer with his colleague, the Minister of Agriculture, who has seen the problem on site—a problem which has been headlined in valley papers over the past several weeks—and consider ways in which the federal government

could co-operate in meeting this threat which, in the event of a quick spring runoff, could have disastrous consequences?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will convey that part of the question to the minister.

* * *

MINES AND MINING

TAX EXEMPTION FOR EXPLORATION AND DEVELOPMENT EXPENSES

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is directed to the Minister of State for Mines. Speaking in Toronto on March 8 the minister made the following statement:

> Investors taking shares in exchange for providing junior mining companies with risk capital to undertake exploration can write off exploration and development expenditures against other income—

I ask the minister whether this provision applies to income earned in the 1981 tax year, and can shares taken up after the year end, December 31, 1981, to shelter income earned in 1981, qualify for this tax benefit during the 1981 tax year? If Canadians invested 1981 income in junior mining companies before April 30, 1982, can they or can they not write that investment off against 1981 income?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, that is a rather complex question. On the surface I would say yes, but I would prefer to give the hon. member a firmer answer if he were to spell it out to me in a letter.

NATIONAL MINERAL POLICY PAPER

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, the minister's speech gave the clear impression that income earned in 1981 could be sheltered from tax if it was reinvested in shares of junior mining companies. Yet the Minister of National Revenue and his officials have totally contradicted the applicability of that rule after December 31, 1981, which makes a pure charade of the announcement by the Minister of Finance and its confirmation by the Minister of State for Mines.

My supplementary relates to a press conference held by the minister on March 8 when she released her national mineral policy paper. Will that paper be referred to the appropriate standing committee as a white paper for review by Parliament?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, it was released as a discussion paper, and other documents will flow from it. It is meant for discussion with industry, labour and the provinces. Many of those discussions have already taken place.

Mr. Siddon: Not by Parliament.

CRIMINAL CODE

OFF-TRACK BETTING—POSSIBILITY OF LEGISLATIVE DISCUSSION

Hon. Jake Epp (Provencher): Madam Speaker, I would like to direct a question to the Prime Minister supplementary to the questions asked by the hon. member for Durham-Northumberland. A lot of us are concerned about the proliferation of lotteries, gambling and gaming laws. The Prime Minister will recall that the Olympics lottery was a one-shot effort in order to raise money for a specific purpose. Some of us raised questions about it at the time it was brought into the House. There are provinces now investigating the whole question of lotteries, for example their effect on those below the poverty line and the inordinate amount of money they use to buy their once in a lifetime chance for success.

In view of the statetement made by the Prime Minister today in the House, and yesterday by the Minister of Agriculture, can the Prime Minister give members some direction as to how we might be able to address this question in a legislative forum, or in some other way, because I believe it is a question bothering a lot of Canadians. I think if this place is to be relevant, we would like to discuss that matter openly and fairly.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have a great deal of sympathy for the points of view put forward by the hon. member, and I share some of them personally. He asks when the matter can be debated. If he refers to the various announcements made by the Minister of Agriculture he will see that some of the proposed changes would have to be made by way of amendment to the criminal code. Amendments have been discussed with the industry and, I repeat, the provinces.

The minister seems to believe there is a consensus for change but I, like the hon. member, would welcome a debate in this House on those matters, and I refer him once again to the intention of the minister to bring in those amendments to the Criminal Code, at which time it would be appropriate to debate the subject.

REQUEST FOR REFERRAL TO STANDING COMMITTEE

Right Hon. Joe Clark (Leader of the Opposition): The Prime Minister has just indicated this is a matter which he believes should be subject to debate in the House of Commons or its committees. He has indicated there might be amendments to the Criminal Code which might come at some time in the future. We already have had, apparently without the Prime Minister's knowledge, a regulation passed which raises the question of morality referred to by my colleague, the hon. member for Provencher, and which may have the effect—may—of a regulation amending the Criminal Code of Canada. The Prime Minister gives the legal opinion that that is not the case. I suggest to him it is not all that clear.

In order that it might be clear, and having regard to the statement just given by the Prime Minister, would he now agree to authorize a reference of this question to the Standing Committee on Justice and Legal Affairs immediately? I can say for this side of the House we would allow that to occur without debate. Will the Prime Minister make such a reference immediately?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, there are several mistakes in the preamble to the question posed by the Right Hon. Leader of the Opposition, one of which is that in some sense this regulation is or might be illegal. It was issued, Madam Speaker, under the authority of the ministerial powers under the code and the ministerial act. It was discussed; it was made public, I repeat, on at least three previous occasions, and the House has had any number of occasions to debate it in the many, many opposition days they have had if they find it to be a serious question. If they do, I suggest they use one of the opposition days between now and the end of June, of which there are some ten or 12 if my memory is correct.

In so far as the legislation itself is concerned, I would be happy to discuss with the House leader and the Minister of Agriculture whether we can propose some early introduction of that legislation. If the hon. members see fit to do so, the House leader can discuss the matter with his counterparts.

REQUEST FOR IMMEDIATE REFERRAL

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will the Prime Minister agree today to make an immediate reference of the subject matter of the regulation to the Standing Committee on Justice and Legal Affairs? If not, will he tell us why he is depriving that standing committee of the immediate opportunity to look into this question?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, will the right hon. Leader of the Opposition use one of his 13 opposition days to discuss this matter of high morality which he finds of such great importance to this House?

* * *

• (1150)

CORPORATE AFFAIRS

INSTRUCTIONS TO COUNSEL IN URANIUM PRICE FIXING TRIAL

Right Hon. Joe Clark (Leader of the Opposition): I have another question, relating to the government's insistence on secrecy and its refusal to tell the House of Commons information the House of Commons and the public of Canada have a right to know. Yesterday the Prime Minister received a question from my colleague from Cambridge to which he declined to give an answer.

Will the Prime Minister tell the House of Commons whether the Minister of Energy, Mines and Resources, or any other minister, is instructing counsel representing Uranium Canada or Eldorado Nuclear, or both, to argue that those Crown corporations are immune from prosecution? The question is not sub judice; the question relates to this government's habit of secrecy. I would like to know whether such instructions have been given to those Crown corporations by the Minister of Energy, Mines and Resources, or by any other minister.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the only way in which that question could be considered a supplementary is that both the previous one and this one referred to government secrecy. I put it to him, Madam Speaker, as I did to the hon. member from Northumberland, that this particular regulation has been announced three times—twice in 1980 and once in 1981—and it is hardly plausible to call something secret which has been discussed ad nauseam with the industry, with the provinces, and which has been discussed publicly for the past ten years that I have been listening to this.

* * *

THE ADMINISTRATION

DEPARTMENTAL REGULATION ON OFF-TRACK BETTING—INSTRUCTIONS TO COUNSEL IN URANIUM PRICE FIXING TRIAL

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the other way in which those questions are related is that the Prime Minister refuses to answer either of them. They do have to do with the rights of this Parliament and of the Canadian public to know what is going on. Let me ask the Prime Minister two simple questions, both relating to the right of Parliament to know and the secrecy of this government. First, will the Prime Minister make an immediate reference of the subject matter considering the regulation that has been passed, to the appropriate standing committee? Second, will he tell us whether there has been an instruction by a minister to the two named Crown corporations to plead Crown immunity?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on the second question I would have to take notice of it and would have to ask the minister what instructions were given in this particular case. It is not a matter of denying Parliament its right to know; it is a matter of giving me notice of a question to which I do not have the answer.

Mr. Clark: It was asked yesterday.

Mr. Trudeau: As to the first question, about the right to know, I think this Parliament has a right to know what the view of the opposition is on off-track betting. It would be nice to have them use one of their opposition days to take a party stand on this.

An hon. Member: You said that before.

Mr. Trudeau: Yes, and the Leader of the Opposition put that question before.

Some hon. Members: Oh, oh!

Mr. Trudeau: Madam Speaker, would you please let these backbenchers get into the act? They seem to feel that their leader needs some support.

Some hon. Members: Hear, hear!

* * *

FREEDOM OF INFORMATION

PROVINCIAL OBJECTIONS TO LEGISLATION

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is for the Minister of Communications. Since last December the minister has refused to allow the Standing Committee on Justice and Legal Affairs to pass the freedom of information legislation which is before it, using the phony excuse that he wants to hear the views of the provincial attorneys general—some of whom are making an eleventh-hour attempt to kill this bill.

In view of the fact that the minister has received many representations from important national organizations, and recently a strong representation from the attorney general of Manitoba, urging him not to allow this important bill, improved by committee, to die, will the minister bring the House up to date on his negotiations with the provinces, and assure the House that this bill will be dealt with before this session of Parliament prorogues? Or is he going to cave in to the pressure of the bureaucrats and continue to deny all Canadians this fundamental democratic right?

Hon. Francis Fox (Minister of Communications): Madam Speaker, in reply to the hon. member who raised this question, I am sure his colleague, the hon. member from Nepean-Carleton, could tell the House how helpful the hon. member has been in facilitating the passage of this legislation through committee, particularly last July.

As the hon. member knows, part of the support for the request to go the uniform bill route has come from a colleague from his own party, the attorney general of Saskatchewan, who has strongly supported the attorney general of Ontario, in making representations to us. I am not willing to dismiss out of hand the strong representations made by the eminent attorney general for Saskatchewan who shares the hon. member's philosophy.

As I indicated in private conversations with the hon. member as recently as last night, there are obviously three options open to the government at this stage. One option is to continue with Bill C-43. Another is to go back to committee with a number of amendments. The ultimate option before us is to accede to the requests which have been articulated by both the attorneys general of Ontario and Saskatchewan, to go the uniform bill approach as has been done by the attorneys general in other areas. I am in the process of continuing consultations with the attorney general of the province of Ontario and I will be reporting to my cabinet colleagues in the near future, analysing the recommendations made by these two attorneys general on behalf of most of the attorneys general of the country. I trust we will be in a position to announce the way we intend to go, in the not too distant future.

Mr. Robinson (Burnaby): Madam Speaker, this kind of phony hypocrisy is guaranteed to kill freedom of information legislation in Canada.

Some hon. Members: Withdraw! Withdraw!

ELECTION CAMPAIGN PROMISE

Mr. Svend J. Robinson (Burnaby): It is phony hypocrisy, Madam Speaker. My supplementary question is to the Prime Minister. The Prime Minister during the last election campaign promised Canadians that strong freedom of information legislation would be a high priority for a Liberal government. Will the Prime Minister now tell the House whether he and his advisers have gotten cold feet on this important promise, or whether he still believes that this legislation—including the fundamental principle of judicial review—is a high priority for his government in this session? Or is this going to be yet another broken Liberal promise?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have little to add to what was said by the Minister of Communications. I think the hon. member himself will concede that it would be better if we could have the provincial governments and the federal government at the same time make progress in the area of freedom of information. That is obviously the objective of us all. It depends on the premiers.

* * *

LABOUR CONDITIONS

HEALTH AND SAFETY OF WORKERS UNDER FEDERAL JURISDICTION

Mr. Maurice Foster (Algoma): Madam Speaker, my question is for the Prime Minister. In view of the continuing concern with worker health and safety programs and legislation, and their co-ordination among the federal government departments, is the government planning to centralize all these federal government activities and legislation within the Canada Department of Labour, in order to improve the health and safety provisions for workers under federal jurisdiction, such as has already been done by a number of provincial governments?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, that is the preferred option, but it is not yet a matter for announcement because the discussions do involve various departments, and they are proceeding. I will keep in mind the representations of the hon. member, and I repeat that it is still our preferred option.

Petitions

FREEDOM OF INFORMATION

AMENDMENTS PROPOSED IN COMMITTEE BY NEW DEMOCRATIC PARTY MEMBERS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, this is a supplementary to the Minister of Communications, with respect to freedom of information. When he is considering the options of the government will he consider very carefully and fully and completely the option of ignoring the foot dragging of Messrs. McMurtry and Romanow with respect to freedom of information? Also, would he remind himself and his colleagues in government that we are dealing with a federal bill and that provinces have every right to come before the Standing Committee on Justice and Legal Affairs with respect to the matter?

In order to contribute to openness in government and to allow the public to know the processes that have gone on in the committee, and the nitpicking amendments that have been put by the member for Burnaby, who has just suddenly become an advocate for openness in government, would the minister please table in the House of Commons a document which would indicate the number of nitpicking amendments brought by the NDP representatives to the committee dealing with freedom of information?

Some hon. Members: Hear, hear!

Hon. Francis Fox (Minister of Communications): Madam Speaker, I want to acknowledge that the member for Nepean-Carleton has always been one of the most supportive members in the House of Commons Standing Committee on Justice and Legal Affairs for quick passage of the access to information bill. He has on many occasions bent over backwards to be helpful and to improve upon what is a very good bill and that he himself introduced in a previous stage. Unfortunately, we have not been able to proceed as quickly as we would have liked.

I think it is a matter of public record at the moment the type of amendments that he has referred to, and which have been tabled on the floor of that committee by the hon. member representing the New Democratic Party in that committee. As far as the representations made to me by the attorney general of the province of Ontario are concerned, I believe that I must give them all the due consideration that I am willing to give to the representations made to me by the attorney general of Saskatchewan.

* * *

• (1200)

PETITION

MR. GREENAWAY—CHINOOK SALMON FISHERY

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and eighty-eighth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Cariboo-Chilcotin (Mr. Greenaway) on Thursday, March 25, 1982, and finds that it meets the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

NATIONAL RESOURCES AND PUBLIC WORKS—PRESENTATION OF FIFTH REPORT OF STANDING COMMITTEE

Mr. Ian Watson (Châteauguay): Madam Speaker, I have the honour to present the fifth report of the Standing Committee on National Resources and Public Works.

FINANCE, TRADE AND ECONOMIC AFFAIRS—PRESENTATION OF ELEVENTH REPORT OF STANDING COMMITTEE

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, I have the honour to present the eleventh report of the Standing Committee on Finance, Trade and Economic Affairs.

[*Editor's Note: For above reports, see today's Votes and Proceedings.*]

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,517, 3,680 and 4,040.

I suggest, Madam Speaker, that the remaining questions be allowed to stand.

[*Text*]

COMPUTER SYSTEM USED AT PORTS OF ENTRY

Question No. 3,517—**Mr. Fretz:**

Is the computer system known as CPX used to expedite the clearing of incoming goods through ports of entry and, if so (a) how many ports initiated the system and on what dates (b) what is the cost of installing the system in each port (c) for each port using the system, what is the annual cost of maintenance and updating?

Hon. William Rompkey (Minister of National Revenue): CPX—CEPACS (Cargo, Entry Processing and Collection System). CEPACS is a computer system which provides control over imported goods, processes entry information to ensure various legislative requirements are met and ensures that revenues assessed are properly accounted for.

CEPACS provides for more accurate and equitable revenue collection and for greater responsiveness to the needs of the importing public.

Benefits will accrue in the primary processing and examination and inspection subactivities and greater control over importation will be possible. Implementation of the system is expected to be completed in 1983-84.

(a), (b) and (c) See tables below.

(a) Location	On-Line Production Date	(b) Equipment inventory: 1600 CRT terminal	340 printer	101A slow printer	1650 cluster control device	102A printer	printer stand
Montreal, Quebec							
Main Long Room	August 1976	18	1	1	1	—	1
Dorval Airport	July 1977	15	1	1	1	—	1
Mirabel Airport	September 1977	10	1	—	1	1	1
Truck Sufferance Warehouse (Newman Blvd.)	November 1977	10	1	1	1	—	1
Intermediate Terminal (Côte de Liesse)	May 1978	11	1	—	1	1	1
Lacolle, Quebec							
Main Long Room	March 1980	11	1	1	1	—	1
Toronto, Ontario							
Main Long Room	April 1979	12	1	1	1	—	1
Toronto International Airport	September 1980	37	1	1	3	1	2
Toronto Sufferance Truck Terminal (Kennedy Road)	April 1978	11	1	1	1	—	1
Interport Sufferance Warehouse (Dixie Road)	June 1978	6	1	1	1	—	1
Mid Continent Truck Terminal (Queensway)	October 1978	22	1	1	2	—	1
Hamilton, Ontario							
Intermediate Terminals Warehouse	April 1981	6	—	1	1	1	2
Niagara Falls, Ontario							
Main Long Room and Queenston Bridge Warehouse	November 1981	10	—	2	1	—	2
Fort Erie, Ontario							
Main Long Room (Peace Bridge)	November 1981	17	1	1	3	—	1
Sarnia, Ontario							
Main Long Room	March 1980	3	—	2	1	—	2
Windsor, Ontario							
Main Long Room	April 1980	10	1	1	2	—	1
Ambassador Bridge	April 1980	18	—	2	2	—	2
Tunnel	April 1980	6	—	2	1	—	2
Edmonton, Alberta							
Main Long Room	November 1981	10	—	2	1	—	2
Calgary, Alberta							
Main Long Room	November 1981	10	1	—	1	1	1
Airport	November 1981	2	1	—	1	1	1
Coutts, Alberta							
Main Long Room	November 1981	8	—	1	2	1	2
Vancouver, British Columbia							
Main Long Room	January 1981	28	1	1	1	—	1
United Terminals Warehouse	January 1981	10	—	2	1	—	2
Airport	May 1981	9	—	2	2	—	2
Surrey, British Columbia							
Pacific Highway	August 1981	12	1	1	2	—	1
Ottawa, Ontario							
*Jackson Building	August 1978	22	4	3	3	—	6
*875 Heron Road	July 1978	8	1	1	2	3	4

* Monitoring and testing equipment only.

	Unit Cost	Total Units	Total $ Value
1600 CRT terminal	$ 2,896	352	$ 1,019,392
340 printer	6,548	22	144,056
101A slow printer	4,263	33	140,679
1650 cluster control device	4,269	41	175,029
102A printer	4,693	10	46,930
printer stand	201	46	9,246

Total value of active inventory: $1,535,332

(c) Cost of maintenance and updating is not available by port, however, the total amounts spent are as follows.

	79/80	80/81	81/82
Production equipment maintenance	$ 108,522	$ 154,733	$ 219,301
Data transmission services	$ 245,000	$ 325,000	$ 475,000
Systems and file maintenance	$ 116,172	$ 122,086	not yet available

HOUSING FOR HANDICAPPED PERSONS

Question No. 3,680—Mr. Herbert:

In 1981, by province, how many units of housing for handicapped persons were assisted by the Canada Mortgage and Housing Corporation and what amount was (a) spent (b) committed for the construction of the housing?

Hon. Paul J. Cosgrove (Minister of Public Works): I am informed the following applies with respect to Canada Mortgage and Housing Corporation:

(a) and (b). See table below.

Order Paper Questions

NHA Loans Approved for Handicapped Persons in 1981

Province	New Housing				Existing Housing				Total			
	Loans	Units	Hostel Beds	Amount $000	Loans	Units	Hostel Beds	Amount $000	Loans	Units	Hostel Beds	Amount $000
Nfld	—	—	—	—	—	—	—	—	—	—	—	—
P.E.I.	—	—	—	—	—	—	—	—	—	—	—	—
N.S.	—	—	—	—	—	—	—	—	—	—	—	—
N.B.	1	6	6	435	—	—	—	—	1	6	6	435
Que.	—	38	—	1377	—	—	—	—	—	38	—	1377
Ont.	—	46	—	2278	1	—	5	100	1	46	5	2378
Man.	—	—	—	—	—	—	—	—	—	—	—	—
Sask.	—	—	—	—	—	—	—	—	—	—	—	—
Alta.	2	3	6	542	1	9	—	314	3	12	6	856
B.C.	1	—	5	172	5	—	24	957	6	—	29	1129
N.W.T.	—	—	—	—	—	—	—	—	—	—	—	—
Yukon	—	—	—	—	—	—	—	—	—	—	—	—
Canada	4	93	17	4804	7	9	29	1371	11	102	46	6175

MATERNITY LEAVE BENEFITS

Question No. 4,040—**Mr. Herbert:**

What proportion of all public servants covered by collective agreements are covered by contracts that pay maternity leave for (a) more than four weeks but less than 17 weeks (b) 17 weeks or more?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board):

(a) None.

*(b) Twenty-five per cent.

---

* Represents paid maternity leave in the collective agreements for employees in the translation group and the clerical and regulatory group which becomes effective on April 1, 1982.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House resumed from Wednesday, March 24, consideration of the motion of Mr. MacEachen that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I wish to continue the debate on Bill C-97, an act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces. This bill has caused considerable controversy across the country. It has become one of the most important bills to be debated so far this session.

I wish to refer to a Conservative task force which travelled across the country earlier this year dealing with the budget and transfer payments. The document is entitled "They didn't ask us!". This seems to be a main problem with this government; it is acting unilaterally and not properly consulting the provinces, individuals, businesses or whatever.

I wish to comment on a few of the statements by individuals and organizations which the Conservative committee met while travelling across the country. Some of these statements regarding federal programs were made by the City of Saint John, which stated:

> The elimination of federal programs which were designed to help municipal governments was a very serious blow to the kinds of services which citizens require at local levels.

The elimination of this type of grant to the provinces and cities will cause more lay-offs. If there was proper funding, there would be more hiring. The municipalities would do a lot of their local work. The Students' Union of Nova Scotia in Halifax stated:

> —post-secondary education in Nova Scotia will suffer as a result of the budget.

The government did not communicate with these groups prior to the cutbacks. Dr. Howard Dixon, Professor of Anatomy, Dalhousie University, Halifax, stated:

> Clinical research faces the prospect of receiving a doubly severe blow from Mr. MacEachen's budget—not only will it be hampered by university cuts, but also by the increased financial burdens placed on hospitals as well.

Nobody has escaped the budget, the fiscal arrangements with the provinces and the cutbacks. The Saint John Construction Association in Saint John, New Brunswick, stated to our Conservative committee:

> Mobility taxes will encourage workers to stay where they are and collect UIC.

That could cause another very serious problem. Dalhousie Bio-medical Research in Halifax stated:

The removal of billions will surely grease the skids for an accelerated decline of the university system as we know it.

We made a number of recommendations. I just want to name some of them. We found out from our communications and meeting with universities, individuals and businesses that what we need in this country is to, and I quote:

Restore individual and investor confidence by establishing a climate for growth, development and expansion.

Most of the witnesses who appeared before the committee said the government should, and I quote:

Withdraw the November 12 budget and replace it with an economic plan that will promote job-creation and economic development through private investment.

One of the highlights of the committee's conclusions and recommendations was that we should:

Restore harmonious federal-provincial relationships and ensure adequate federal funding of provincial health, education and other important ... programs.

I am going to go into that subject in a little more detail.

Newspapers, individuals and the provinces have all been expressing opinions on these transfer payments. We get a different story from each individual and each newspaper. One matter that will have to be gone into very thoroughly when it gets to the standing committee is who was right and who was wrong with regard to the amounts being cut back and the amounts going to the different provinces.

Earlier this week the Montreal *Gazette's* Ottawa bureau expressed its opinion on the budget in an article headlined "Ottawa to transfer $1.4 billion more to Quebec". I do not know the reason one province will receive an additional $1.4 billion to that which was first announced in November. According to the Montreal *Gazette*, four months later we find that an additional $1.4 billion will be paid to the province of Quebec. I quote from the article:

During the same five years, 1982 to 1987, yesterday's bill would cut by $405 million the equalization handouts to Manitoba, New Brunswick, Nova Scotia and Prince Edward Island.

The contents of this news article will have to be studied in detail by the committee. I again quote from the article:

In Halifax, Nova Scotia finance minister Joe Matheson said he hadn't expected the new bill to do so much for Quebec, but reserved further comment until he sees the Ottawa legislation.

I hope that matter can be cleared up. If an additional $1.4 billion is going to the province of Quebec, other provinces in Canada deserve a detailed explanation why. Also, an assessment by the *Toronto Star* states:

• (1210)

Ontario, for example, stands to see $1.9 billion cut from federal contributions to health care and university funding over the next five years. As Ontario's deputy treasurer, Mr. Campbell, points out, the reductions will cut deeply into programs that the federal government itself encouraged the provinces to establish and build up over the past decade.

So we see reports of $1.4 billion more for one province and $1.9 billion less for another province.

We have also seen statements from the Manitoba government about how federal cutbacks will hurt that province the most. I do not know why Manitoba has been singled out to be hurt the most but apparently this has been decided by the Liberal government.

As a result of the new federal proposals to cut back on transfer payments, Manitoba stands to lose significantly more per capita than any other province. It was pointed out in the recent federal-provincial finance ministers' meeting in Ottawa that planned changes in the federal equalization payments and shared cost programs for health, medicare and post-secondary education should not be made until the full implementation of the proposals are known and a general consensus reached with the provinces. There are considerably detailed reports from Manitoba which indicate exactly where we will be hurt.

We want to know why the province of Quebec will receive an additional $1.4 billion, especially considering the way it runs its financial affairs. I suggest that there should be a moratorium on federal funding to Quebec until we find out exactly what its debt is, since there are rumours that it will reach $9 billion.

We have received many figures from the Department of Finance on transfer payments and other related items. Since these figures are not entirely clear, the committee will have to do a great deal of work in order to prepare detailed explanations to each province, as well as the House, with regard to these transfer payments.

The cutback in health care payments to provinces is of major concern to Canadians and we must attempt to maintain the standards which were established by the Conservative Party with regard to health care which date back to 1938. The Right Hon. Mr. Diefenbaker pointed out at that time that free hospitalization and medicare for the people of Saskatchewan was a number one priority for the Conservative Party. Mr Diefenbaker pointed out that the Progressive Conservative Party believed that the removal of deterrent fees for prescription drugs would increase the number of drugs provided under the plan. This position which was taken in 1938 at a Conservative convention in the province of Saskatchewan was the beginning of major health care programs in Canada.

During the last two federal elections there have been problems caused by Liberal and New Democratic Party candidates misinforming the electorate with regard to what was happening with health care payments provided to the provinces by the federal government. I have to combat these problems extensively when the Liberals and New Democrats misled and misinformed the people at every turn during the last two campaigns by stating that the province of Manitoba, which had a Conservative government at that time, was using federally provided health care funds to build roads. Of course, that statement was completely false. The Liberals have commenced their last two compaigns in Manitoba with this blatant lie. Of course, they had the full support of their NDP cohorts.

In 1979, the Conservative government commissioned Mr. Emmett Hall to do a study called "Canada's National-Provincial Program for the 1980s". After conducting a thorough investigation into how the funds were distributed for health care in Manitoba, Mr. Hall stated:

I conclude therefore that the first part of the allegation, namely that "federal health dollars are being diverted", is not established.

He found absolutely no proof that the funds were being diverted to build highways and the NDP and the Liberals had absolutely no evidence of this. They were completely misleading and misinforming the public. No doubt they were using the same tactics in other provinces.

I can illustrate what a commendable job the Lyon government did for health care in Manitoba by referring to the 1977-78 budget which was brought in by the NDP government at that time. The NDP government was only increasing funding for health care by 0.1 per cent and consequently the percentage allocated to health care under the Lyon government which followed them rose from 34 per cent to 36 per cent. This placed Manitoba second only to British Columbia in the proportion of funds allocated to health care. This was accomplished by the Lyon Conservative government during their tenure. They had a much more commendable record for increasing health care funding than the previous NDP government.

There still has to be some investigation into the allocation of funds in health care, particularly in the province of Saskatchewan where there is a continual problem with regard to the amount being spent in that area. Before I deal with those figures, I will read some comments made by the former leader of the NDP, Mr. Tommy Douglas, when he wrote an article about medicare. He stated:

There are two of his—

He was referring to Mr. Diefenbaker's accomplishments.

—accomplishments which I shall always remember with gratitude and for which Canada owed him a great deal. When he became Prime Minister he amended the Hospital Insurance and Diagnostic Services Act to provide that Ottawa would pay approximately half the cost of hospital care in any province willing to provide such service. And he set up a royal commission under the Chairmanship of Mr. Justice Emmett Hall on comprehensive health insurance which was implemented in 1968 and constituted a major step towards comprehensive health insurance for all Canadians.

We want to maintain these standards which were originally established by Conservative governments. We do not want to see them deteriorate, as they are in the province of Saskatchewan. Due to the refusal of the Government of Saskatchewan to increase doctors' fees to a reasonable level, some patients must now pay for medical services received. After forwarding bills to the medicare commission, Saskatchewan citizens may discover that they are eligible for only a partial reimbursement, in some cases as little as 50 per cent.

Statistics from British Columbia to Quebec illustrate the position of the Saskatchewan government in relation to other provincial governments on per capita medical expenditures. These statistics show that Saskatchewan has the lowest expenditure. These figures speak for themselves. The per capita expenditure in British Columbia is $555; in Alberta $548; in Saskatchewan $534; in Manitoba $639, which is much higher than what is being spent in the NDP province of Saskatchewan; Ontario spends $547 per capita and Quebec spends $647.

There have been other problems with health care in Saskatchewan as well. The minister of health of that province has stated to doctors in the past that he wants to discourage return visits. We have to be very careful about health ministers getting into the medical business and telling practitioners when patients should come for second or third visits. The Saskatchewan health minister stated physicians should be:

• (1220)

—telling patients who are in the office frequently, say every two or three weeks, that their problem "might not be medical";—

That is not a decision for anybody in the NDP government in Saskatchewan to make. That is entirely up to physicians. I suggest the Saskatchewan health minister keep his nose out of the medical practitioner business and let medical practitioners judge when patients should come to their offices.

I have recognized this problem in Saskatchewan for some time. In 1979 I introduced a motion in the House regarding a reduction of contributions to health care in the province of Saskatchewan. I said:

In view of the fact that since the time medicare was instituted in Saskatchewan, many doctors traditionally have not participated in the medicare plan, that 30 per cent of doctors in that province now are billing patients directly, that less than 5 per cent of doctors in Manitoba are operating outside the plan, and that there is a significant decrease in the budget for hospital insurance and medicare programs in Saskatchewan, I move . . .

That the Minister of National Health and Welfare advise the recently appointed Hall commission to study immediately the reasons for the deteriorating budgetary contributions by the Saskatchewan NDP government for medicare, as well as the significant increase of extra billing by doctors in Saskatchewan.

I received support from my colleagues in the Conservative Party. I received support at that time from the members of the Liberal Party. The "Noes" came from the New Democratic Party. Hon. members in the New Democratic Party were frightened to death to have an investigation into deteriorating health services in the province of Saskatchewan.

In closing, I would like to talk about how we could increase funding to the provinces. I recommend that the Liberal government stop making special low-interest loans to Communist countries. The Liberal Party has lined up a special deal for the Russian communist government. A loan of $637 million has been arranged. The money is being borrowed in Canada at 16 per cent and lent over a repayment period of 12 years at an interest rate of 10 per cent to the Communists. The result would be a Canadian subsidy of $198.5 million in terms of future dollars or $139 million in present dollars. That money could be put to better use in Canada. It could provide low-interest loans to the provinces or individuals for housing. We should not be looking after communist countries. Let them look after themselves.

Another flagrant example of misuse of Canadian funds is the fact that we are helping to build a monument in Algiers. In that country the EDC portion of a $97.8 million loan is part of a $1.2 billion line of credit negotiated between Canada and Algeria in 1978 and expiring at the end of 1982. The Algerians get the EDC funds at somewhat less than 11 per cent interest, the rates prevailing in 1978, yet the Crown body must borrow at between 16 per cent and 17 per cent today. Someone—the

Canadian taxpayer—is making up the difference for this. I think it is time the Liberal government took a serious look at these types of subsidized loans to other countries. The information I have is that we receive very few benefits from these huge subsidized loans.

As I said earlier, the standing committee will have its work cut out for it in dealing with transfer payments. There should be an explanation especially as to why Manitoba's funding has been reduced so much and why we are getting reports of an additional $1.4 billion going to the province of Quebec. I will be calling on members of the committee not only from the government side but also from our side to make sure we get a detailed explanation of which provinces are getting what. This confusion should be cleared up once and for all.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I enter this debate because of the importance of the subject. Difficulties will be created for our health care system and our post-secondary education as a result of the proposals brought forward by the government in this bill. I also enter the debate because I am one of the members who was here in 1972 and in 1977 when this same Liberal government brought forward proposals which began the process of cutting back. The process will eventually destroy the health care system and the post-secondary education system we have had since the end of World War II.

What we are being asked to do if we pass this bill is to take another step in the direction set in 1972 and accelerated in 1977 toward the destruction of a health care system and a post-secondary education system which has been national in scope and has provided services in the fields of hospital care, medical care and university education. We have a fairly equitable system serving all Canadians from the Atlantic to the Pacific at a certain basic standard.

This was not always the case. Many Canadians and many Members of Parliament cannot remember the time, because they are fairly young, when they or their neighbours could not see a doctor or enter a hospital because they simply could not afford to pay for those services. There was no universal government insurance which paid the bills incurred for hospital or medical services until the mid-1940s. The hon. member for Winnipeg-Assiniboine (Mr. McKenzie) quoted a former leader of the New Democratic Party, Mr. Douglas, who paid tribute to the contribution made by a former Conservative prime minister, Mr. Diefenbaker. It was a CCF government headed by Mr. Douglas which, in the 1940s, first inaugurated a non-profit hospital insurance plan which paid the hospital bills of all the residents of Saskatchewan who entered hospital. It was a federal Conservative government headed by Mr. Diefenbaker which passed legislation requiring the federal government to pay half the cost of a similar plan in any province in the country. That brought the other provinces into hospital insurance and eliminated the fear of bankruptcy many Canadians faced before hospital insurance was brought in. This prospect still faces many citizens of the United States if they have prolonged illnesses, because they have no hospital insurance plan such as ours.

It was the same Conservative government headed by Mr. Diefenbaker which appointed Mr. Justice Hall to head a royal commission to study medical care. The report of that commission headed by Mr. Hall was brought down at a time when we had a Liberal government headed by Mr. Pearson, and that report led to the proposal by the then Liberal government offering the provinces financial inducements which led them to follow the example of the Saskatchewan CCF government respecting a universal medical insurance plan in each province which pays the fees for medical services provided by doctors. That plan came to fruition because the Liberal government agreed to pay 50 per cent of the cost of medical insurance plans. The Conservative province of Ontario was the last one to join in the medical insurance plan. It was brought in kicking and screaming because it did not like the plan. It still believed that the earlier non-profit, voluntary plans were better even though they excluded about 30 per cent of the people who could not afford to pay the premiums. But it could not stay out of the new plan because the people of Ontario, like those of every other province, recognized the benefits which would accrue to them.

• (1230)

There were some variations in the methods of financing. Some provinces finance the cost of medical insurance out of general revenue and some, like Ontario and British Columbia, require citizens to pay premiums. With these variations in the method of financing, the plans have worked quite well. They could be improved, of course, but until recently they met the basic needs of Canadian citizens.

In recent years costs have gone up for both federal and provincial governments. While that is true, the percentage of the GNP which the provinces and the federal government pay for health care has not gone up. Both the federal and provincial governments are finding it difficult to finance all the services they provide. This is partly due to the fact that the economy is not working at anything like full capacity. Revenues of the federal and provincial governments have decreased and they have begun to argue that they cannot afford the plans that are in place. They have taken steps which will result in destroying the universality and availability of the basic medical and hospital services provided for all Canadians.

Some provinces have instituted deterrent fees for hospital stays and doctor visits. This makes things difficult for senior citizens, the one million unemployed and the working poor. There is more and more extra billing by doctors because the provinces claim that they simply cannot afford to give doctors the high incomes they desire.

Canadians are fairly critical of doctors, Mr. Speaker. According to Statistics Canada they have the highest income of any group. We must face the fact, however, that their incomes have not increased in recent years as much as the cost of living has, so in effect they have suffered a reduction in real income.

In 1977 the Liberal government began to whittle at the system of health care which it had played a major role in

establishing. In that year it replaced the 50-50 cost-sharing arrangement with a block grant system under which the provinces were not required to match federal grants for health care, hospital insurance or post-secondary education, as had been the case until then. They put the cap on the federal contribution to those programs.

The hon. member for Winnipeg-Assiniboine, who spoke ahead of me in this debate, tried to indicate that the provinces had not cut back on their expenditures on health care and hospital insurance. Of course they had, Mr. Speaker. They did so because once they were not required to pay 50 per cent of the cost of hospital insurance, health care or post-secondary education, they used the block fund grant from the federal government for other purposes. They were entitled to do that under the new agreement made with the Liberal government in 1977.

At that time members of the New Democratic Party in this House warned that this would lead to a fragmentation of the system and that the have-not provinces would not be able to match the programs offered by the wealthy provinces. That is what has happened. Provinces such as New Brunswick have imposed deterrent fees because they simply cannot afford to carry the cost of the services. Most of us did not foresee that the provinces, particularly some of the Conservative provinces, would use the block funding as an excuse for not continuing to match federal grants. The provincial cost of these programs has fallen.

We should not be surprised at that. The revenues of seven of the ten provinces are in bad shape because we are in a period of economic recession which has been brought about to a large extent by the mistaken policies of the Liberal government, aided and abetted by the mistaken high interest rate policy of the Governor of the Bank of Canada. He seems to be determined to continue those policies even though, in the six or seven years they have been followed, unemployment has increased drastically, as has the rate of inflation.

The Minister of Finance (Mr. MacEachen) and the Governor of the Bank of Canada have been dead wrong but they seem determined to continue the mistaken policies they began six or seven years ago. The provinces are just doing what comes naturally to them; they are cutting back on funding of hospitals, medical insurance and post-secondary education. This is at a time when the federal government, in the bill we are now discussing, proposes to cut back on the agreement it forced on the provinces in 1977.

Let us keep the record clear, Mr. Speaker. It is not the established programs financing part of the 1977 fiscal arrangements act which is being changed. What we are changing with this bill is the equalization portion of the 1977 agreement, the purpose of which was to enable all the provinces to provide reasonable levels of public service.

The provinces used the block funding agreement to claim that the money received with the revenue guarantee was unconditional and that they were not required to match the federal grants for hospital, medical and post-secondary education.

The hon. member for Winnipeg-Assiniboine said, quite properly, that New Democratic Members of Parliament and members all across the country criticized the Conservative provincial governments for doing that. He said we were wrong. He should also have put on the record the criticisms of those governments by the Minister of National Health and Welfare (Miss Bégin) who has been attacking them for reduced spending on these programs and has threatened to take action. She has said, quite correctly, that that kind of reduction will lead to the destruction of the medical insurance program. She ought to make those arguments not to the provincial governments, and not out on the hustings, but to the Minister of Finance.

In his November budget the Minister of Finance argued, as the provinces had, that the money associated with the revenue guarantee "was never intended to finance health care and post-secondary education programs", even though in the cheques from the federal government to the provinces this money was always included.

Now, as a logical extension of the November budget, we have Bill C-97. It will put in place the mechanism to remove the revenue guarantee and will reduce federal contributions to the provinces in the next five years by $5.7 billion. This proposal has been attacked and criticized, naturally, by the provinces because they simply do not know how they will make up very drastic reductions in the moneys they were obtaining from the federal government. Also it was criticized very severely by the Economic Council of Canada. The Council warned that the cuts would inevitably lead to higher provincial taxes, to more user fees in health care and education, or to a reduction in services.

• (1240)

We have not had an explanation from the Minister of Finance or any other Liberal government spokesman as to how the provinces could avoid increasing their taxes to meet the shortfall which the federal government is forcing upon them, cutting services, or increasing fees for services which people in the provinces will have to pay if the services are not to be cut. It is not surprising that the provinces, especially the have-not ones, have come to the conclusion that the provisions of this bill, when implemented, will have a very detrimental effect upon them when, in the case of seven provinces, they are already facing very serious budgetary deficits.

Let me illustrate the problem faced by some provinces. In the province of Manitoba the government was left a deficit by the former Conservative government of close to $300 million when it took office. The new arrangement being forced upon the province by the Liberal government will mean a reduction in what it would have obtained under the 1977 agreement of over $60 million in 1982-83, $122 million in 1983-84, $172 million in 1984-85, $223 million in 1985-86, and $246 million in 1986-87. That is a five-year total of $828 million. There were some last minute negotiations between the province of Manitoba and the federal government, and that amount has

been reduced to $719 million, which is still a very substantial amount.

Let us look at another have-not province, the province of Nova Scotia. In the first year under the new agreement it will lose $28 million; in the second year, $32 million; in the third year, $36 million; in the fourth year, $41 million; in the fifth year, $46 million; for a total of over $183 million in five years. This is in a province which faces a budgetary deficit this year of close to $500 million.

If I heard the hon. member for Winnipeg-Assiniboine correctly, he seemed to imply that under the new agreement the province of Quebec will receive more money than it would have under the old agreement. In fact, in the next five years the province of Quebec will receive $1,363 million less under the new plan than it would have under the agreement which was reached in 1977. If we total the reduction in federal contributions under the new bill for all provinces and the territories, we see a reduction in the next five years of $5.7 billion. That is a scenario for disaster.

We are already seeing the results of restraint programs. There have been increases in user fees in British Columbia and Ontario, a reduction in ward bed numbers, increases in fees for semi-private rooms, and the opening up of commercial space in Ontario hospitals. If Ontario hospitals are permitted some free enterprise, and if they have big deficits, they will concentrate their efforts on semi-private and private rooms on which they will be able to charge whatever they can obtain. Of course, this will reduce the kind of service and the number of beds available to ordinary citizens of Ontario who cannot afford to pay for semi-private or private rooms.

Also we are seeing a substantial increase in the number of doctors who are extra billing. We are seeing threats, actual strikes, slowdowns or work to rule by doctors in different provinces. The universal equitable health care system, which we brought into being over a period of many years after World War II, is in danger of being broken, if not destroyed.

In rejecting the government's decision to cut back funding for existing programs, am I arguing that the present system is meeting all our needs? Not at all. We need to re-examine what we have accomplished. Changes are needed, improvements can be made. Some improvements might even save money by providing alternatives to the present expensive system which would cost less than present methods and provide better service.

Before making suggestions regarding some of the items at which we should be looking, I want to spend a few minutes discussing the problems of Canadian universities. I should like to give an historical perspective. Until the end of World War II we, in Canada, probably had only three or four universities which were of a standard achieved in other countries such as the United States, Great Britain and other western European countries. In 1946-47, the then Liberal government began to fund university education, partly because there were many veterans of World War II who wanted to attend university. In 1951, the then Liberal government began to give grants to the provinces for university education on a regular basis. By 1966, these grants had grown to almost $100 million for the year. In 1967, the then Liberal prime minister, Mr. Pearson, argued that there was a broad national interest in maintaining a minimum level of services across the country in universities. He proposed a program under which the federal government would pay 50 per cent of the operating costs of Canadian universities in all parts of the country.

In 1972 the Liberal government put a cap on federal funding for post-secondary education, so that the annual increase of federal funds could not be more than 15 per cent in any one year. Under the 1972 act costs increased very rapidly. For education, federal funding rose from $1 billion in 1972-73 to $1.7 billion in 1976-77; it almost doubled. Hospital insurance funding by the federal government went to $2.6 billion in 1976-77, and medical insurance went to almost $1 billion, or $961 million, that year.

Let us give credit where credit is due. Without massive increases by the federal government in funding to Canadian universities and health care systems, we would have been in real difficulty by the late 1970s. They would have been very different from what in fact they are. In 1977 the legislation freed the federal government from having its expenditures tied directly to the cost of provincially-administered programs for health care and post-secondary education. The present proposal continues changes which began in 1977.

I have already indicated the serious effects that the proposal will have on the health care system, but what about universities? One hears stories or suggestions that universities are being too extravagant, that they are too rich, that we cannot afford them, and that they are not doing the job they ought to be doing. There is no truth to those suggestions, whether they come from federal government sources or from provincial governments. Let us look at the facts. In Manitoba this year the new NDP government has given the universities an increase of over 16 per cent. That is more than the increase in the cost of living. This will just begin to overcome the disastrous underfunding of four years of Conservative government in Manitoba. The reduction of funding in this bill will deal a body blow to Manitoban universities.

• (1250)

Let me put on the record the situation of the universities in Manitoba, and I will do it quite briefly. Brandon University is a small university located in the western part of our province. In the last four years, the library acquisition budget has increased by only $5,000. That is an example of the difficulties it is experiencing.

The University of Winnipeg, at which the Minister of Employment and Immigration (Mr. Axworthy) taught before he came to this House, suffers one of the worst staff-student ratios in Canada, and faculty salaries which were edging up toward the national median have now crashed to the near bottom level. Research funds have scarcely increased in recent years. Library acquisitions have fallen sharply in recent years. According to library projections they will be cut in half in the next five years.

At the University of Manitoba, which is the largest and most successful university in our province, students are using 40-year-old microscopes and 80-year-old rock samples. Money is lacking to buy new books and to hire teaching assistants. That is the situation in Manitoba. The proposal contained in this bill which will cut funding from the federal government substantially will have a disastrous effect on our universities.

What about the province of Ontario? In a study done for the provincial government, it was pointed out that the funding pattern that government has used has resulted in university operating grants falling almost 17 per cent in real dollars over the last ten years. A special committee appointed by the provincial government reported that without funding to match inflation, without additional funds to provide for faculty and staff advancement and without special funds to replace equipment and furniture, there would have to be an immediate move to restructure the system. Over four years government spending in Ontario has declined in real dollars adjusted for inflation by almost 5 per cent. University operating grants have declined by almost 13 per cent.

What will happen when the federal grants are cut as substantially as I have indicated, and as proposed in this legislation? Our universities and community colleges need more support from both levels of government, not less, if these universities and colleges are going to give us the trained, educated people to meet the challenges of the 1980s and 1990s in Canada. Almost every industrialized country in the western world spends more in terms of supporting universities and community colleges.

It is whispered by some in the federal government that our universities have been doing a poor job, that they have been training the wrong people for the wrong jobs. It has been suggested that Ottawa can do it better. This is a year in which we have well over one million unemployed and in which we are spending about $800 million on manpower training. This is a year when just a few days ago the Minister of Employment and Immigration made it clear that he would have to permit 20,000 to 25,000 skilled workers from offshore to enter Canada in order to meet our manpower shortage. How can a government which has failed so miserably to meet the need for skilled manpower, a field in which the government has almost complete control, suggest for a moment that it can do a better job of directing the universities to do what is needed than the universities have done up until now?

What we need is a co-operative effort by the federal government and the provinces, the educational institutions and the communities to rethink what we have accomplished, what our mistakes have been, what our needs are and what new programs we should implement. What we do not need but what we seem to be getting in this bill is the kind of unilateral action on the part of the federal government which has been such a disaster in the past.

Let me indicate a few of the problems which I think should be examined and make some tentative suggestions to deal with them. What the federal government is proposing in this bill is a quick, surgical cut which fails to deal with real needs in the fields of education or health. The government does not deal with alternative methods of delivery which might very well do a better job and be cheaper. The federal government does not deal with preventive medicine. Both things are necessary. Alternatives in delivery would attempt to deal with relative ineffectiveness and escalating costs of searching for ways in which to improve performance at the same time as it would seek to lower costs. Preventive medicine is frequently talked about. Those in the field know how little has been done and how limited the provision of funds has been. They know they cannot do the job. We see evidence of that every day in reports of deaths and illness caused by not having cleaned up our environment and not providing for the kinds of safety measures required in our mines and factories.

Let me deal with some specific suggestions as to what we ought to do. Many people in Canada do not get the kind of health care they need. They do not get the kind of advice they need. They turn to the people they see every day, the people with whom they live, their peers, instead of turning to professional counsellors. They do that because they know these people but they do not understand them. Therefore, they cannot get the information they need.

We need to develop a training program for peers to deal with the disadvantaged group so that people can communicate. We have the beginnings of that kind of a training program right here in Ottawa at Algonquin College. We need to explore the possibility of developing a system for providing physicians' assistants. This kind of occupational group could bridge the gap between a medical doctor and a nurse. This is a very useful profession. It would be particularly useful in isolated communities in which it is difficult to get doctors to locate. This kind of program has begun already in Alaska.

We need to train more natives as nurses. This would encourage the natives to bring health services to their communities which are so often—

[*Translation*]

The Acting Speaker (Mr. Ethier): It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

[*English*]

Mr. Orlikow: When we adjourned for lunch, Mr. Speaker, I was going over a short list of alternative approaches to the delivery of health care and post-secondary education which I think would extend the services and might even save money. I was at the point of suggesting that a major effort should be made to encourage more native people to become nurses. It is unlikely in the foreseeable future that we can persuade enough of the people who have traditionally gone into the health care

field, either as doctors or nurses, to work in isolated areas near the reserves where so many of our native people live.

I believe real benefits would accrue if we could encourage more native people to become nurses. They could provide these services not only in a technical way, but they would have the knowledge and be able to communicate in the language and in light of the customs of the native people. Programs like these have been very successful in the city of Winnipeg and I would urge the minister to give consideration to beginning to expand those programs.

Mr. Speaker, we need to expand our communications networks so that we might deliver post-secondary education to individuals who live too far from present college campuses. These courses can now be packaged in many ways. For example, the instructor and student can be in contact by telephone as well as by television. This is being done now, I understand, on a very small scale in the provinces of Alberta and British Columbia. Some of the other provinces may find it too expensive to develop on their own and it may be that the federal government can help.

• (1410)

We have seen an increasing incidence of racial prejudice and racial discrimination, as we have seen an increasing number of native people moving into our cities and an ever-increasing number of immigrants coming from non-English or non-French speaking countries to the cities of Canada. These people often find it difficult, if not impossible, to deal with those who work in our educational institutions and in our social services institutions to which they frequently used to call for help. We need to train people who can work with both our new and our old Canadians. This is a field where programs would pay dividends both financially and in meeting the needs of all people.

We have seen new problems arising in the field of mental health. With the development of the tranquillizer drugs, many people who earlier spent years, if not their whole lives, in mental hospitals have been and are being released. The idea was that they would be serviced outside in the community which would help them in the transition years. It has been reported a number of times in the last couple of weeks that even in a city like Toronto there are very few services for these people, so they are going back to the hospitals again. That problem needs to be dealt with.

We also need to deal with the increasing number of teenage pregnancies, child abuse and juvenile delinquency. We do not know enough about how to deal with these things, but we need to find new methods because the cost of not dealing with these problems is escalating very sharply. We have a whole host of disadvantaged people whose education stopped too soon and who do not fit into our increasingly technological, complicated society.

Our post-secondary education needs to make real strides. It has made real strides in the past decade, but now that these people can receive regular service, they often require extra help in reading or in family support to compensate for earlier neglect. Unfortunately, in this time of fiscal stress the minimum servicing we have provided up to now is being threatened.

The Acting Speaker (Mr. Ethier): I regret to inform the hon. member that his allotted time has expired. Nevertheless, he may continue if there is unanimous consent. Is it agreed?

Some hon. Members: Agreed.

Mr. Orlikow: Mr. Speaker, I know there are others who want to speak, so I will take but a minute or two to conclude.

Let me summarize the position of our party with regard to this bill. We are completely opposed to the revenue guarantee money being eliminated. It demonstrates an abdication of federal support for health care and post-secondary education programs which we think is not warranted. We oppose the unilateral imposition of the new equalization formula. By this action the government is signalling the beginning of the end to the real co-operative federalism which we think is a must if this country is to survive and prosper.

We oppose the time pressure imposed by this bill. We oppose the mixing of changes in established programs financing with changes to the equalization formula. We urge the government to pay attention to the task force findings. That task force was set up by the government and it brought in unanimous findings opposing the kinds of things which the government intends to do in this bill. We suggest the government pay attention to the judgment of the Economic Council of Canada and the arguments of the provinces and go back to the bargaining table in a spirit of co-operation, rather than with the big stick which they have been using.

[*Translation*]

Mr. Herb Breau (Gloucester): Mr. Speaker, I am pleased to take part in this debate on the bill concerning fiscal transfers and established programs financing introduced by the Minister of Finance (Mr. MacEachen). I believe this debate is important because it concerns a very important aspect of our federal system of government.

Mr. Speaker, we must realize that fiscal arrangements constitute a truly unique system. There is probably no other country in the world that has a system through which it can influence events occurring within the jurisdiction of another level of government. When there is a national program or national aspiration and the Parliament of Canada, even if the matter is not within its jurisdiction, decides to act in the interests of all Canadians and in the interest of fairness, a system such as fiscal arrangements provides a mechanism for making use of the entire country's resources, without changing the constitutional order—and I would say that this last is extremely important. Both levels of government agree on an automatic payment system, and although at the present time there is some disagreement as to the conditions of the arrangements, they agree that certain basic conditions will be met, as mentioned or defined in federal legislation, in this case.

For about one year, I have been involved in this area, together with other members of this House. I notice that the member for Lethbridge-Foothills (Mr. Thacker) is here this afternoon. I happen to know that the member for Scarborough West (Mr. Weatherhead) will be speaking later on, and other members of the committee have already taken the floor, including the member for Vaudreuil (Mr. Herbert), the member for Winnipeg-Birds Hill (Mr. Blaikie) and the member for Mississauga South (Mr. Blenkarn). I know that the member for Verchères (Mr. Loiselle) is to speak Monday.

Mr. Speaker, our experience on this committee has been, once again I must use the word unique, because I believe that for the first time, we have succeeded in making this very complex matter of federal-provincial relations understandable to the public. Hearings were held across the country, in all provincial and territorial capitals and in Ottawa, and Canadians came forward to discuss federal-provincial relations as these concerned them directly. I feel this was a healthy process, and I know that it was a very satisfying experience for all members who took part. We have learned a great deal about this great and diverse country of ours.

Mr. Baker (Nepean-Carleton): Hear, hear!

[*English*]

Mr. Breau: Mr. Speaker, I have carefully read and listened to the debate on this bill and I think it has been an interesting one. It has been informative and I believe that most of the members who spoke on it have a better knowledge of fiscal arrangements and probably the best knowledge and information on this question than they ever had before, when these very complex negotiations took place and we were confronted with a bill in the House of Commons without having had any ventilation of the issue at all.

• (1420)

The way in which Parliament was used, the way Members of Parliament were given the opportunity, adequate staff and resources to study the question and hold hearings has been of help to the government and to Parliament in debating this issue. It has been a great help to the country in that we have shown it is possible to provide a forum where the public can speak to both levels of government.

Mr. Baker (Nepean-Carleton): The practice should be expanded.

Mr. Breau: Yes, it should be expanded. I recognize the sincerity the hon. member for Nepean-Carleton (Mr. Baker) had when he was government House leader for a short period in his attempts to find ways to make these smaller committees work. I am happy the government borrowed that page from the short-lived government of which the hon. member was a part. I hope, as the hon. member suggests, that it will be expanded in future, as I believe it is helpful to the government.

We should not conclude that the government has to accept in detail every recommendation of a committee for it to be a success. That is a falsehood. The government maintains its decision-making influence. All the government does is delay its decision-making. In the meantime, we can have a better debate because we have more information and perhaps more controversy. Then the government decides.

The public and this House should not judge the value of a parliamentary task force on the basis of how many recommendations the government accepts from its report. The government may have valid reasons for not accepting some recommendations. What the report of a parliamentary committee does is force the government to answer why it does not accept certain recommendations. In that sense, a debate is better and the public is better served.

I want to deal with a matter raised by my friend with whom I spent some very interesting months last summer, the hon. member for Mississauga South. He wondered how the Liberals are going to vote on this bill. In particular, he wanted to know how I was going to vote because, in his view, the proposal of the government is very far from the report of the parliamentary task force.

I disagree with the hon. member that there is a wide gap between the report, the position of the government and the outcome of the negotiations, when you consider the overall aspect not only of the established programs financing, but the elimination of the revenue guarantee and the equalization program. Those are the payments by the federal government to the provincial treasuries.

I recognize that in the case of EPF some tax points were transferred to the provinces in 1977. It was part of a deal at that time. While those tax points are provincial revenues, they must continue to be included when measuring the federal government's contribution. The government is not misleading anyone when it counts them. It is not denying that they are provincial revenues. Nevertheless, they have to be counted as a measure of the federal contribution.

There is another element that should be considered. The budget changes proposed by the government on November 12 will have the effect of increasing the federal tax base by approximately $2.5 billion to $3 billion. This will automatically increase revenues to those provinces which are part of the tax collection agreement and use the federal tax base as their base and a percentage of that base to collect their tax revenues. Quebec has its own tax collection system and must be measured in another way.

In eliminating the revenue guarantee, the government is maintaining the financing of the programs as they were defined before 1977. I will not get into that disagreement now. When you consider the payments from the federal EPF and equalization, they are not far from a value that could be imputed to the recommendations in our report. There is a difference, but they are not that far apart.

In political terms, while the increase in provincial revenues resulting from the increase in the federal tax base is not a federal transfer, it is more income tax moneys which the provincial governments will collect merely because of a

political decision of this Parliament. We must take the flak for increasing the federal tax base. It is to the credit or debit of the Parliament of Canada, and the provinces will benefit.

In terms of political morality, it is not so bad as to say that, while we are eliminating the revenue guarantee, we are provoking additional revenues of $685 million to provincial treasuries in the next fiscal year, which begins next week.

In judging the total government response, while I admit it is not to the last number the same value as in our report, it is close enough for me to accept it. What makes me accept it even more is that, apart from the fact the government did follow many of our recommendations, a very important one of which gives a single entitlement, as well as others that the government accepted, the equalization program is being made much more generous than it was by the inclusion of local taxes for municipal services.

[*Translation*]

Mr. Speaker, it should be pointed out that the fiscal equalization system is going to be far more generous to the Atlantic provinces, because of the computation formula that will be included in the act, and the basis on which payments will be calculated. Now, the representative average will be the average per capita yield of five provinces, namely, Quebec, Ontario, Manitoba, Saskatchewan and British Columbia. When the representative average of these provinces is calculated, and since the per capita yield includes municipal taxes and local charges for municipal services, the four Atlantic provinces are going to be much better off, because traditionally, their property taxes, which are raised by the municipalities, have been very low. In Ontario, for instance, and British Columbia, which I know better, and I believe the same applies to Quebec, municipal taxes have always been very high. Because taxes are high in the five provinces and lower in the four Atlantic provinces, it means that in the long run, the equalization program will be far more advantageous for us, because on the whole—I am of course speaking generally—towns in Newfoundland, New Brunswick and Nova Scotia, in fact any small community, will have lower municipal taxes than the City of Ottawa, for instance. In Ottawa, I believe that property taxes, which include school taxes, for a house worth about $100,000, would be around $1,200 or $1,500 per year.

Mr. Corbin: Or even more.

Mr. Breau: Or even more, as my colleague for Madawaska-Victoria (Mr. Corbin) just said. In my own province, in New Brunswick, for instance, we would probably pay $500 or $600 in municipal taxes. So that under the equalization system, an average figure is calculated for the five provinces I mentioned earlier, and the federal treasury then pays the province of New Brunswick the difference between, for instance, its own municipal taxes and the average calculated for the five provinces. Clearly, by broadening the base for equalization purposes, the four Atlantic provinces stand to benefit considerably in the long run.

• (1430)

[*English*]

With respect to how I would vote on the bill, I would vote for it because it is close enough to the task force report that I am satisfied that, first, we have influenced the government during the negotiations, and second, because the report must be seen as a consensus. I read carefully what the member for Winnipeg-Birds Hill said in his interpretation of the report. Again, one should not be too surprised to find that when politicians from different parties and different regions of the country have arrived at a consensus on a document after negotiations which must take place in order to agree to any coherent political statement, they have slightly varying interpretations of what the consensus is. That is what consensus is all about.

The day that you try to have another form of consensus, that system of trying to arrive at a consensus will break down. I do not believe the hon. member was fair when he stated that, in his view, the government ignored the recommendations of the task force. He said that the report rejected the government's claim that there was a fiscal imbalance. I would refer him and the House to page 33 of our report. He is entitled to his opinion and, being a politician, and one from the New Democratic Party, I knew he would put his own interpretation to the consensus, even if he agreed with the report. I have not been fooled because I expected that. However, the explanation of the task force is much broader on the question of fiscal imbalance than the selective words that the member for Winnipeg-Birds Hill decided to quote. Page 33 of the report says:

> The federal deficits registered in recent years can, however, be explained partly in terms of discretionary counter-cyclical fiscal policy—a deliberate attempt to maintain employment at a time of world recession. In addition, the various tax expenditure measures introduced since the 1972 implementation of tax reform, as well as the indexation of the personal income tax system, have deprived the federal treasury—as well as provincial treasuries—of substantial amounts of money, and unusually high debt service charges have compounded the difficulty.

That is another interpretation of the consensus of the task force from that which the member had. The report goes on to say:

> What is undeniable is that the federal government faces a major budgetary problem in the size of the public debt and corresponding debt service charges.

Members can read further if they wish, but I will move on to page 34 in order to make my point more succinctly. It says:

> The federal government is at an interesting intermediate point on the spectrum between these two extremes, a point where a prolonged cyclical budget deficit begins to lead to some aspects of a persistent structural imbalance. The structural problem emerges because the size of the debt accumulated to date begins to constrain to an unacceptable degree the margin of manoeuvre in federal government decisions on fiscal policy.

The hon. member and some in the press have said that we categorically rejected the interpretation of the Minister of Finance of some fiscal imbalance is wrong. In the first place, the minister never said there was a fiscal imbalance. He said there had been a shift in the balance between the amount of money that the federal government was collecting some 20

years ago and what it is collecting now in terms of the percentage of the fiscal pie, how much the federal government is spending and how much the provincial and local governments are spending. That is what the Minister of Finance said.

What we did was to study the two different kinds of imbalances, one of which was structural. We tried to determine what "structural" would have meant. That is what we said did not exist. What we meant was that no level of government in Canada has the taxation resources within the Constitution to deliver or discharge its constitutional responsibilities. That does not exist in Canada and the government has never said it did. The Minister of Finance never said it existed. What we have is an imbalance which has occurred over the years because of what I mentioned earlier, the discretionary countercyclical fiscal policy. We mention the tax expenditure measures. The government is taking steps to attempt to close the tax expenditure accounts.

I recognize that the Conservative members on the task force would not agree with these measures for too long, even if these tax expenditures were probably more acceptable to their philosophies than they were to the hon. member from the NDP. But now he says that the government is moving to close some of the "loopholes", as he calls them. The hon. member says that he would have closed other loopholes. That is a matter of political choice, but to suggest that the government did not take steps to deal with its deficit problem by closing the tax expenditure accounts is not true. The hon. member can disagree if he wishes, and I respect him for that. Obviously, whenever the government proposes to close the tax expenditure account in one area, he will say, "You should not touch that one, you should touch the other one". That is the political game. But generally, we came to an agreement and that is the first point that I want to make about the comments of the hon. member for Winnipeg-Birds Hill.

I was sorry to hear the member for Mississauga South use examples such as spending on CIDA, the budget of the CBC, the budget of the Commissioner of Official Languages, as well as other budgets, to make his point that we could have cut back in those areas and not reduce transfers to the provinces. He is entitled to make his own political judgments as to where cuts can take place. However, there is one point which is undeniable, and it is that over the years, due to cyclical reasons—he said that because he agreed to the statement on page 34—the structural problem emerges because the size of the debt accumulated to date begins to constrain to an unacceptable degree the margin of manoeuvre in federal government decisions on fiscal policy.

This next fiscal year, approximately 22 per cent of the federal government's budget will be allocated to service the national debt, and over 20 per cent of the budget will be automatically transferred to the provinces. That is a total of 42 per cent which is entirely undiscretionary on the part of the government—that is, unless the government decides to come to Parliament and change the fiscal arrangements, which could not be done when you consider the political reality of this country.

When you take into consideration the other payments that are made directly to individuals, there is not too much money left for Parliament to deal with. I say "Parliament", because let us not give the people the impression that only the Liberals can make decisions on this. The Liberal government of the day can and should be influenced by the opposition as to what should be spent and where. It is often the case that it is influenced.

Mr. Roche: When?

Mr. Breau: The hon. member for Edmonton South (Mr. Roche) asks when. Last year he and I were part of another very good political experience when we were on the parliamentary task force on North-South relations. It was as a result of this vigorous efforts in that experience, and partly because of his political support which he obtained from his party, that provoked additional appropriations on the part of the government. Backbenchers on the government side with the help of the opposition pushed the government into changing the trend of a decreasing appropriation to development assistance as a percentage of our GNP, recommended to the government that this trend be changed, and it was. Last year there was a 19 per cent increase in the development assistance budget. This year there is something in the area of 14 per cent or 15 per cent.

Why I say that there is not much room left to manoeuvre, even if opposition members disagree on the appropriations of the government, as they must, is that they should consider that it is the Parliament of Canada which will be strapped and stifled and incapable of carrying out its responsibilities in the international field, in the field of communications such as the CBC, in the fields of official bilingualism, national defence, and energy. So it is not the federal government of the day; it is the Parliament of Canada. What happens the day the Parliament of Canada has no more funds to appropriate when it must appropriate 42 per cent to the service of the debt and to transfers to the provinces? I do not know exactly what the percentage will be in 1982-83 with regard to payments to individuals for old age pensions, family allowances and so forth, but I venture to say it will be about 25 per cent. So there is not that much money left for there to be discretion on the part of the federal government in its spending. That has to be recognized.

• (1440)

I will prove in a minute that the only provinces the elimination of the revenue guarantee will affect to any important degree, if at all, will be the provinces of Ontario, Saskatchewan, Alberta and British Columbia. With the improvements to the equalization program, the other provinces will gain. What must be considered here is the increase in total equalization, and the increase in EPF which will continue to be indexed to the gross national expenditure. Over all, with the exception of those four provinces, there will be no effect to any important degree. When we consider the offsets from the increases in the federal tax base, in some cases the transfers will be much more generous.

I will provide figures to prove what I am talking about. Let us begin with the province of Newfoundland. The entitlement of the province of Newfoundland in 1981-82 to equalization is $431 million. The entitlement for 1982-83 is $522 million. It will increase from $431 million in 1981-82 to $799 million in 1986-87. EPF cash transfers to Newfoundland will be reduced by $5 million because of the elimination of the revenue guarantee, but the tax transfer will go up by $9 million, and the offsets from increases in provincial revenues, because of the increase in the federal tax base, will be $6 million. So for Newfoundland in 1982-83 the total increase in its revenues because of budget changes and because of fiscal arrangements changes will be from a base of $652 million in 1981-82 to $753 million in 1982-83. That is how generous this program will be. That is a $101 million increase.

Even if hon. members want to disagree politically—and we can have different philosophical perspectives as to how we should deal with the economy in a period of fiscal restraint—all hon. members who are responsible must admit that there has to be some restraint, and if the federal government must restrain its own expenditures on the things it has to do under the Constitution, as it is doing, surely the provincial governments should be able to accept—particularly the four richest ones I mentioned—some degree of adjustment. However, the equalization recipient provinces should not have to, and that is why the program is acceptable to me as a Liberal.

In the case of the four Atlantic provinces, Quebec and Manitoba there will not be reductions when we consider the matter over all. There will be very generous increases. I want to state emphatically to students and administrators in post-secondary education institutions in the four Atlantic provinces—I have looked at the numbers more carefully for those provinces—that there is no justification at all to say there are federal cutbacks because there are no cutbacks in those provinces to squeeze the students and administrators of those institutions. I say this also to health boards and health commissions in Atlantic communities. There is no justification for saying there are federal cutbacks in relation to these services, including hospitals, because in the province of Newfoundland there will be an increase in one year of $101 million. In the province of Prince Edward Island there is a $23 million increase, from $150 million in 1981-82 to $173 million. Someone else can work out the percentages. In Nova Scotia the increase in 1982-83 will be from $863 million to $986 million. That is a $123 million increase when considered over all, and that is how this must be considered.

Mr. Baker (Nepean-Carleton): What about Ontario? Do you have figures for Ontario?

Mr. Breau: I have figures for Ontario, but let me put the figures for my province on the record first. With respect to New Brunswick, when we consider the equalization entitlement for this year and next year we see that there will be an increase from $415 million to $490 million. When we consider equalization, EPF cash and tax, even after the elimination of the revenue guarantee, and when we consider the increases in provincial revenues because of increases in the federal tax base, we see that the total increases are from $695 million to $786 million. However, we do not even have to consider the provincial revenues because of the federal tax base. Some hon. members say we have no business counting those revenues because they are provincial taxes. Let us say I agree with that. Even without that, for Newfoundland the total in 1981-82 is $652 million. In 1982-83 it is $747 million, and it increases and increases by an average of between 12 per cent and 13 per cent a year for the next five years.

Let us consider my own province. In 1981-82 the total is $695 million, and I do not include in that the increases because of the federal tax base. In 1982-83 it is $778 million. There are increases; the numbers are there. There is no justification at all for the provinces of New Brunswick, Newfoundland, P.E.I. or Nova Scotia—I say this emphatically, and I am ready to defend it anywhere—to allege there are federal cutbacks because of the fact that we are eliminating the revenue guarantee. That was only one little part of the fiscal transfer. When we consider this overall, we find they are all getting very generous increases.

Let me refer to Ontario. The hon. member asked about Ontario. The EPF cash transfer was $2.367 billion in 1981-82. That will be reduced to $2.297 billion in 1982-83 because of the elimination of the revenue guarantee. The EPF tax transfer will go up from $1.703 billion to $1.989 billion. That continues to go up. Let us consider the net revenue increase due to the budget tax changes. That has to be considered because Ontario, without taking any political flak and without changing the tax laws in its provincial House, will collect more provincial income tax, $171 million. The total in Ontario goes up from $4.071 billion—and Ontario is not exactly a poor province—to $4.457 billion. Where is the justification for saying we have to cut back funds for the universities of Ontario and we have to cut back on health care because the federal government is cutting back?

Mr. Corbin: That is for the birds.

Mr. Breau: My colleague says that is for the birds. That is for the Blue Jays.

Mr. Fennell: They are doing pretty well this year.

Mr. Baker (Nepean-Carleton): Now tell us about the Alouettes.

Mr. Breau: The revenues to Ontario go up from $4.071 billion to $4.457 billion. That is hardly a reduction. I admit that I included in that the offsets from the increases in the federal tax base. I do not say that they are federal I agree they are income taxes which are collected by the Government of Ontario, but the Government of Ontario does not have to go to its legislature at all to change its taxes. That comes automatically, and it is the hon. member for Nepean-Carleton and I who take the flak for that because it is done by the Parliament of Canada.

I want to come back to my own province for a minute because again in terms of political responsibility or political morality is it so bad for the federal government, even if there was an effective reduction from one year to the next, which there is not, to be concerned about the fact that for some provinces the federal contribution as a percentage of what the provinces spend—and I use my words carefully here; it is the percentage of what the provinces spend or what the post-secondary institutions, for example, spend—has gone up? The federal contribution has gone up as a percentage since the advent of block funding in 1977.

• (1450)

Of course, Mr. Justice Hall and others have said that that is not breaking the law. The question is not one of breaking the law, Mr. Speaker. It may very well be legally and technically correct for the provinces to allocate that money as they wish because that was the spirit of the 1977 agreement; what is not correct is that when those provincial governments appropriated the funds they never told the public or the users of the institutions that more money was coming from the federal government. Surely in terms of parliamentary accountability, which is basic, one does not have to be so overly legalistic. That should have been told to the public.

Members of this House are responsible for taxing Canadians and appropriating their funds, so that when we vote—even if there is a division—on behalf of all Canadians to allocate certain moneys for post-secondary education, I do not think it is morally correct, even if it is legal, for a provincial government to allocate the money elsewhere without telling the public about it. The public should be told if the provinces have received more money under the federal-provincial transfer system and if it is being put in a trust fund or elsewhere.

The moral question is important, Mr. Speaker. My own province of New Brunswick is an example but we could take any province, the trend is the same in all. In New Brunswick the federal contribution as a share of provincial expenditures for post-secondary education through EPF—and I include in that, minority and second-language training—has gone from 78.1 per cent in 1976-77 to 107 per cent in this fiscal year. That is legally correct. Those are the facts, Mr. Speaker. In 1976-77 the federal government paid 67.7 per cent of what the post-secondary institutions spent. When I say post-secondary institutions, I do not mean only universities but include everything after high school—community colleges and technical schools. What credit does this federal Parliament get for that? Is the hon. member for Nepean-Carleton ever recognized as a federal member when something goes on at a technical school in Ottawa?

Mr. Baker (Nepean-Carleton): Mr. Speaker, I appreciate the hon. member pointing to me when he said that. I would remind him that it was the Right Hon. John Diefenbaker who began the system.

Mr. Breau: I do not quarrel with that, Mr. Speaker. That is correct. There was a succession of governments, from the St. Laurent government to the Pearson government, involved. I recognize that the program under which the first technical schools were built came about under the Diefenbaker government, but that does not make it any less good, Mr. Speaker? It is just as good!

In 1981-82 the federal government paid 99 per cent of moneys spent by post-secondary educational institutions in New Brunswick. That means that the government of New Brunswick allocated 1 per cent of the cost of post-secondary education in technical schools, universities and community colleges in New Brunswick. I do not say that is wrong and I have supported it. There is no way that the government of New Brunswick could afford the kind of education it provides if things were not that way. Newfoundland probably would not have its Memorial University. Prince Edward Island probably would not have the University of P.E.I. Nova Scotia would not have St. Francis Xavier University, and St. Mary's University probably would not exist. In my province—

[*Translation*]

—the University of Moncton would probably not exist otherwise. However, we have to realize what the situation was. I find it abnormal that federal payments to New Brunswick should have amounted to 107 per cent of the share paid by the New Brunswick government itself during the 1981-82 fiscal year. The people in New Brunswick should at least know this. During the last five years, federal contributions to New Brunswick have increased by 18.4 per cent on average. The provincial government has allotted to its universities, community colleges and technical schools only 11.2 per cent of this average increase of 18.4 per cent in federal contributions. The Government of New Brunswick paid out only 11.2 per cent. I am not saying this is not enough. It is quite possible that these appropriations were adequate. I cannot pass judgment on that. All I say is that the people in New Brunswick are entitled to know.

Mr. Speaker, I said earlier that the equalization entitlement of New Brunswick of $415 million in 1981-82 would increase to $490 million. This represents an increase of 18 per cent in one year. If all the amounts resulting from the additional provincial revenues derived from the increase in the basic federal tax are included, provincial revenues in New Brunswick will go up by $92 million in 1982-83 because of federal contributions. Therefore the governments of the four Atlantic provinces are not justified in saying that the federal government has cut back its contributions and that they must in return reduce their grants to the institutions. Mr. Speaker, if they want to do that, that is a political judgment they will have to make. But if they do go ahead, let them say clearly to the people of New Brunswick and to the people of the other Atlantic provinces why they want to make cuts. In the case of New Brunswick, for instance, there is a $92 million increase—

The Acting Speaker (Mr. Ethier): Order, please. The time allotted to the hon. member has expired and he may continue only with the unanimous consent of the House.

Some hon. Members: Agreed.

Mr. Breau: —if we take equalization into account, if we include the higher provincial revenues derived from the increase in the basic federal tax and if we consider that, with respect to the established programs financing, only the cash share is lower and the tax increase has not been reduced. For New Brunswick, all that adds up to an increase of roughly $92 million. For all the Atlantic provinces, the percentage is about the same. In the case of Newfoundland, I gave the figures a moment ago.

Mr. Speaker, I for one can support this bill because, first of all, if we look at the total figures and keep in mind the generous new equalization program, it all comes out pretty close to what we would get if we were to implement the recommendations of our report. I am convinced that if the provinces are so inclined, they will be able to continue to finance health and post-secondary education programs which will be of great benefit to Canada, and I am glad that the federal Parliament will continue to finance them.

[*English*]

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, it is a pleasure to speak on Bill C-97 today, amending the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977. I am sure that most Canadians do not realize the extent to which the federal and provincial governments have had historically, and will have in the future, a fiscal relationship that affects the day to day lives of every one of us as citizens.

Bill C-97 will effect very major changes to that transfer program. In 1981-82, under the equalization program federal tax dollars were transferred to the provinces to the extent of $3.6 billion; hospital insurance, approximately $2.8 billion; medicare, approximately $1 billion; extended health care, $700 million; post-secondary education, $1.8 billion; and Canada Assistance Plan, some $2 billion.

• (1500)

The taxpayers of the nation pay part of their money to the federal government and part of their money to the provincial governments, for which they receive services and the benefit of equalization payments made directly to provincial governments. For example, they receive hospital insurance, medicare, post-secondary education, welfare and social assistance. We should never forget that the taxpayers of Canada pay for these services. This was driven home to me more than anything else when I sat as one of the two Progressive Conservative members on the federal task force which looked into transfers. The last speaker, the hon. member for Gloucester (Mr. Breau), was the chairman of the committee. He did a first-class job.

I should like to talk about the results of the work of the task force. It was a fascinating process. Naturally we in the House are in an adversarial system, because Liberals have a vision as to what they want for the country and we have a vision as to what we would do for the country. Those visions are different with regard to the role of individuals and that of the state. We also know that committees tend to be rather adversarial, but Parliament has come up with the mechanism of a task force. We have had seven task forces. In the case of the one to which I referred, there were four Liberal members, two Conservatives and a member of the NDP. The members of the task force were all backbenchers. The purpose of the task force was for us to direct our minds to the problem. Rather than from the perspective of politics, we approached the problem with the idea of seeing if we could, from the evidence we gathered, come up with some solutions to recommend to our fellow members of Parliament. This is exactly what we did. Over the course of four months we travelled across the entire country. We talked to people who were actually delivering medicare, such as doctors and nurses. Also we talked to university administrators, students, people administering welfare programs and to members of provincial governments, including members of the cabinets and of the legislatures. A large number of common sense recommendations resulted from the work of the task force. If the government felt obliged to adopt them, I am sure the country would be much stronger.

I should like to make a few comments about the fiscal history of the country. As in the case of everything else, we are not addressing this problem in a vacuum. We have had a long history of federal-provincial relations which started with confederation. Section 91 of the BNA Act gave certain powers to the federal government, and Section 92 gave certain powers to the provincial governments. Prior to the 1930s or prior to the Second World War, some 70 per cent of public government moneys were spent by the provinces and some 30 per cent were spent through Parliament. As a result of the outbreak of World War II, the provinces gave up their taxing powers to the federal government because we wanted to finance the war. In that national effort, provinces gave up their taxing powers over their citizens to the federal government, pursuant to Section 92 of the BNA Act. At that time some 70 per cent of revenues were spent by the federal government and some 30 per cent through the provincial governments. We can see that it was a total reversal of what existed before the Second World War. Since that war there has been a gradual transfer of additional cash and tax points from the federal government back to the provinces, so that by about 1980 it was back to where it was before World War II, that is, some 70 per cent of the money was spent through the provinces and some 30 per cent through Parliament.

When citizens hear the government say that it is losing its fiscal capacity, that it is being weakened and that it must be strengthened, perhaps it is a legitimate political point of view, but if we look at the history of it we are back to where we were before. This is consistent with the country being a federation. We are so broad and diverse, with such differing provincial

interests, that most people want their provinces to be significant in their lives. Most people feel that provinces are more responsive to them than we are in the House of Commons. This is understandable. When we superimpose Canada upon Europe, we realize that it goes from the west coast of Ireland, across Ireland, across England, across the Netherlands and Germany, through Poland and beyond the Ural Mountains in Russia. If we look at the various countries in Europe that operate in areas much smaller than that of Canada and compare them with what we have done in Canada with one federal government and ten provincial governments, I think we should be incredibly proud.

We shall always have federal-provincial conflicts, but the government should not say that the nation will fall because the sharing of tax and public revenue has now returned to what it was before the Second World War, no more than it did during the war when 70 per cent of the money was collected in Ottawa in the national interest.

We require fiscal flexibility so that during times of national crises or war financial power and decision making can flow to the centre and we can act as a nation. During peacetime there will be a natural filtering out and flowing of taxing authority and spending power to the provinces as a reflection of our huge country and its very diverse regions. As the task force travelled across the country, I did not find any objection to a mechanism which would be flexible enough so power and cash could flow to the federal government in an emergency. As I said, during the war the federal government took the taxing power from the provinces by way of a tax rental agreement. Since that time we have entered into a period of five-year agreements which are commonly called "tax collection agreements". The last one was negotitated in 1976-77. In the past, negotitions at each of those five-year periods were carried out between governments. Then a bill was presented in the House and in the provincial legislatures. This was felt by some of us in Parliament to be entirely not satisfactory from the perspective of representing our constituents. Therefore, the government agreed to the opposition request to set up this task force to travel across the country and come up with a large number of recommendations.

The process is correct now; Members of Parliament should have input. I hope the government agrees to this in the future. The real question is whether, compared with the 1977 agreement, the government would be cutting back the amount of cash it would transfer to the provinces, if it were extended for the next five-year period? The answer in terms of cash is absolutely undisputed—there is a cutback in cash transfers to the provinces. The amount of that cash cutback is what the federal government now refers to as the revenue guarantee.

I want to show that the government is cutting back, and that it should not be hiding it by trying to say that it is doing away with something which existed in 1971. The government should come out and say that it is cutting back money because of the deficit, because the provinces have been unreasonable, because it wants to decide how to spend more cash, or any number of other reasons. Why should the government not be honest and straightforward? It should not come up with the fraudulent excuse of the revenue guarantee. The fact of the matter is that in 1971, there was a new tax regime which was brought in by Edgar Benson. As the five-year agreement was negotiated, there was a great deal of uncertainty as to whether the provinces, under the new taxing mechanism, would have the same cash flow. Therefore, the federal government said that it would give them a guarantee, and that took place. Then in 1976 the parties got together again to negotiate the new five-year contract from 1977 to 1982. Both the federal and the provincial governments had a position. Under the 1971 agreement there was a cost-sharing agreement, dollar for dollar, but the actual costs of operating health care and post-secondary education were going up enormously. Both levels of government agreed there had to be a cutback. They agreed there would be a base amount of funding by the federal government and between 1977 and 1982 that base would go up by a delayed three-year average of the gross national product. That was part of the negotiated settlement.

• (1510)

The question of the revenue guarantee was discussed. Health care and post-secondary education agreements were not coming up until 1980. Because the federal government would have been forced to continue paying dollar for dollar, it offered $7.60 per capita plus one tax point provided the provinces would give up extending those two agreements to 1980. That was the negotiated settlement. It is like you and I meeting and each of us making an offer and negotiating back and forth. We would then come to an agreement. That was it. The federal govenment then put in a base amount to be escalated by the three-year delayed average of the GNP.

The revenue guarantee effectively died. It no longer was a part of the federal-provincial fiscal arrangements agreement. That is why I say that it is really perverse for the federal government in 1982 to refer back to 1971 and forget entirely about the agreement of 1976. I would rather see the government be straight and honest and say "We are going to cut back the money, folks, because of one, two, three and four reasons." Let us not hear any of these silly reasons because that causes a breakdown in trust and relationships between levels of government and here in the House. I do not want to be part of any sort of fraudulent deal. Why do we not just face the situation? If we feel that Parliament needs to have more money here and less money for the provinces, let us face that directly.

Proof of that lies in a speech made by Donald Macdonald, as reported in *Hansard*, when he said that it was a deal and we gave them $7.60 and a tax point, and that ended the revenue guarantee.

I want to speak about equalization for a minute. There is no doubt that it is a program which is found in virtually every federation. But here in Canada we have come up with our own method. We have bounced around from national averages to a two-province proposal. The last agreement was back to a national average. Now we are basing our calculations on the

average GNP of some of the more wealthy provinces, excluding the Atlantic provinces. I do not see any problem with that. A five province average GNP is a good standard upon which to base equalization payments. I did not agree with the original suggestion that they should be based upon the average GNP in Ontario alone, because Ontario is in the process again, as a result of federal government unilateral actions, of effectively de-industrializing. Let me tell you why that is so.

Some ten years ago, the federal government decided that if the price of energy went up Canadians were going to be insulated from that. In other words, we were not going to be blackmailed by any of the Arab states. Therefore, the federal government made a unilateral decision to keep down the price of oil. But that sent out signals to the car manufacturers to continue producing big cars. It sent signals to Canadians to continue buying them. That is exactly what we did. But meanwhile Japan and Germany had no choice but to go to world price for oil. The top brains and engineers in Japan and Germany immediately directed their minds toward producing more efficient cars and engines. As a result, now, ten years later, we cannot compete with them. They beat us at every turn. Most Canadians losing jobs in the Windsor corridor do not realize that it was as a result of a government decision ten years ago to somehow deny reality. That is what happens when governments get involved. It does not matter of which political stripe they are. It is the function of a government that is too big and tries to protect people, for political purposes, which it is unable to do.

If you give a 10 per cent subsidy to an industry, Mr. Speaker, I can guarantee you that within two or three years that industry will be 10 per cent inefficient. Meanwhile, other countries that do not have the benefit of subsidies face reality. They produce within reality and they can beat the country with a subsidized industry.

Equalization is a good program. It is uniquely Canadian and it is now entrenched in our Constitution. Each area in turn over the course of Canadian history has been wealthy. Before confederation, for a while, the Atlantic provinces were wealthy compared to Ontario and Quebec. After confederation, Ontario became a wealthy province and contributed net benefits. We in the west were recipients. In the east they were contributors. Now we in the west are net contributors to the national good. That is the way it should be. We are proud to make those contributions. It may be that in 25 years from now the fish off the Atlantic coast, the oil in Hibernia or the oil in the north will bring more money into the central coffers. We may once again in Alberta be a have-not province. We can all operate with the east being strong for a few decades and then the west. Perhaps the pendulum will swing again depending upon the ebb and flow of world affairs and whatever is "hot" at the time. Clearly, we want to protect that equalization policy.

The other major program, commonly defined as the established programs financing, covers health insurance, medicare and post-secondary education. As I say, there is no doubt that these programs are being cut because of the revenue guarantee. There will be less cash transferred to the provinces. That is a situation we should be facing head on. The real problem comes again because provinces are like people; some have more wealth than others. Alberta, British Columbia and Saskatchewan will not be hurt that much by the cutbacks because they are wealthy provinces at this time. But the seven provinces east of Saskatchewan all have substantial deficits. To take a cut in cash transfers will have a great impact on them.

The real questions are, first, what is the fiscal capacity of government and second, which level of government has the strongest fiscal capacity to handle the deficit? Obviously the answer is the federal government. The federal government can tax all the people of this country. It can tax all of the northern lands and the oil and gas flowing from there. It can tax the oil and gas flowing offshore, both on the east and on the west coasts. But compare that kind of taxation with what can happen in Prince Edward Island. Prince Edward Island has 125,000 people and a few more potatoes than that. Its tax base is restricted basically to an agricultural type of economy, whereas Alberta can tax the oil production industry, the oil service industry, the oil refining industry and a very rich agricultural industry because of irrigation.

The federal government can tax by any means and mode. The real question Canadians should ask is which level of government can best handle the deficit. Clearly, it has to be the federal government. For the Liberal government now to transfer some of its deficit to the backs of the seven provinces east of Saskatchewan strikes me as being wrong. I would rather see the government face this problem directly. If Canadians need to have a tax increase to counter that, so be it. For years and years the federal Liberal government has been offering all sorts of attractive programs to Canadians, preserving for them that low capitalistic tax. The difference was made up by borrowing under the table. You can get away with that for a while. The national debt was $5 billion, then $10 billion and then $20 billion. But now the national debt is something like $100 billion. The interest alone to service that debt costs $17 billion. Some 20 per cent plus of every tax dollar just services the debt. So now we see the government having to apply socialist taxes to meet socialist programs.

• (1520)

Mr. Nystrom: Socialist! These guys are not socialists.

Mr. Thacker: In the meantime, Canadians went out and bought bigger houses than they really needed, took on larger mortgages, and paid too much for land. Now we are getting the taxes to match the program, and business is dropping away. We are going to lose one third to one half of the small industry in this country, again because of government decisions to offer programs along with low taxes.

I certainly believe, Mr. Speaker, that there has been a higher level of debate in the House over the last few days as a result of this fiscal task force which the hon. member for Gloucester chaired. He did a first-class job and, if I may say so, I think the rest of us did also, including the hon. member for Scarborough West (Mr. Weatherhead). We found that

Canadians have no problem in wearing both a federal and a provincial hat. They recognize that their money goes to both the federal and provincial governments. The overriding recommendation and advice they gave to us was: "Listen, you crazy politicians, make the system work. You have a duty to make the system work". They told us that again and again. Then we came back to our colleagues in the House and told them that Canadians want it to work. Co-operative federalism is the reality of this nation, and as elected representatives we have an obligation to make it work. We also found that the task force process was a good one, and we hope our colleagues will buy it in the future when the next agreement comes up, I suppose in 1987.

In dealing with the established programs financing we found it necessary to separate the programs, so we recommended that health insurance be separate from other programs and that it receive 67.9 per cent of the 1981-82 contributions. Post-secondary education, which we found to be a very unique area, should receive 32.1 per cent. It is unique simply because of our unique confederation. In 1867, because of its critical importance to the people of Quebec with regard to language and culture, education was left to the provinces under Section 92 of the BNA Act. Consequently, technically the federal government should have no say in it. But during the 1950s and 1960s when education became an important priority to Canadians, the federal government became involved because it had this massive taxing and spending power I mentioned earlier. This resulted in money being transferred to the provinces.

In spite of the fact the federal government puts a lot of money into education, we found, because of the Constitution and because of the very deep feelings of the people of Quebec, which go beyond all provincial parties, that the federal government basically had to be restricted to being not much more than a source of money. However, there is no doubt that the provinces over the past five years have not honoured their 1976 commitment to let the federal government share in the decision making, at least with respect to identifying national goals. I have no hesitation in speaking against the provincial Conservative governments. They were too protective of their jurisdiction and should not now be seen to be whining and snivelling when the federal government says, "We wants to have more say in the matter, and either you give us a role or we will cut back". The provinces were too aggressive. Had they shared a little more, they could have helped the situation and we probably would not be in this position today. I have no hesitation in directing that toward all provincial governments, sir.

We believe, Mr. Speaker, that the federal government has to get its own house in order with respect to education. We recommended the creation of a focal point so that federal government contributions can be co-ordinated and synchronized. I did not hear the hon. member for Gloucester refer to that and I am not sure whether the government has accepted the recommendation in our task force study for the appointment of a central co-ordinator for federal programs. I hope the hon. member will follow that up because I do believe it to be a sound recommendation.

Then there were recommendations dealing with students. As a result of federal cutbacks even in the revenue guarantee portion there is no doubt some provinces will have to increase tuition fees. That will have a serious effect because the one thing we achieved during the 1950s, starting with John Diefenbaker and carrying through the Pearson era, was that thousands of children from modest income families were able, through low tuition and the accessibility of universities, to go to university. Having done so, they were then able to go out in the world and build fascinating careers for themselves. Now, to the extent the revenue guarantee is cut back, the provinces, particularly those east of Saskatchewan, will have to increase tuition fees. There is no doubt that this will affect accessibility, which in turn will affect the capacity of this nation to build its future and become the most powerful and popular nation in the entire world.

It seems to me, Mr. Speaker, when the government cuts back on the revenue guarantee it should at least couple that with a solid commitment of funds to the Canadian student loan program so that those who wish to take on that burden will have it interest free until they are working and making a living. Most students would be prepared to take on that burden if they could have some help during the early years, such as this interest-free provision. We could also have a creative combination of grants and loans perhaps to cover the first year of university. Students would decide whether or not they like university, and if they do then they could have an additional loan and a smaller grant for the second year. The same would apply to the third and fourth years and on into graduate school. Unfortunately, Mr. Speaker, that is not to be because the government has not announced an increase of funding to the loan program, and I very much fear that many students in the eastern provinces will lose the opportunity of attending university. To that extent the cutbacks are truly a tragedy in their lives.

Mr. Baker (Nepean-Carleton): It is shameful.

Mr. Thacker: I think that is an honest criticism of the government. It seems to be drawing back from the commitment and idealism of the 1950s and 1960s when we wanted to have a place where young people could get an education and then go out into the world and help co-operative federalism and social justice.

It is a fact, Mr. Speaker, that we in the task force found the federal deficit to be discretionary. We have this deficit because of conscious and deliberate decisions of Liberal governments since the coming to power of our present Prime Minister (Mr. Trudeau). In 1968 we had balanced budgets, a very low national debt, a very strong feeling of national unity, particularly after Expo 67, and sound health care and pension systems. We also had a good post-secondary education system, and Canadians were paying moderate taxes. As a result of these decisions made by Liberal governments we now find

ourselves in this deficit position, which is affecting our flexibility. The $17 billion interest cost is concentrating in the hands of people with real wealth, both in and outside Canada.

I wonder how many members realize there are some 12 million plus Canadians who have bank accounts. An interest rate of 19.5 per cent is just great for them. Those who have a million dollars have the choice of investing it in industry or business, where they have all the risk and might lose it all, or they can lend it to their own government and come away with $195,000 over a period of 12 months with no risk. It is guaranteed. What are they going to do? Of course they are going to lend it to their own government. But that is concentrating wealth. So we will have a class of people who are incredibly wealthy and a huge number of the very, very poor. That is exactly what happened in India and in some other countries that cannot break out of their cycle. That is what happens when governments get into deficit. At the same time, because of the inflation which is settling on land, within a decade we will have a class of landlords and a class of serfs, tenant farmers, and that is a step 900 years back into history.

• (1530)

Miss Bégin: Vraiment?

Mr. Baker (Nepean-Carleton): Écoutez.

Mr. Thacker: That is a step back to feudalism. The federal government has to take that swing right on the chin.

Mr. Speaker, the next topic is really medicare. That program has some very real problems attaching to it because it relates to a matter that affects us all dramatically, particularly as we come into our old age and start to lose our health. We want to have access not only to doctors but to good hospitals, to medical treatment, to drugs; it deals with doctors' incomes, and with extra billing and with service to people and to user fees.

We should recognize at the start that we are attempting to balance the very legitimate interests of the users, the doctors, the hospital support staffs and of the taxpayers of the country. There is no doubt as to the reality of the fact that the incomes of general practitioners are down. I think that is not so with respect to specialists, but it certainly is so with respect to family care doctors. To the extent that we injure our doctors and we affect their status and their belief in themselves, we are going to be hurting ourselves as citizens.

We all know the history, that prior to medicare doctors were self-employed individuals, they set up their own offices, they provided their own staff, they provided for their own pensions, out of the fee for service. A person went to a doctor and paid a fee. That fee was variable, depending on what the doctor felt. Oftentimes it was nothing, sometimes it was a great deal, depending upon the wealth of the recipient. It was a fee for service. Doctors had a real status in our community, and for that status and the ability to be self-employed they were prepared to hire the staff, to provide their own pensions and to work very, very hard. I do not think there is a person in this building who would deny the reality of the contribution that doctors made in those early days, with their horse and buggy and in their cars, going out at all hours of the night. That is a tribute which certainly is deserved in the community where I come from being a farm boy from the prairies.

They also had at that time a very special relationship which they described as the doctor-patient relationship. Then we got medicare, and again there was a feeling across the country that not everybody had access to doctors, that somehow it was demeaning for some to take medical services and not to be paid. Therefore, again the government became involved and it said: "We will step in, folks, we will guarantee you service" and they imposed a system upon the provinces. So the new factor was no longer a patient-doctor relationship, in terms of a health relationship or a fee relationship; there was now a doctor, a patient and a third party, government, and the government was setting the fee schedule. As a result, over a period of time, the charts show clearly that the incomes of general practitioners have dropped vis-a-vis other status people in the community.

Personally I feel we are in the process of destroying our health care. I feel badly about it because I think it is a product of government with its bureaucracy and its indirect lack of understanding by politicians of the true relationship and what happens out in the field.

Mr. Speaker, you will note that the task force recommended that extra billings be banned. I stand with the doctors 100 per cent in their opposition to the banning of extra billing, because that will genuinely fix in place a dishonest system. We should be, more than anything else, honest. If Canadians want to have their doctors as civil servants, let us turn to the doctors, let us say: "Look, that is what they want; therefore we will pay you a salary equal to that of Members of Parliament, that is $65,000." Really, I suppose we would have to pay them $75,000 because we get $16,600 tax free. Let us offer the doctors $75,000 as a salary, let us provide their staff for them, as the people do for us and as we do for staff doctors and for lawyers who work for us. Let us provide them with their offices, let us provide them with a pension plan as generous as ours. If that were done, you would have virtually 100 per cent of the doctors under the plan. Now they have the worst of all worlds. They have the so-called image of being self-employed and all the decoction of it, but they are not because their fees are set, and yet they are expected to provide their offices and their staff. So why do we not offer to take over all of their offices? It would cost the Canadian people several billions of dollars, but at least it would be honest and the doctors would be working 37 hours a week.

Some people say there are too many doctors in this country. The only reason there are too many doctors is that they are all working 60 and 70 hours a week. If the doctors were working the hours that our civil service work or the hours that are worked in most industries, 37 hours a week, there would not be too many doctors. If they can make $75,000 a year, have their pension provided for as we do, we would have no trouble.

So my plea to you, as fellow members, is this. We should face it directly. Either we want doctors as civil servants and we will make the necessary adjustment, or we are prepared to

leave them as self-employed, independent people. We have to give them more freedom on their billing or we have to set up a mechanism where by they would truly know that they have power to get what they feel they deserve.

Mr. Speaker, Canadians must decide, because there is no doubt that the medicare system is failing. We have examples from other countries. Britain adopted a system which has tried to create the illusion of self-dependent doctors but with the government setting the fees. As a result, the system has deteriorated to the point where patients are assigned now to a doctor. In Britain you do not have the freedom to go to the doctor you choose, particularly if you are poor. You are directed to doctor A, and if you do not like him that is tough luck for you, you have a terribly difficult time shifting. At the same time, the doctor has his patient load assigned to him, and as a result there is opting out.

If there is anyone who thinks doctors can be prevented from opting out, they will find it cannot be done, because they will operate in their own homes if they want to. Then you get a two-tier system.

Mr. Rose: On a point of order, Mr. Speaker, I do not like to interrupt the hon. member, because I find his speech excellent, but I would like the opportunity to ask him a question while he is on the subject of medical training and doctors, if he would permit it.

Mr. Thacker: Certainly, Mr. Speaker, I am delighted to have a question.

Mr. Rose: The hon. member was saying that we had a couple of choices in dealing with the doctors—three choices—half civil servants, half free enterprise. He did not mention that their education is paid for by the public almost up to 90 per cent. Would he also agree that if we are going to move them into civil service status, then since there are so many young people who try to get into medical schools and fail, we should also increase the size of medical schools so that we could take in larger and larger numbers and thereby, by competition, which I am sure his party is all in favour of, reduce the value of a doctor's income, or at the least the wages that he can command, simply by competition?

Mr. Thacker: Mr. Speaker, there is absolutely no doubt that if doctors were on staff as our civil servants are—many of whom are doctors, too, as we do employ many doctors—and if we provided for their pensions, and if they were working 37 hours a week, there would not be a surplus and we would therefore need to have a great expansion of our medical schools. I have no objection to that.

The one thing that we found on the task force, from the evidence that came forth, is his second contention that having more doctors would mean more competition and that their incomes would drop. It just does not happen that way. Medicare and medicine are the type of thing where the number of doctors really determines the amount of medical service available. There is really in effect an unlimited demand. The more doctors you have, the more people go to them and go more often, and there are people who stay away now who would then go. This was borne out by the evidence that came before us. It was brought to our attention by some of the nursing groups. Some of the nursing groups would like to become a point of entry to the medicare system. Right now it is only doctors who have a point of entry. The nurses wanted to become a point of entry, on the basis that they could do a lot of the things that are of lesser significance medically. The hard evidence is that if there were an additional point of entry, the cost of medicare would just balloon enormously. It is not a question of supply and demand, like cars and trucks are.

• (1540)

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his allotted time has expired. He may continue if there is unanimous consent. Is it agreed?

Some hon. Members: Agreed.

Mr. Thacker: Mr. Speaker, I will summarize. Clearly there is no doubt that the federal government is cutting back cash transfers. The cutback is the amount of the revenue guarantee. I wish it would do it straight up and honestly rather than skip the 1976 agreement as though it never occurred and go back to 1971.

There is no doubt that the effect on the seven provinces east of Saskatchewan will be very dramatic. We are putting on to their shoulders a fiscal burden they cannot cope with. They do not have the fiscal capacity to do it. We in the central government have access to taxation by any means and mode. We have the fiscal capacity to handle it. We should face that problem here.

The reason for the cutback is that the federal government prevails when it wants more money in its hand. That may be legitimate with respect to certain provinces which have taken money from Parliament and given it to the people, taking full credit and giving no credit to the Parliament of Canada. However, when dealing with matters of health care and post-secondary education, I do not think Parliament should take the taxing power, spend money and get credit for it when it will cause harm to the provinces. I will be opposing this bill unless there is an amendment or two. If she has not already done so, the hon. member for Kingston and the Islands (Miss MacDonald) will be proposing an amendment that will substantially improve this bill. If it is accepted by the government, many members on this side will support this bill. As it is now, we cannot support it.

Mr. David Weatherhead (Scarborough West): Mr. Speaker, I am pleased to begin speaking this afternoon on Bill C-97. I am pleased to follow my two colleagues on the task force, the hon. member for Lethbridge-Foothills (Mr. Thacker), and the chairman of the task force, the hon. member for Gloucester (Mr. Breau). It was a seven-man all-party parliamentary committee. As the previous speaker said, we worked very hard and intensively from March to July of last year, and finally published the report in August. The report, which has been mentioned in the House on different occasions, is the first

report of its kind dealing with fiscal federalism in Canada. It will be very useful in the days and years ahead.

In the second part of my remarks, which I will perhaps complete on Monday, I would like to speak more about the task force experience and something of the recommendations of the task force, particularly in the health care and post-secondary education fields.

The government has proposed that national standards for health care be clarified and that an effective mechanism for their maintenance be developed, in consultation with the provinces, for incorporation in new federal legislation by March of next year. The government has also proposed that there should be two full years, until March, 1984, for consultations and discussions of ways of implementing the national objectives with respect to post-secondary education.

The Minister of Finance (Mr. MacEachen) in his speech to the House on March 22 of this week at page 15681 of *Hansard* stated that the parliamentary task force had a good deal to say about the program aspects of EPF and that it made some rather helpful proposals in support of the directions in which the government is now moving. I therefore will get back to discussing some of these proposals in a few minutes. However, first it might be useful to summarize some of the main aspects of Bill C-97.

The bill when passed will transfer $105 billion to the provinces in cash and tax points over the next five years under the two major programs of fiscal equalization and established programs financing. Over the past five years $61 billion was contributed to these two programs, and we will be spending on these programs some $44 billion more during the next five years than we have in the past five years. The bill will also provide a new equalization formula.

It is not generally realized that the provinces now spend the largest share of public moneys raised in Canada. Between 1961 and 1981 the federal share of total government revenues declined from 57 per cent to 49 per cent and the provincial and municipal share increased from 43 per cent to 51 per cent. If you deduct federal transfers to provinces from federal revenues and consider them as provincial revenues, the federal share of the total revenue pie has decreased since 1961 from 50 per cent to only 38 per cent today. These numbers indicate that Canada is one of the most fiscally decentralized countries in the western world.

The fiscal equalization program is a cornerstone of the Canadian federation. It seeks to make possible for all provinces to provide reasonable standards of basic public services to their residents without having to resort to unduly high levels of taxation. About $29.3 billion of equalization will be paid to the four Atlantic provinces, Quebec and Manitoba during the next five years, compared to $16.5 billion paid to them during the last five years under the equalization program.

The equalization program has two fundamental components. The first is the measure of provincial fiscal capacity. That is the capacity or potential of a province to raise revenues through taxes of various kinds relative to the capacity of other provinces. The bill proposes to broaden the measure of fiscal capacity to include, among other items, municipal taxes and the sale of goods and services by local government. The second basic element is the equalization standard.

Originally the government had proposed to shift to the Ontario standard so that those provinces which did not have the capacity or potential to raise revenues equal to the capacity of Ontario would continue to receive equalization payments.

However, because many of the other provinces were concerned about the economic future of Ontario, the Government of Canada in this bill now proposes a more broadly based standard which will take into account the average taxation capacity of Ontario, Quebec, British Columbia, Saskatchewan and Manitoba.

The bill contains a transitional arrangement protecting provinces against too abrupt changes in the level of their equalization and it also contains a ceiling provision under which the growth of total equalization payments to all provinces will not exceed the rate of growth of the Canadian gross national product.

Equalization payments to the six have-not provinces will increase by 13.6 per cent in 1982-83 and by 11.2 per cent on average over the next five years. The transfers made under the Established Programs Financing Act have, since 1977, funded provincial health care and post-secondary education programs. They have also compensated provinces for termination of the 1972 tax reform revenue guarantee.

Under the present system of transferring cash and tax points, the wealthier provinces like Alberta and British Columbia obtained more benefit from their tax points than did the poorer provinces. As recommended by our parliamentary task force, this bill modifies the cash transfers so that the per capita value of total federal contribution to all provinces will be equal. The bill will also end the EPF transfer that compensated the provinces for the 1972 tax reform revenue guarantee. This equalled one personal income tax point and the cash equivalent of a second tax point.

• (1550)

The provinces have argued and are arguing that by ending the revenue guarantee moneys the Canadian government is undermining our support for post-secondary education and health. However, this is definitely not the case. When the premiers met last summer they explicitly declined to include the revenue guarantee as a portion of the federal contribution toward health care and post-secondary education. Mr. Justice Emmett Hall in his 1980 report on health programs also stated that the federal contribution to health programs does not include the two tax points attributable to the revenue guarantee. The government of Canada contribution to these two vital programs will continue to grow over the next five years in line with the increase in the gross national product. The tax measures announced in the November 12 budget for 1982-83 alone will increase provincial revenues by another $685 million.

I wish to re-emphasize that the government's contribution to health care and post-secondary education will increase on an average of 11 per cent per year over the next five years, and so it is ridiculous to say that federal contributions are being cut back. The revenue guarantee program was designed to protect provinces against unforeseen reductions in their revenues which might have resulted from the 1972 tax reforms. It was supposed to end in 1977 but was extended for a further five years. The provinces have had ten years to adjust their taxes to the 1972 tax reforms, and there is no longer any justification to continue the revenue guarantee. In any event, the revenue guarantee in question may make up about 5 per cent of the total amount of moneys that are otherwise being paid to the provinces.

The bill contains certain other items, including allowing the government to transfer to oil producing provinces their share of the federal oil export charge for oil exported from November, 1980, to January, 1982, and to compensate certain provinces with respect to changes in population brought out in the 1981 census.

This bill will enable the federal government to contribute $105 billion for equalization, health care and post-secondary education over the next five years, which emphasizes the strong role that the Government of Canada will continue to play in providing Canadians with the services they need and deserve.

The task force was established last spring as a result of a proposal by the opposition parties which was readily accepted by the government. It included four Liberals: the chairman, the hon. member for Gloucester and hon. members for Vaudreuil (Mr. Herbert), Verchères (Mr. Loiselle) and myself; two Conservatives, the vice chairman, the hon. member for Mississauga South (Mr. Blenkarn) and the member for Lethbridge-Foothills (Mr. Thacker); and one NDP, the hon. member for Winnipeg-Birds Hill (Mr. Blaikie). The task force was empowered to retain the services of a professional staff, and Peter Dobell of the Parliamentary Centre for Foreign Affairs and Foreign Trade was able to recruit a group of able, knowledgeable and hard-working advisers under Dr. Rodney Dobell of the University of Victoria.

The research branch of the Library of Parliament also provided helpful support, and the research staffs of the three political parties also contributed greatly. The task force produced a set of guidelines and principles—a framework—within which we believe representatives of federal and provincial governments can best negotiate, whatever changes appear appropriate in light of the social goals of these programs and the economic circumstances that prevail as negotiations proceed over the next year or two. The thread that runs through the task force report is not budgetary calculations but accountability in Parliament for federal spending. We concentrated not on the government's expenditure plan but on the institutional changes designed to ensure that Parliament itself can deal more effectively with and be held more fully accountable for federal revenues going directly to provincial governments. We were willing to endorse this report collectively, not because we all compromised to the point of reaching total consensus on the document, not because we erased all the philosophical differences that separate our positions, but because the report makes clear what some of the differences are. We sincerely believed that what was most important for us as a task force and what is important for us as a country was to work together to arrive at action that was mutually acceptable in light of our different values; not to separate and go our own ways because we cannot agree.

As mentioned, on page six of our report, as we crossed the country, one message was clear—Canadian citizens are more sensitive to what unites them than to what separates them. They are more concerned with a workable federal system than with fine points of jurisdiction. Despite the strains and controversy associated with energy policy, the Constitution, RCMP costs and other inter-governmental frictions, we found that individual Canadians still seem to have little difficulty wearing two hats; as federal taxpayers and voters and as provincial taxpayers and voters. We are heartened to be able to confirm that Canadians remain willing to share their good fortune through interprovincial redistribution and through inter-regional transfers. They look to the federal government to assure appropriate national standards of access and equity in the programs through which equality of opportunity can be achieved for all Canadians. We encountered few who quarrelled with the need for strong federal leadership in setting out these national standards. Particularly encouraging was the view of many provincial officials and ministers that in co-operative negotiations with their federal counterparts, there would emerge few serious differences on basic national objectives. In short, Canadians are more united than their governments sometimes seem to be—the links that bind them are in reality much stronger than the relations between their governments might suggest.

We held hearings in Ottawa, including evidence from the Minister of Finance, the Minister of National Health and Welfare (Miss Bégin) and the then Secretary of State, the Minister of Communications (Mr. Fox). We then travelled to the capitals of each of the 12 provinces and territories and met with each of the provincial treasurers or finance ministers, as well as with representatives of the various interest groups, and members of the public at large who are involved with and concerned for our health care system, our post-secondary education system, the funding of our welfare and social services, and our equalization program for the have-not provinces. In addition, we heard views of academic experts, six former premiers of provinces, the Economic Council of Canada, our native peoples and many others.

The members of our task force are very conscious that this was the first occasion on which public consultation and active parliamentary involvement had been possible with respect to reviewing fiscal federalism in Canada, and we therefore recommended that prior to future intergovernmental negotiations on fiscal arrangements, members of Parliament again have a similar opportunity for consultation with the public.

Mr. Speaker, I have some more remarks which might be held over to Monday with respect to some of the recommendations regarding health care and post-secondary education. I wonder if I might call it four o'clock?

The Acting Speaker (Mr. Ethier): Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): It being four o'clock the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions, public bills and private bills.

• (1600)

PRIVATE MEMBERS' MOTIONS

[*Translation*]

INCOME TAX

EXPENSES INCURRED BY TAXPAYERS

Mr. Marcel Dionne (Parliamentary Secretary to Minister of Agriculture) moved:

That, in the opinion of this House, the government should consider the advisability of the Department of National Revenue assuming responsibility for the expenses incurred by a taxpayer whom the Department causes to be investigated, when such investigation by the Department's officials does not result in a suit or claim.

He said: Mr. Speaker, I have been very anxious to see this motion tabled in the House of Commons and I am pleased to have an opportunity to speak to this subject. The purpose of the motion is to correct a situation in which many Canadians find themselves. Most members of this House know of similar cases in their ridings. The scenario is always the same. Your secretary puts through an urgent call from one of your constituents, usually a contractor, a businessman or perhaps a pensioner. Then, at the other end a voice says, panic-stricken: They are here. In a flash, you understand that your constituent has just had a visit from the Revenue Canada taxation officers. I am not blaming all the department's officers. After all, it is not much fun collecting taxes and income tax. On the other hand, there has been a certain amount of abuse, and I feel that Parliament should be informed.

I shall briefly summarize, if I may, the role of Revenue Canada, Taxation. As all Canadians probably know, personal income tax was introduced in Canada in 1917. When the legislation was passed, Canadians were given the assurance that it was only a temporary measure that would be abolished as soon as the First World War ended. The rest is history, Mr. Speaker. There is a vast store of witty remarks made by taxpayers regarding this temporary measure, which is not expected to disappear very soon. Perhaps this is one example where a government program has been too successful. A

Revenue Canada publication called "Inside Taxation", 1981 edition, tells us that the department took more than $50 billion out of our pockets in 1980-81. That is plenty of money and it explains why we are not about to witness the extinction of our income tax system. The Department of National Revenue is such a profitable business, Mr. Speaker! You can learn a lot by reading the publication "Inside Taxation". You learn that the first function of the Department of National Revenue, Taxation, is the collecting of taxes and other fiscal contributions while deterring fraud and tax evasion. Its second function is maintaining public confidence in the integrity of the taxation system by administering tax legislation fairly, uniformly and courteously. I am emphasizing the word "courteously".

Let me say a few words about courtesy. Of course, for most taxpayers, the payroll deduction system, also called fiscal anesthesia, avoids the need for direct contact with the tax collector. Once a year, every Canadian taxpayer completes a return in which he admits having obtained a certain income and enters as having been deducted from his paychecks, an amount of money which he never had in his pocket, and often is entitled to a small refund. On the other hand, self-employed workers and employers may have closer contacts with the officials of Revenue Canada, Taxation.

Finally, there are taxpayers whose returns are audited and who are provided with revised assessments. How many are there? According to departmental sources, 91,367 returns were checked in 1980-81, which resulted in 70,057 new assessments, and it is with this specific group of Canadian taxpayers that I am concerned. What is the pattern that fits this taxpayer? This constituent who gets in touch with us after having been visited by a taxation officer is often a contractor, a businessman or even a retired person. He has developed a business or a company and employs three, four, five people, often between 20 and 40 people and sometimes more. He pays all his income and other taxes. Most often, he has hired a professional, namely an accountant, to do his bookkeeping, to complete his various tax returns and to provide all the required forms to Revenue Canada, Taxation. One day, he is audited and can then see for himself how the Department of National Revenue goes about enforcing the Canadian tax legislation courteously.

It is unfortunate, but in the cases referred to me, I have found that the Department of National Revenue treats these Canadian citizens literally as though they were criminals. A taxpayer will find that if he is prosecuted by Revenue Canada, Taxation, the burden of proof does not rest on the plaintiff, namely the Department of Revenue, but on the taxpayer himself. It is therefore up to him to prove that he is innocent, hence that Revenue Canada, Taxation is wrong. In the circumstances, Mr. Speaker, it is easy to see that the department has all the advantage while the taxpayer must spend a lot of money

to prove his innocence. When he succeeds, he is simply told: "Sorry, we made a mistake."

Mr. Speaker, I would like to bring to your attention an article published in *Saturday Night* magazine in April, 1981. The author quotes Mr. Alan Zener, a lawyer who worked with the Department of Justice and represented Revenue Canada in court. Mr. Zener said, and I quote:

> Very often Revenue Canada comes before the courts with very little evidence, but they win their case because the accused, the taxpayer, cannot prove that the assessment notice was incorrect.

This should fly in the face of our sense of justice. However, there is something more serious. Despite the rules that hamper the taxpayers, some of them manage to prove that the assessment notice is incorrect. They win their case. But in order to do so, they have had to spend thousands of dollars in professional fees for lawyers, accountants or tax experts. And this they have to pay. It is in order that this injustice be redressed that I put forward my motion, and I take pleasure in reading it once more, Mr. Speaker, because I find it important:

> That, in the opinion of this House, the government should consider the advisability of the Department of National Revenue assuming responsibility for the expenses incurred by a taxpayer whom the department causes to be investigated, when such investigation by the department's officials does not result in a suit or claim.

Indeed, Mr. Speaker, the audit branch at Revenue Canada, in addition to not having the burden of proof, has free access to an army of experts within the departments of Finance, Justice and National Revenue. The taxpayer is all by himself, and to get any help he must pay the price. If he happens to win his case, all he is entitled to is a few words of excuse. I am shocked by this. Where the taxpayer can establish that his position was clear and had to incur costs to do so, the Department of National Revenue should compensate for his costs. This in my view might reduce the number of charges against taxpayers, and perhaps even lead Revenue Canada to play a much more significant social role in other terms to humanize Taxation Canada.

• (1610)

The error made by the taxpayers who are investigated by the department of National Revenue is that they do not realize that the litigation, or rather the lawsuit, starts the moment the auditor knocks at his door. The auditor has the right to check everywhere, to require the production of all kinds of documents. This is where the taxpayer needs professional help. Why? The answer is quite simple: If the department goes before the courts, the answers given to the auditor in the course of an investigation may be held as evidence against the taxpayer. So, from the very start, he needs professional help. Sometimes after an investigation the department will close a file and matters will not go before the courts because they would lose their case. However, the taxpayer has proved his innocence at the investigation stage, if I may say so, and to do that he has had to incur costs. My motion is aimed at creating a mechanism which the Department of National Revenue would use to reimburse the taxpayer's costs.

Mr. Speaker, several methods used by the investigators are unacceptable and border on indecency.

It often happens following some well-defined and specified transactions included in a contract that at the minister's discretion, such a transaction is denounced or cancelled, the burden of the proof always resting with the taxpayer but in most cases nothing is changed. Several tricks are also used and I will take the liberty of mentioning a few. I know many taxpayers who, following the sale of a building or some assets, finally set a price but once again after a visit, the tax assessors, whose specific task is to reassess those transactions, often maintain that the assessment is inflated or excessive.

Mr. Tousignant: The assessor receives a commission.

Mr. Dionne (Chicoutimi): Well, it often happens my dear colleagues. In any case, I am under the strong impression that he is. He has been asked to perform a specific task and whether he is right or wrong, he sends out a bill which is disputed because the assessment is excessive. Then the whole procedure is undertaken, the taxpayer must provide some evidence and in most cases, the results are the same. However, what is more exasperating also is that a great number of taxpayers lead a modest life making every sacrifice while other taxpayers who may be next door neighbours have a high style of living, and are deemed to be exceedingly rich or very well-to-do. On the strength of anonymous information, their home is searched with the assistance of the RCMP and inspectors; everybody is threatened and once again Mr. Speaker, once the investigation is completed in most cases, it is realized that the taxpayer was right. However all kinds of threats are made to intimidate. A great number of taxpayers have been resentful and worried as a result of those procedures.

Mr. Speaker, I will go as far as to say that Revenue Canada officials have almost lost their sense of fair play. The fact is that during many years, thanks to accountants or tax experts, a lot of transactions were accepted from the start, but often, after a visit from a taxpayer, they forget all about fair play and reject what used to be accepted in the past. You always have to start all over again.

Mr. Tousignant: Gestapo-like tactics!

Mr. Dionne (Chicoutimi): I have other examples to make my point, Mr. Speaker. I know company owners who have 15, 20 or 30 employees with a weekly payroll between $19,000 and $20,000 and, as everyone knows, they have to send advance payments to the Department of National Revenue on the thirtieth of each month. They have until the fifteenth of the following month to send in that money. Well, believe it or not, some people mail their advance payments on the thirteenth, the fourteenth or the fifteenth of the month. Some officials are

now going after many taxpayers to collect all kinds of penalties—and I am not talking about 10 per cent penalties either—which, in my opinion, are unfair and should not even exist. This sort of thing happens regularly although we know full well that our Post Office Department has been on strike in the past. A lot of contractors had mailed their payments, but that did not prevent two federal government departments from fighting each other and slapping fines on taxpayers who were forced to pay for the mistakes made by other departments.

Surely, Mr. Speaker, it will be agreed that this type of tactic is no longer acceptable nowadays. I could go on with this list until five o'clock, but I understand that some of my colleagues are seeking the floor and, in any event, they are entitled to speak against my notice of motion—

Mr. Corbin: For the motion.

Mr. Dionne (Chicoutimi): But I must say that many more would speak in favour of my motion if they had an opportunity today.

Mr. Tousignant: A good many members silently agree with what the hon. member is saying out loud.

Mr. Dionne (Chicoutimi): As I was saying, Mr. Speaker, I could go on describing still more similar cases. It is a safe bet that some members will rise in a few minutes to talk about social conscience and a more humane system. They could talk about that and I share that viewpoint as well. But let us not forget either that through its officials the department must work in close co-operation, and I mean close co-operation, with the taxpayers to develop that social conscience. We expect taxpayers in this country to have a social conscience, but we also expect people who enforce legislation to develop their own social awareness in order to harmonize various measures and humanize their enforcement. It is true that some credit should go to the taxation officers who have to enforce a very difficult body of legislation, but even so, Mr. Speaker, I maintain that it is possible to humanize the enforcement of that law. I am convinced that these measures would be far more manageable if most tax auditors were given a more specific mandate before knocking on our doors, and if necessary, Mr. Speaker, I would suggest that courses be given to some auditors to teach them how to deal with the public and what is involved in dealing with people who are confused and upset and who, by some mistake or through their own ignorance, stand to pay large sums of money. In many cases, the truth is that they do not owe these sums of money after all. This is what is getting many citizens' backs up, when they get assessments for amounts they do not owe, and the department, because the taxpayer is unable to provide any evidence to the contrary, keeps after him, and often when the individual takes them to court, they just drop the whole thing and say: Sorry, we made a mistake. I think it is high time something were done about this, and I want to ask the ministers, deputy ministers and other officers concerned to work together on harmonizing the system, which is in a very sorry state.

[*English*]

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I wish to speak in support of this motion that the government should consider the advisability of the Department of National Revenue assuming responsibility for the expenses incurred by a taxpayer whom the department causes to be investigated, when such investigation by the department's officials does not result in a suit or claim.

I think this should be extended to cover all federal government departments, as was done in the United States. The problem that the hon. member for Chicoutimi (Mr. Dionne) will probably run into this afternoon is that one of his Liberal colleagues will talk this excellent motion out. It is one which certainly should be passed because it has much merit.

• (1620)

There is legislation in effect in the United States which covers all federal government departments. A United States senator by the name of Dennis DeConcini introduced a bill which was passed in 1980. After much legislative manoeuvring, the Senate and the House of Representatives passed a final version of Senator DeConcini's equal access to justice act. It was a bill to make federal government more accountable in the enforcement of its regulations. Basically, the bill which became Title II of H. R. 5612, the minority small business contracting bill, will force a government agency to pay legal costs incurred by individuals and small businesses, either in federal court or in an agency-level proceeding, if the agency loses the case and cannot substantially justify its action.

Individuals with a net worth of less than $1 million, businesses with a net worth of less than $5 million and less than 500 employees, and all non-profit organizations and agricultural co-operatives are covered under the legislation. Senator DeConcini claimed that the message was quite simple. He said:

> Justice has simply become too expensive for the average American and small businesses, particularly when they are faced with a legal battle against the practically unlimited resources and expertise of the federal government. Many citizens have no recourse; because of the legal costs, they simply knuckle under to the government's demands whether they seem to be justified or not.
>
> This bill not only will make the government more accountable for its actions, it will also provide Congress with a means of finding out how responsible the agencies are being in enforcing their regulations.

In another report of Dennis DeConcini respecting his equal access to justice act, he pointed out:

> The law covers only individuals with a net worth of $1 million or less, businesses with a net worth of $5 million or less, and all non-profit organizations and agricultural co-operatives.
>
> It is not, as some opponents have argued, "a threat to the very foundations of the American legal system".

I do not think it would be any threat to the Canadian legal system. He went on to point out:

> Lawyers will point out, somewhat accurately, that the principles of equal access run counter to the general legal doctrine that requires each party in a court case to pay his own way. However, that doctrine was formed when the

federal government was not a great deal bigger than a modern small business, and before the creation of the Occupational Safety and Health Administration . . . , the Social Security Administration, the Federal Trade Commission, the Environmental Protection Agency—indeed, even before the Internal Revenue Service. Fighting the federal government today means fighting a $650-billion-a-year Goliath; the government, its bureaucracy and its regulations are threatening to overwhelm us. Indeed, the equal access law, by balancing Americans' ability to use our system of justice, will strengthen that system.

I am in the process of preparing a private member's bill which will be similar to this motion. I want to cover all federal government departments. If the hon. member for Chicoutimi wants to speed things up, I am sure he could put pressure on the government House leader to bring in legislation to cover all federal government departments. Certainly there would be no difficulty from this side of the House in supporting legislation for ordinary citizens to fight the huge federal government Goliath of today. As other hon. members on this side want to speak on this motion, I will end my remarks, now.

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, I am pleased to have an opportunity to say a few words on the motion before us. I have had some experience, as have my constituents, dealing with some officers from the Department of National Revenue. It has not always been very pleasant, so I thank the hon. member for Chicoutimi (Mr. Dionne) for bringing this matter forward.

The first time I had a problem brought to my attention as a member of Parliament, it related to the problems of re-assessing. It did not concern reassessment of businesses. In this case it concerned reassessments of people who had hobby farms. These people lived on farms. They wanted to get out of the stinking city for the same reasons as I did, ultimately. They wanted to raise their children in rural settings for all the so-called benefits. They wanted a little more room in which to operate. They wanted to have animals and all that goes with semi-rural life. Since they had small farms, they were encouraged by the government in the form of exemptions and income tax breaks accorded to them. They set up small enterprises on their farms. They were involved in raising bees, cattle, chickens or whatever. In the early years they were able to write off part of their costs, such as those for fencing, development, buildings, telephones and sometimes even special licences for their trucks. However their main income was not from farming, and probably never would be, because their small farms did not have the capacity, certainly in the Fraser Valley, to produce sizeable incomes unless they were accompanied by marketing quotas. Most of these people operated under marketing quotas which allowed them to produce a certain number of eggs, turkeys, milk or whatever.

However, a pattern was established in certain parts of the country wherein such people began receiving visits from very amiable people. These visitors would knock on their doors. They were always very nice, friendly and outgoing. They would introduce themselves, sit down and ask a few questions. Nothing very important would occur and no one would become upset about the visits because they were fine people. Usually the visitors were offered tea, cookies and such. After asking a few rather penetrating questions, they would depart. A few weeks later the people who had had such visits would receive a nice-looking official envelope from the Department of National Revenue. Lo and behold, they were reassessments. Sometimes the reassessments went back as far as three to five years.

Mr. Baker (Nepean-Carleton): Unless there was fraud, no further than four years.

Mr. Rose: I think the law allowed them to go back five years at that time. Certainly I would be guided by the advice of the hon. member for Nepean-Carleton (Mr. Baker) since he is steeped and learned in the law. Nevertheless, sizeable re-assessment demands were placed upon these people.

Perhaps someone could say that I am not necessarily speaking to the business of paying for an investigation or for the legal defence thereof when a re-assessment is lost. I am not speaking to that directly, but I am talking about the manner in which these inspectors operated. I am not only referring to the inspectors in this branch of government but in other branches as well. I will deal with that later.

Suddenly, after they thought their income tax returns had been accepted, going back three or four years, they would receive bills anywhere from $2,500 to $5,000. Many people could not afford to pay such bills. It put them practically into receivership on their farms. They never believed they were cheaters; however the assumption of the Department of National Revenue was that they were. I think they operated in a sneaky manner.

• (1630)

I am old enough to remember a lot of the James Cagney and Edward G. Robinson gangster movies. Even in the shoot-em-ups of the westerns we all used to love; when the crook was finally apprehended and hustled into headquarters to make a statement, the detective or the arresting officer always gave this warning, "Anything that you say can be held against you." That is part of American law. That is one of the disadvantages, I guess, of being so close to our friend, the United States of America. We begin to assume that we have certain rights under Canadian or British law, or under common law, even judges rules, that we do not have. These traditional words of caution were never given to any of the people I have mentioned. I think they should have been warned of their legal rights if they were being investigated by an officer from National Revenue.

This situation goes back almost ten years. I guess it is not the turn of the hobby farmers now, perhaps it is the dentists, but I know whom they are bothering. They are bothering the people who are away from home who receive benefits for working away from home. A CPR trainman asked me what to do about his situation a little while ago.

Mr. Baker (Nepean-Carleton): And the northern miners.

Mr. Rose: Yes, perhaps the northern miners.

But sizeable retroactive assessments cause severe problems to many of these people who are not tax dodgers, who are basically not tax cheaters but are operating under the assumptions that the income tax law allows them to make certain kinds of deductions. If they are not hauled into court, they are fooled into making statements which are later held against them.

When the inspectors come to them without any warning at all they ask for detailed advice. The average person does not have that kind of detailed accounting advice at his fingertips. I have never heard of these income tax officers or sleuths notifying people in advance that they are coming or what the nature of their visit is to be or that it would be a good idea, since the person is being investigated, to have his or her accountant or lawyer present. I have never heard of that happening yet, whether it is the small hobby farmer who is my constituent, a person who works away from home or whatever group that happens to be investigated at the moment in the spot check.

But I will say this much, that when the present Minister of Industry, Trade and Commerce (Mr. Gray) was minister of national revenue, I went to him about this problem. He made certain that the assessments did not go back more than one year. That was of great help. I do not know whether that continues to be policy, because I have not had the problem brought to me recently. But I can brag that through a combination of my efforts, the courtesy and willingness of the then minister of national revenue, we had some of the big sting taken out of the system.

Certainly the National Revenue Department should be looking for tax cheaters. I do not say that National Revenue should allow people to tip toe through the loopholes forever. I think if people are operating fraudulently, they should be nailed, and nailed as hard as they can be.

I mentioned other arms of government earlier that have resorted to what I consider to be sneaky practices as well. Working people who have had a long or a lengthy sickness or a jobless claim are frequently invited into the UIC offices for friendly chats, perhaps a little consultation and counselling. This cosy little arrangement purports to assist the claimant in finding new employment. There are no written questions. No one is invited to have his lawyer, his accountant, or his mother there to assist him. The person goes by himself and frequently condemns himself. We could be much more upright, honest, forthright and humane as a government department in dealing with people of whom 99 per cent are not crooks, cheaters or trying to get away with anything.

In the case of the UIC, once the interview is concluded the claimant is given a written document. He is expected then to sign it, and because he has signed certain things with certain words, he is probably, like many people before officialdom, frightened and embarrassed. He may even be degraded because he is idle. But the statement that is written up, not by the individual but by the counselling officer, is pretty close to what he thinks the story is, and he signs it just to get the hell out of there. He, too, like my friends the hobby farmer or the CPR trainman, get a nice letter a few weeks later saying they are cut off or he owes this or that or something or other.

I suggest a lot can be done to improve the situation. We hear that people are cynical about government. They are certainly cynical about officialdom, bureaucrats and probably politicians too. But this practice only adds to that cynicism if this attitude prevails or is allowed to prevail.

My advice to people, and I have given it recently, in writing—I write it in my newspaper column—is that if they are visited by a bureaucrat who wants to know anything they should first insist on their rights. Before answering any questions they should make sure those questions are written questions. Demand your own professional assistance or have a witness with you. Request that you be allowed to take the questions home while you think about them, or get some advice about them, whether it is from UIC, National Revenue or some other department. Do not be hurried, pressured or intimidated into saying anything that does not reflect your case precisely and accurately.

What I say to people is: demand your own rights; do not be pushed around; do not be intimidated by any form of officialdom, no matter how heavy-handed it might be. If we can get people to learn to stand up for their own rights, they will feel better about themselves too. They will think a lot more of government and its agencies. It will teach government agencies to be less careless about the rights and feelings of individuals, for which the department was constructed to deal.

I am pleased that this topic has come forward. It has allowed me as a Member of Parliament to raise in a particular way some of my concerns that go back a decade. I am sure if they occurred then, they are continuing to occur, but until this point in time I have not had an opportunity to speak on them.

The hon. member for Chicoutimi said there was something like 91,000 reassessments last year. All I know is that when the hobby farmers were being investigated, I could not get the numbers being investigated. I was told that they were doing a number in British Columbia and a number in southern Ontario, but when I asked how many were being investigated in Quebec—because I am certain that many people live on small holdings and work in the woods part of the year, then there are those who work in town if they live on a small farm in New Brunswick—I was told that I could not have that information. I put the question on the Order Paper and I was told the information was not available. Therefore, if the hon. member for Chicoutimi was able to ferret out this information—he has it at least in total, perhaps not geographically—it would be very helpful, especially if a member feels that his constituents are being discriminated against while other people's constituents are allowed to go free in these spot checks.

That is about all I have to say. I congratulate the hon. member for Chicoutimi for bringing this matter forward. I hope that we will be able to discuss it further. If the resolution does not pass, I hope at least that the subject matter will be referred to the appropriate committee.

• (1640)

[*Translation*]

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, first of all, I want to thank my hon. friend for Chicoutimi (Mr. Dionne) for his motion. Though he overdid it somewhat and went too far in his remarks, I can reassure him and tell him that they did include useful indications that should be checked if Canadians taxpayers are to be protected as much as possible. Still, I shall have to challenge them because there are two sides to the coin.

My colleague for Chicoutimi chose to dwell on the dark side of the issue. For my part, I shall now attempt to throw light on the matter, and show him that the exception is not the rule, even with Revenue Canada. I therefore take note of the representations of the hon. member and we shall make positive use of them. Still, I will not accept that a few isolated cases be taken as the rule of conduct in the Department of National Revenue. The role of civil servants does not in any way prevent hon. members from acting as ombudsmen when the need arises. However, the act is not negotiable nor does it lend itself to unwarranted representations especially when they are without basis.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Chicoutimi (Mr. Dionne) on a point of order.

Mr. Dionne (Chicoutimi): Mr. Speaker, may I ask my hon. colleague if he would allow me a question at this time?

Mr. Tessier: Yes, Mr. Speaker, I am quite willing to accept his question.

Mr. Dionne (Chicoutimi): Mr. Speaker, I should like my hon. colleague to specify whether or not we are dealing with a few isolated cases when Revenue Canada decides to carry out a survey of all the loggers in a given area and decides unilaterally that the use of the panel truck to get to the bush gives them an entitlement of only 25 per cent to 30 per cent instead of 50 per cent to 75 per cent? Does my hon. colleague suggest that there are only a few isolated cases, involved when we are dealing with Canada at large? In the forest industry, and I could mention many other industries, there is going to be an inquiry.

Mr. Tessier: After I have concluded my remarks, Mr. Speaker, I will reply to my hon. colleague. I suggest that it should be seen from the right perspective, failing which we would run the risk of setting a general rule on the basis of exceptions.

Mr. Speaker, as all hon. members are surely aware, the word "tax" is one which makes a great many shudder, but the reality of it is a necessity which affects nearly all Canadians. We must deal with it, therefore, in a co-operative spirit. The summary on auditing, I came across these last words: "One demonstrates co-operative spirit when one does with a smile what one must do anyway." I think that my hon. colleague possesses already this co-operative spirit, because he has made remarks which contain elements of truth but which must be reconciled with the national revenue system.

Although by far the vast majority of Canadians are law-abiding citizens who are anxious to co-operate, a self-contributing tax system can exist only if there exists also a close scrutiny of income tax returns. The main purpose of tax-auditing is to control the effectiveness of the self-contributing tax system. As such, it plays an important role in the realization of departmental objectives which are to collect taxes as prescribed by the act by encouraging compliance, and to ensure that Canadians have confidence in the integrity of the fiscal system.

Even in our most recent budget, we indicated that it was of paramount importance for our people to be convinced that we have an equitable tax system. And I suggest that through all the policies of the Department of National Revenue, we are doing our utmost to carry out this mandate. In the various taxation centres, tax returns are checked at the first stage of the process. District offices have set up programs to determine whether all applications for deductions are valid, to make sure that all revenues have been declared, and to identify the taxpayers who have not submitted an income tax return.

Let us consider now the Income Tax Act and the base system. The Canadian Income Tax system is a self-assessed tax system. Under this system, all corporations and persons, estates or taxable trusts must submit every year an income tax return on prescribed forms and determine the amounts which are payable for that year. After the initial processing and correction of obvious mistakes in filling out returns, and after the necessary cross-checking with returns from other people and information received from other sources, the return is selected for auditing and complete reviewing. Mr. Speaker, the examination is carried out under Section 231 of the Income Tax Act which compels all taxpayers to keep records and books necessary to determine the amount of income tax payable. Section 231 of the Act authorizes the Department to carry out this examination for any purposes related to the administration or enforcement of the act. In this regard, the act also authorizes the Department to seek and receive from any person information, records and accounts within such reasonable time as may be prescribed in the act. While the prospect of being subject to a tax audit is a strong motivation to voluntary compliance with the law, because, among other reasons, of the penalties applied in cases of obvious negligence or voluntary non-compliance, it still remains that the personal contact brought about by an audit is an ideal means of bringing home to the taxpayers the fact that each one of them only bears his legitimate part of the tax burden. It also helps, Mr. Speaker, to humanize a necessary tax-assessment system.

The type of audit made by taxation officers depends on the complexity of tax returns. There are two types: the office audit and the field audit. The office auditor usually works in the

district office where he is responsible for clarifying certain details about incomes, expenses and transactions reported by taxpayers. The auditor usually solves any problem through letters, telephone calls and personal interviews, while the field audit involves a detailed examination of the taxpayer's records. It usually occurs at his place of business and may take anywhere from a few days to several weeks to complete. Field auditors are professional accountants who are assigned the task of examining the complex records of large companies as well as the records of smaller companies made up of professional workers, such as farmers. These fields audits can take various other forms, including audits of a single industry and auditing teams. Audits of a whole industry involve the co-ordination of the audits carried out in a number of companies within one industry. The auditing teams include various specialists so that the records of large companies can be examined as thoroughly as possible. For instance, a data processing expert, a senior auditor and an economist on loan from another department may use their joint knowledge to audit a multinational which makes purchases outside Canada. This enables the department to make a more complete and more comprehensive audit. Since most large companies have computerized records, most major district offices now include computer science specialists.

• (1650)

The department also hires in its district offices corporate stock evaluators and real property assessors who determine the value of private company shares and of real estate. This evaluation is essential to determine capital gains. When the department makes an assessment and collects taxes, it ensures first of all that every taxpayer is treated fairly and impartially. That is why audits are reviewed in district offices. The main office co-ordinates and controls this review to guarantee that the tax legislation is applied consistently throughout the country. I have talked about the Income Tax Act and the system. I shall now deal, Mr. Speaker, with the audit philosophy and policy. I am well aware that this subject matter has an esoteric aspect, which means that it is incomprehensible to the layman. I would therefore like to explain the basic philosophy of the Department of National Revenue to the House.

Out of the 14.7 million taxpayers who filed income tax returns in 1979, a little under 10.5 million were employees and over 2.5 million were businessmen, salesmen on commission, farmers, self-employed fishermen, professionals or people who have an investment income. In addition, 550,000 companies file income tax returns. Most taxpayers receive wages or a salary from which taxes are deducted at the source. It is therefore relatively easy to check most tax returns with the information provided on salaries by the employers. We can therefore conclude that employees cause relatively few problems as far as complying with the law is concerned. Generally speaking, their taxes are collected through payroll deductions and their incomes are readily verified by reference to information supplied by their employers. The obligation to keep books and records hardly applies to this group, and with the exception of certain cases where, for instance, expenses may be deducted from wages or salaries, audits are usually unnecessary. The department's audit program focuses mainly on the two and a half million self-employed workers and 550,000 corporations. The audit program is essentially based on seven broad guidelines used in preparing the program and in determining objectives for measuring compliance and estimating non-compliance. According to the guidelines, first of all, perfect compliance with the law is not and will never be attainable. Second, the most effective and least costly form of compliance is voluntary compliance. Third, tax recovery encourages voluntary compliance with the law. Fourth, recovery of taxes is theoretically feasible by doing a complete audit every four years. Here I should explain that in some cases the size and complexity of the taxpayer's business may, for reasons of practicality and maintaining good relations with such taxpayers, require more frequent audits covering periods of less than four years. Fifth, audit quality should be such that audit costs are in direct proportion to the resulting tax recovery. Sixth, each group of taxpayers should receive a minimum amount of auditing. Finally, establishing of categories of taxpayers for auditing purposes should be done in a rational and impartial manner.

The taxpayer has the assurance that the law will be enforced equally in all cases because of a spontaneous observance of the principle that taxpayers who pay what they owe should not be obliged to pay for the tax evasion perpetrated by others. In all fairness, the department has a responsibility to detect dishonest dealings and to take action against them. All groups of taxpayers must understand that the audit program is based on fair and impartial criteria. To do its job, our staff must be very ingenious and do a great deal of investigating.

Also, Mr. Speaker, the audit program is changed every year based on the resources allocated each district office. For reasons of optimum use of such limited resources, much care is taken in identifying groups of taxpayers or bodies that have to be looked at in priority and the choice of audit procedures which could lead to an improvement in tax compliance. Often a survey is made to assess the degree of compliance of a group of taxpayers that are not considered a category for programs purposes. Homogeneous groups are targeted, with the aim of eliminating practices that are gross violations of our tax acts. Homegeneity here is that of the tax base selected for audit purposes. For instance, some projects have dealt with matters as different as enumeration of surpluses, shareholder pension schemes, management fees, non-resident operations and the reuse of waste. If results of a project point to a special compliance problem, the scope of the project is widened to apply as need be throughout Canada. However, what exactly is an audit and what are the costs incurred? Quite often rumours spread concerning those being audited. This is akin to a visit to the

dentist. Although we know we are dealing with professionals there is anxiety in having a tooth pulled out, with all the accompanying pain. This is what happens in the actual case. The audit program is essentially based on the approximate number of returns filled by each group of taxpayers and the number of returns that can be audited by the available staff. Variations in the scope of an audit are influenced by the degree of non-compliance or the tax gap among various groups of taxpayers, as established as a result of former audit programs.

By auditing a random sample of returns in a particular group, and examining the tax collections from that sample, it is possible to project within certain parameters the probable tax collections for the whole group. This is one way of determining the monetary size and the scope of non-compliance that is often termed tax gap. Through periodical monitoring of the tax gap in a particular group of taxpayers based on audit procedures for that group, it is possible to assess the impact of an audit on tax compliance. There is an increase or a decrease in audit procedures depending on whether the tax gap has increased or decreased within this group. Additional data collected through these sample audits are processed by computer in order to find out trends that could be useful to the future retrieval of files for audit purposes.

As audits are done in 28 district offices, the department wishes to ensure that the act is interpreted and administered in a consistent manner. That is the main purpose of the audit review system which includes district offices and the Head Office. Every district office has a review unit which is responsible for achieving this goal within the district boundaries, whereas the operational audit division of the head office is responsible for ensuring consistency throughout the country. Since the main purpose of a tax audit is to control and maintain the self-assessment system, let me elaborate on it a little. As I mentioned at the outset, there are two kinds of audit, the office audit and the field audit, the latter being the main tool available to the department to administer the act. A field audit can take anywhere from a few days to several weeks depending on the nature of the operations.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business has expired. It being five o'clock, the House stands adjourned until Monday at 2 p.m. pursuant to Standing Order 2(1).

At 5 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, March 29, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

EMPLOYMENT

MOBILITY OF LABOUR—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, whereas the task force on employment opportunities for the eighties revealed that lack of standardization among provincial trade apprenticeship programs is a serious barrier to mobility, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Minister of Employment and Immigration encourage the standardization of trade certification so that workers will have the mobility to travel from province to province in order to correct the serious labour imbalances that currently exist.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

OFFICIAL LANGUAGES

LEGAL FUNDING FOR ANGLOPHONE STOREKEEPER IN QUEBEC—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, the federal government provided $73,000 to a Manitoba resident to fight for a bilingual traffic ticket, yet it refuses to give any more than a measly $5,000 to a group of three in Quebec—including Allan Singer, who dared to have a sign over his door in English—in their complicated legal battles with Bill 101. I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House call on the Liberal government to drop its double standards and give equivalent and adequate funding to Allan Singer for his new legal battles in the Supreme Court, and that the Prime Minister live up to his promise of 1977 that he would provide funding to English-speaking Quebecers in conflict with the discriminatory Bill 101.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

RECRUITMENT OF SKILLED WORKERS FROM ABROAD—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, there are more than one million Canadians out of work, and the number of unemployed is rapidly rising. Hundreds of thousands of these jobless Canadians are apparently turning in desperation to welfare as their unemployment insurance benefits cease. In spite of this alarming situation the Minister of Employment and Immigration (Mr. Axworthy) has announced plans to recruit up to 25,000 skilled workers from other countries for jobs in Canada. I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the government abandon its plan to import non-Canadian workers for Canadian jobs and devise another, obviously more sensible plan which would give unemployed Canadians opportunities to fill these vacancies.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

RAILWAYS

CROWSNEST PASS RATE PUBLIC OPINION POLL—MOTION UNDER S.O. 43

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I rise under the provisions of Standing Order 43. It has come to my attention that the government has commissioned a survey by the Goldfarb organization concerning public opinion on the Crow issue as perceived in both rural and urban centres in western Canada. I therefore move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That the full results of this poll be tabled in the House so that the information may be made available to all members of the House of Commons.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

HOUSE OF COMMONS

TRIBUTE TO KNIGHTS OF COLUMBUS—MOTION UNDER S.O. 43

Mr. Gérald Laniel (Beauharnois-Salaberry): Madam Speaker, under the provisions of Standing Order 43, I wish to move the following motion which already has the approval of the three House leaders. Whereas the Order of the Knights of Columbus, a Catholic fraternal and family society pledged to serve the community, was founded 100 years ago today in New Haven, Connecticut, for the wellbeing of its members and the community; whereas this society was established in Canada in 1897 through the foresight and initiative of Dr. J. J. Guérin, former mayor of Montreal, and has spread to many countries with over 1,350,000 members in more than 7,000 councils; in recognition of the patriotic idealism of its members and their service in war and peace, their contribution to Canadian society and their commitment to the family as the basic foundation of that society, I move, seconded by my colleague, the hon. member for Mackenzie (Mr. Korchinski) and by the hon. member for Saskatoon East (Mr. Ogle):

That this House of Commons pay tribute to all Knights of Columbus on the occasion of the 100th anniversary of the Order of the Knights of Columbus.

[*English*]

Madam Speaker: I will put this motion to the House because it has been suggested by representatives of all parties, but I ask hon. members not to suggest motions under Standing Order 43 which are simply congratulatory. This is not really the intention of motions under Standing Order 43; however, I will make an exception today.

[*Translation*]

Moved by the hon. member for Beauharnois-Salaberry (Mr. Laniel), seconded by the hon. member for Mackenzie and Saskatoon East (Messrs. Korchinski and Ogle):

That this House of Commons pay tribute to all Knights of Columbus on the occasion of the 100th anniversary of the Order of the Knights of Columbus.

Is it the pleasure of the House to adopt this motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

• (1410)

[*English*]

NATIONAL ENERGY PROGRAM

CALL FOR REMOVAL OF EXCISE TAX ON NATURAL GAS AND HOME HEATING FUEL—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, in view of the fact that the federal government's national energy program, coupled with the burden of the excise tax on natural gas, is denying millions of Canadian home owners the comfort of adequately heated homes, I move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That the Minister of Finance immediately remove this iniquitous tax on natural gas and home heating fuel, thereby relieving approximately 30 per cent of the burden placed on consumers to heat their homes. Even though this government is cruel and unfeeling, surely someone in the cabinet will see to it that Canadians can at least heat their homes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HEALTH

STANDARDS FOR WOMEN'S HEALTH AND HYGIENE PRODUCTS—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, a Toronto task force report released today by *The Globe and Mail* indicates that women are not adequately protected from, or informed about, potential health hazards related to female hygiene products and contraceptives. Therefore I move, seconded by the hon. member for Beaches (Mr. Young):

That the Minister of National Health and Welfare take immediate action to establish and enforce safe and effective federal standards that must apply to all women's health and hygiene products before they can be marketed, including stricter federal testing and approval of drugs, medical devices and health products; mandatory labelling of medical devices and guidelines covering drugs used during pregnancy and estrogen replacement therapy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

USE OF SURPLUS FUNDS IN NORTHWEST TERRITORIES—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas in the Northwest Territories employees and employers annually pay $6.5 million more in unemployment insurance premiums than is paid out in claims, and whereas the territories have one of the highest unemployment rates in Canada, I move, seconded by the hon. member for North Vancouver-Burnaby (Mr. Cook):

That the surplus unemployment funds in the territories be used to establish training programs and to create permanent new jobs therein.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

MEMBERS OF PARLIAMENT

LIST OF ELECTED REPRESENTATIVES BARRED FROM ENTERING UNITED STATES—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House request the Solicitor General to make public, (a) a list of all presently elected parliamentarians who were or have been barred from entering the United States of America between January 1, 1945, and December 31, 1981; and (b) a list of all presently elected members of legislatures holding office in any province in Canada who were or have been barred from entering the United States of America between January 1, 1945, and December 31, 1981.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

IMMIGRATION

DELAY IN PROCESSING REFUGEE APPLICATIONS—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the Department of Employment and Immigration recently conducted a symposium on refugee status determination. At that conference, the minister announced changes to the structure of the refugee status advisory committee to help deal with the backlog of 1,000 cases. At the same conference, it was learned that the Immigration Appeal Board is over one year behind in its cases. Therefore, I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That the Minister of Employment and Immigration immediately introduce legislation allowing for an extra vice-chairman to be appointed to the Immigration appeal board, together with extra members, so that the backlog causing procedural unfairness to those awaiting determinations can be expeditiously dealt with.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

ENFORCEMENT OF SAFETY LEGISLATION—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, in view of the fact that a coroner's inquest into the grain silo death of Paul John Jovanov recommended that the federal government should hire more safety inspectors and provide stricter enforcement of the Canadian Labour Code for the safety of Canadian workers, and since the Liberal government continues to have a cavalier attitude to inspection and enforcement procedures, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That the federal government immediately begin hiring more safety inspectors in order to enforce legislation which is supposed to protect the health and life of Canadian workers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

ENERGY

OIL IMPORT COMPENSATION PROGRAM

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. It concerns the oil import compensation program. In April Canadian consumers will be paying over $7 million per day in unnecessary subsidies for imported crude oil, while as much as 300,000 to 400,000 barrels of domestic oil per day are shut in. This means consumers are paying at least 15 cents per gallon more than necessary, governments are collecting fewer royalties and taxes, producers already devastated by the National Energy Program are further hurt, service companies that have already laid off 20 per cent of their employees will be laying off more, and the country's already serious balance of payments deficit is exacerbated by $16 million per day. Given that the minister has known about this problem since at least October of last year, when will he do something about it?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): This week, Madam Speaker.

Mr. Nowlan: Are you going to resign?

Mr. Nielsen: Are you leaving the country?

* * *

NATIONAL ENERGY PROGRAM

REQUEST FOR MODIFICATIONS

Mr. Harvie Andre (Calgary Centre): Madam Speaker, encouraged by that answer, I would ask the minister whether he could be further encouraging about press speculation last week which indicated that he finally recognized the obvious—

Mr. Trudeau: Order!

Mr. Andre: —namely, that the national energy policy has caused a great deal of harm to the Canadian economy. Can the

minister tell the House whether the stories are true and whether in fact he will be making some modifications to this program to restore at least a little vitality to this important sector of the Canadian economy?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, we have a number of adjustments to the program in co-operation with the Government of Alberta over the last few months. The Government of Alberta announced that it was reviewing the royalties in operation in that province. I hope it will come up with a favourable announcement in a short while.

As far as the speculation to which the hon. member referred is concerned I have already indicated that it is without foundation and that the Minister of Finance is reviewing taxation in all sectors at the time of the budget. Obviously it is a matter which would be examined when the time for a budget comes.

FUTURE OF ALSANDS PROJECT

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I hope the minister will reconsider that position because adjustments are needed from the federal level as well. Adjustments from the Alberta government and from the federal government are welcome.

Another important energy project is reaching a critical stage. Existing members of the Alsands consortium indicated that March 31 was the deadline to decide whether the project would go ahead or become another casualty of the National Energy Program. Does the minister have any encouraging statements to make regarding this project, or will we see those tens of thousands of jobs and billions of dollars of investment join the heap with the rest?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): I expect to have an answer tomorrow, Madam Speaker.

* * *

EMPLOYMENT

RECRUITMENT OF SKILLED WORKERS FROM ABROAD

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, in the absence of the Minister of Employment and Immigration, in the absence of the Minister of State for External Relations who takes his place, and in the absence of the Minister of Labour who takes his place, I will direct my question to the Right Hon. Prime Minister. Recently the Minister of Employment and Immigration made a statement telling us that 20,000 to 25,000 skilled workers will be hired abroad this year and will be brought into Canada because, according to him, there is a shortage of skilled labour in the Canadian labour market. Could the Prime Minister please inform the House how he arrived at those figures?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, this is a question of a statistical nature, and I will have to take notice of it.

BASIS FOR RECRUITMENT FIGURES

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I would assume that when a minister makes a statement about importing 20,000 to 25,000 skilled labourers when there are over one million unemployed, the Prime Minister would take some interest in it.

Some hon. Members: Hear, hear!

Mr. McDermid: Perhaps the parliamentary secretary would know more about it than the Prime Minister. Would he perhaps answer the question and tell us from where he got those figures, and on what they were based? Where are Canadians, such as Len Prevost who just graduated from a skilled course in computer programming and cannot find employment, to find the jobs about which the minister is talking?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I pointed out that it was the statistical character of the answer which caused me difficulty, not the substance of it. As the minister has explained before—and I have talked about it—the educational system in Canada is not geared to jobs of the future. I believe the minister gave a few examples which I have in mind. One was that Ontario Hydro is looking for—and I forget the number of engineers—a great number of engineers. They have to be brought in from abroad because our schools in Canada, our universities, have not produced sufficient numbers of engineers. Another example I remember him giving was in the case of the province of Alberta where literally hundreds of engineers are needed. Application is made to the Department of Immigration so that we can bring in these engineers from abroad, because our technical schools have not produced a sufficient number of them.

* * *

• (1420)

THE ECONOMY

REQUEST FOR STIMULATION THROUGH LOWERING OF INTEREST RATES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I would like to ask the Prime Minister a question. I think it is well known that in almost every single industrial sector unemployment is rising dramatically, whether it be the steel industry, the farm implement industry, the footwear industry, the auto industry, the appliance industry, or for that matter general construction, and housing in particular, and that there are fewer and fewer job opportunities for Canadians. In every single instance the main reason cited for the downturn is the high interest rate policy of the government.

In the interest of this country is there no measure that can be taken by this government to reduce the interest rates chargeable on those products that Canadians should be purchasing but are not purchasing because they cannot afford them? Is there no measure that can be taken by this government to enable those Canadians to get work who should be working and who are not working because there are no people to purchase what they would be making? Is there no way we can bring down interest rates in Canada and thereby stimulate our economy and provide Canadians with some hope?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker, there is a way. The Minister of Finance has referred to it many times. I have referred to it many times. The way would be to bring down inflation, to bring down costs, and when the cost of money is lower, the cost of borrowing money will be lower.

RATIONALE FOR REDUCING COST OF BORROWING MONEY

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, is the Prime Minister aware that the cost of money is one of the main contributing factors to the end cost of the product and that carrying charges, both for industry and for the retailer, are a major contributing factor to the final price in the retail store? Surely by reducing interest rates we will reduce the price of a product and thereby increase the purchasing power of Canadians. Does that rationale not make sense?

Right Hon. P. E. Trudeau (Prime Minister): Yes it does, Madam Speaker. That is why we are attempting to put downward pressure on inflation, thereby reducing the cost of money, thereby reducing interest rates, and thereby giving stimulus to the economy. That makes sense, Madam Speaker. But the hon. member has to realize that to bring down inflation it takes more than asking questions about the rate of interest. We have to make sure that inflation is lower and that inflationary expectations are lower. In that case we will have lower interest rates.

REQUEST THAT INTEREST RATES BE REDUCED BY LEGISLATIVE ACTION

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a final supplementary question for the Prime Minister. If it is true that Canadians with the wages they are presently earning cannot afford to buy the products they manufacture because carrying charges are so high, which results in a decrease at the manufacturing end, then surely it makes sense, at least on a trial basis—which will be no different than the experiment being conducted now by the Bank of Canada—to reduce interest rates by way of a legislative proposal put forward by the government? Surely it makes sense to try that measure, rather than to continue with what is now affecting so many hundreds of thousands of Canadians so detrimentally, that is, the inability to find jobs because people cannot afford to buy the products being made?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member talks about reducing interest rates by legislative measure. Supposing we introduced a law saying that interest rates henceforth will be 10 per cent, would the hon. member lend money at 10 per cent—

Mr. Deans: Yes.

Mr. Trudeau: —would Canadians lend money at 10 per cent—

An hon. Member: Yes.

Mr. Trudeau: —when they can get 15 per cent in the United States or 15 per cent from the private sector?

Mr. Blackburn: What about exchange controls?

Mr. Trudeau: Now we are getting into exchange controls, Madam Speaker. That would be the next supplementary question. But I am telling the hon. member that if we want to legislate an interest rate below the marketplace, people will not lend their money. They will lend it some other place where they can get a higher interest rate, the United States, for example.

* * *

CANADIAN UNITY

POLL CONDUCTED ON ATTITUDES IN QUEBEC

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is for the Minister of Justice. Last week the Canadian Unity Office leaked the results of a poll which it had commissioned into the popularity of political parties in Quebec. Would the minister tell the House in how many other jurisdictions the government has commissioned publicly funded polls on the popularity of its opponents? Will the minister table in the House today the full results of that poll?

• (1425)

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, we have conducted several polls of this kind since the referendum was held in Quebec to find out how the situation is developing with respect to Canadian unity. The government's policy has been to use the polls in developing policy, and when the polls are no longer useful in preparing new policies, they are made public, and we intend to do the same thing in this case. They are not national polls on the government's opponents. We have not conducted polls on the Progressive Conservatives or the New Democratic Party. We conducted a poll on people who favour the separation of Quebec from Canada.

[*English*]

INQUIRY RESPECTING PROVINCES IN WHICH POLLS ARE CONDUCTED

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, the question was: in how many other jurisdictions has the Canadian Unity Information Office taken surveys of the government's political opponents' popularity? Did it do it in Alberta? Did it do it in British Columbia, in Ontario, in Newfoundland, or in other jurisdictions? And on what basis, Madam Speaker, does the Minister of Justice, using tax dollars to finance public opinion surveys, withhold that information from the people and Parliament of Canada?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I think the Canadian public will not blame me at all for making sure that we do everything possible to see that the separatist party in Quebec does not win its cause. We have fought in the last two years to make progress in that field. For example, today, when Royal Assent is being given in England to the new Canadian Constitution, the hon. member should know that we are fighting a very worth-while battle in Canada.

RATIONALE FOR SECRECY ON POLLS

Hon. Bill Jarvis (Perth): Madam Speaker, my question is directed to the same minister. The evidence given by the executive director of the Canadian Unity Information Office before the standing committee indicated quite clearly that polling was conducted on the instructions of the minister. May I ask him on what basis or rationale is the fact that polls are even taken being held secret—not the result of the polls, but what polls are being taken, where they are being taken, and the nature of the polls? If we are not entitled to the results, can he not at least be sufficiently open to say what polls are being taken, and where?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I am doing exactly what the hon. member was doing when he was the minister in charge of the Canadian Unity Information Office.

Mr. Jarvis: Yes, make them public.

Mr. Chrétien: He himself had conducted some polls and eventually we made them public. The policy is that when these polls are no longer useful in the elaboration of new policy we make them public, and the same thing will happen to this one.

EFFECT ON FEDERAL-PROVINCIAL RELATIONS

Hon. Bill Jarvis (Perth): The minister knows the very great difference is that I indicated in standing committee exactly what polls were being taken; there was no secret about it.

The Unity Office's executive director has indicated one of the reasons for keeping the results secret is that if they were released it would adversely affect federal-provincial relations. Is that the minister's view, that keeping the results secret enhances federal-provincial relations?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, there were many questions in that poll, covering a lot of subjects, and this is one of them. I said this poll was being used for elaboration of government policies and when it is not needed for that purpose it will be made public. As to publishing the poll at this time, as the executive director said, some of the questions would not be useful in terms of federal-provincial relations.

JURISDICTIONS IN WHICH POLLS ARE CONDUCTED

Hon. Erik Nielsen (Yukon): The minister did not answer the question of the hon. member for Wellington-Dufferin-Simcoe, nor that of the hon. member for Perth. I put it to him simply: in what jurisdiction other than the province of Quebec are such polls being conducted by the government?

An hon. Member: Yukon.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): I said we have asked a question concerning the popularity of the separatist cause in Quebec. I think it is my duty to make sure we know its evolution—

Mr. Clark: Answer the question.

Mr. Chrétien: —if we are concerned at all about the survival of our country.

Mr. Clark: Answer the question.

Mr. Chrétien: I did.

INQUIRY RESPECTING JURISDICTIONS

Hon. Erik Nielsen (Yukon): Let me put it in another form. Are polls such as the one conducted in the province of Quebec being conducted in any other jurisdiction in Canada?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): It is not very hard to understand in English, but I shall repeat it in French. I said that the question was put with respect to Quebec.

* * *

• (1430)

[*English*]

EMERGENCY MEASURES

INQUIRY ON TIMETABLE FOR INTRODUCTION OF LEGISLATION

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the President of the Privy Council. Last May the government passed, with no parliamentary scrutiny

whatsoever, the Draconian emergency planning order. Since then, the minister has promised to bring before Parliament new emergency legislation authorizing the sweeping powers granted in that order, including the power to establish civilian internment camps.

Mr. Baker (Nepean-Carleton): When have I heard that before?

Mr. Robinson (Burnaby): In view of the fact that the scope of the War Measures Act violates not only the International Convenant on Civil and Political Rights, but also the new Charter of Rights, will the minister assure the House that any new legislation will, in fact, repeal the provisions of the War Measures Act? Will he tell the House his timetable for bringing in this new legislation?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the hon. member knows perfectly well that the order in council to which he is referring was made public last May and put before a federal-provincial conference of ministers responsible for emergency measures planning. The order in council was merely an update of another order in council dating back to 1965, which also contained provisions for civilian internment. In fact, the provisions were in effect in 1979, under the Progressive Conservative government, who did not see fit to modify them. As a result, we see no reason to change what we see as a bare minimum of provisions for the sound planning of emergency measures in this country. As for future legislation, officials of Privy Council are now looking into the matter. I also intend to carry out a thorough consultation of provincial authorities to avoid overstepping any jurisdictional boundaries, and when everything is ready, the hon. member will be notified, but it is not going to be ready next week!

[*English*]

APPLICATION OF CHARTER OF RIGHTS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my supplementary question is directed to the Prime Minister. When the Prime Minister invoked the War Measures Act in 1970, he trampled on and overrode the fundamental rights protected by the Canadian Bill of Rights.

Some hon. Members: It was Parliament.

Mr. Robinson (Burnaby): He now proclaims that the Charter of Rights will protect Canadians from abuses under the emergency planning order which, among other things, will allow him to impose sweeping censorship and to commandeer all media for an unlimited period of time.

Is the Prime Minister prepared to assure the House that under no circumstances will his government make use of the "notwithstanding" clause in the Charter of Rights to deny, during times of emergency, the fundamental rights of all Canadians, or is the Charter of Rights to become as useless during times of emergency as was the Canadian Bill of Rights when the Prime Minister said, "Just watch me", in 1970?

Some hon. Members: Oh, oh!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would first point out to the hon. member that the War Measures Act was adopted in 1970 with the concurrence of hon. members on both sides of this House.

Mr. Clark: With information withheld.

Mr. Trudeau: Second, the "notwithstanding" clause was brought into the Charter, as the hon. member knows, at the insistence of the provinces. The federal government had a Charter which did not have a "notwithstanding" clause. I am sorry that the hon. member, personally, if my recollection is correct, did not support it. However, I do know that one of the leading forces in introducing a "notwithstanding" clause was Premier Blakeney of Saskatchewan. I would hope that that hon. member would use his influence to get Premier Blakeney, along with other premiers, to revert to the original bill that we had.

Some hon. Members: Hear, hear!

* * *

EXTERNAL AFFAIRS

FUTURE OF GIBRALTAR WITHIN NATO

Mr. D. M. Collenette (York East): Madam Speaker, my question is directed to the Secretary of State for External Affairs. In view of the fact that the British government has decided, for reasons of economic restraint, to close the Gibraltar dockyards by 1983, thus having a serious impact upon the fiscal integrity of Gibraltar, and in view of the fact that the Spanish government will open its border to Gibraltar on April 20, creating further pressures, could the minister inform the House whether Canada has discussed this matter with our NATO colleagues in the context of Gibraltar's strategic position as part of the western alliance? If not, would the minister undertake to do so at the earliest opportunity?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, Canada has not discussed this matter with our NATO colleagues, and I believe it would be inappropriate for us to do so since it is an internal British matter. At the same time, I would say that the fact that the relations between Britain and Spain concerning this question appear to have somewhat improved, and the fact that Spain is now entering the NATO Alliance, should help to set the stage for more useful future discussions. Therefore, although there should not be discussions in NATO itself, the joint membership of both countries in NATO should be a disposing factor toward a settlement.

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF HIS EXCELLENCY FRANÇOIS OWONO-NGUEMA, SECRETARY-GENERAL OF THE GABON CULTURAL AND TECHNICAL CO-OPERATION AGENCY

Madam Speaker: I have the honour to bring to the attention of the House the distinguished presence of the Secretary General of the Agency for Cultural and Technical Co-operation, Mr. Owono-Nguema.

* * *

[*English*]

NATIONAL ENERGY PROGRAM

EXCISE TAX ON NATURAL GAS AND HOME HEATING FUEL

Mr. Gordon Towers (Red Deer): Madam Speaker, about 16 months ago the Minister of Finance introduced an iniquitous bill into this House under the guise of a budget. That was the National Energy Program. Now, 16 months later, we find that program is having a devastating effect on Canadian home owners in that it is increasing their costs of heating their homes by approximately 30 per cent. I am wondering what justification the Minister of Finance can give to this House and to the Canadian people for leaving this program in place, especially the excise tax on home heating oil and natural gas.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think it is well known to the hon. member that the increases Canadian consumers must face in the field of energy are the result of energy agreements which have been reached with the producing provinces. As I recollect, he would have been one of the hon. members supporting Premier Lougheed in getting the maximum possible price for his natural resource.

INQUIRY RESPECTING GOVERNMENT ACTION

Mr. Gordon Towers (Red Deer): Madam Speaker, the Minister of Finance is misleading the House—

Miss MacDonald: It would not be the first time.

Mr. Towers: —because at the present time one third of the cost of natural gas to the consumers in western Canada is in the form of an excise tax going strictly to the federal coffers. The minister cannot get around that.

The Prime Minister has made the statement that we must keep costs down. This tax is increasing costs because the producers all over Canada can turn down the thermostats in their homes, but they cannot turn them down in their poultry or hog barns. Therefore it is costing thousands of dollars in some of these operations, adding to the cost of production, and is thereby inflationary. What is the Minister of Finance going to do about it?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will not announce a tax change today.

Mr. Nielsen: Next week.

* * *

LABOUR CONDITIONS

EFFECT OF GOVERNMENT POLICIES ON EMPLOYEES OF HUDSON BAY MINING AND SMELTING COMPANY

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, I also have a question for the Minister of Finance. As a result of his budgetary pronouncements and restrictive policies to curtail business activities throughout the country, companies such as Hudson Bay Mining and Smelting, which operated uninterrupted for over half a century until this Minister of Finance came along, are now finding themselves in the position where they must provide extended holidays for their employees, with the result that these unemployed people might not be able to qualify for unemployment insurance. What hope is the minister offering to these potentially unemployed and their companies that they will be able to continue their operations without interruption?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the policy of the government is to re-establish the conditions for resumed economic growth and greater job creation—

Some hon. Members: When?

Mr. MacEachen: —in the country as a result of bringing down inflation, which is the foremost problem facing the country.

EFFECT ON SUPPORTERS OF NEW DEMOCRATIC PARTY

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, since it was the New Democratic Party which drafted the motion helping to put the minister in the position where he is sitting in government, and since it was NDP miners, in many instances, who supported the NDP cause in some of those areas, is this the way the minister will pay back those NDP voters, by turning them out on the streets as unemployed?

Some hon. Members: Oh, oh!

Mr. Nielsen: Come on, Allan.

Mr. Epp: He did not answer the question.

FINANCE

LEGISLATION TO IMPLEMENT SALES TAX CHANGES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is also directed to the Minister of Finance. The minister will know that uncertainty is one of the major causes which prevent businesses from expanding and hiring people. The minister will know that his budget is now well over four months old or stale.

Mr. Baker (Nepean-Carleton): Very uncertain, too.

• (1440)

Mr. Blenkarn: He promised on February 23, in reply to a question from me, that he would be tabling material concerning the sales tax, "shortly" he said, or "soon" he said. It is now March 29, and well over a month has passed. We have not heard a thing from the minister. I was wondering if the minister today could tell us what are going to be the rules with respect to the sales tax. When is the implementation date, and when can businesses find out what is intended with respect to changes in the sales tax?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am glad to tell the hon. member that it is my intention to make public not only the draft legislation that would bring into effect the changes in the sales tax, but also to provide the narrative explanation of all the changes, so that it will be possible for all those affected to make their views known before permanent or final legislation is brought into effect. I have already cleared the material, and as soon as it can be translated and printed it will be made available to the House of Commons.

REQUEST THAT SPECIAL COMMITTEE BE APPOINTED

Mr. Don Blenkarn (Mississauga South): Is it the minister's intention to have a special House of Commons committee to study the sales tax implications, so that witnesses can be heard by that special committee of the House before the final terms of the changes to the sales tax are determined and presented to the House in legislation?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is a suggestion that could be considered. The hon. member knows that when the legislation is put in final form, following representations, it will come before Parliament. He is now suggesting that it go before a committee twice, in the form of draft legislation and later in final form. That is something we could consider if, indeed, it would facilitate the passage of the legislation.

CORPORATE AFFAIRS

INVESTIGATION OF CONSOLIDATED COMPUTERS INC.

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Minister of Justice. Recent news of the federal justice investigation into the Consolidated Computers debacle, which cost the Canadian taxpayers over $100 million, prompts me to ask the minister for further information about the nature of this investigation. Is it a departmental inquiry under the Inquiries Act? Could the minister give the House some information about the terms of reference and other details of this matter?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I am not in a position to reply to that question today. I will inquire about the matter and expect to reply to the question tomorrow.

Mr. Clark: It did not come up in the House of Lords.

ROLE OF ROYAL CANADIAN MOUNTED POLICE

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I would tell the minister that there was the so-called Anderson report from the Treasury Board which alleged conflict of interest, a cover-up by government officials, which, I believe, prompted the department to announce the investigation. I wonder if he could tell me tomorrow as well whether the fraud squad of the RCMP has been briefed on this matter and whether their assistance is being requested as well.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): I will look into the matter and try to give full information tomorrow.

* * *

AUTOMOTIVE INDUSTRY

CANADA-JAPAN NEGOTIATIONS

Mr. Peter Lang (Kitchener): Madam Speaker, my question is directed to the Minister of State for International Trade. Given that the Canadian automobile industry is just as efficient as the United States automobile industry, will the minister inform the House what efforts he made on his recent trip to Japan to encourage the Japanese to purchase more Canadian auto parts and, just as important, to solicit the Japanese to locate one of their newly-proposed auto plants in Canada?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, one of the most important elements of our trip to Japan was to meet with the Japanese Automobile Manufacturers' Association, to express our displeasure with the fact that they have not purchased enough Canadian auto parts or made arrangements to have Canadian content included. We talked to the President of Nissan and to the President of Toyota, with respect to those plants which they are planning to open in North America, to have them in Canada rather than

in the United States. This week we have a mission of 35 to 40 Japanese businessmen and government officials coming to Canada, talking to persons in the provinces and to the industry with respect to the broad spectrum of investment opportunities for Japanese businessmen here in Canada.

* * *

CANADIAN ARMED FORCES

PROVISIONS FOR SINGLE PARENT MEMBERS

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my question is directed to the Minister of National Defence. He will likely know that last week in Canadian Forces Base, Winnipeg, Rhonda Gordon, an Armed Forces private for one year, and a single mother, felt compelled to leave the Forces because she was unable to live and keep her five-year-old daughter on take home pay of only $180 twice a month. The best advice a base career officer could give her was to apply for welfare. Would the minister please tell us if the Armed Forces have any special provision for such single parents, or is it standard practice to recommend welfare for underpaid soldiers?

An hon. Member: Shame!

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, we try to take care of all these particular cases like the one mentioned by the hon. member. One has to understand that when you enlist in the Armed Forces you are well aware beforehand of the current conditions, and of the conditions you can expect following enlistment. In this unfortunate case the lady concerned knew very well the conditions of enlistment and the current pay levels, and whatever we could do for her child would be done through welfare. There is nothing I can do more than that, beyond telling her that she should have known all this before she enlisted in the Armed Forces.

With regard to the hon. member's point about the pay of the Armed Forces, I think that as a rule they are the best paid armed forces in the world, when compared to any other country. They will be even better paid in the next few weeks because there will be another pay increase soon.

REQUEST THAT PAY BE INCREASED

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, this young woman apparently joined the forces because she believed the advertisement which said "There Is No Life Like It."

Some hon. Members: Oh, oh!

Mr. Sargeant: Unfortunately it is not an isolated case. Could the minister tell us why, after hearing for some years now of soldiers at bases in Calgary, Lahr, and now in Winnipeg, who cannot make ends meet, he has done virtually nothing to help them? Will the minister make a commitment to do better than the minuscule 3 per cent raise of last November, especially in light of the 19 per cent raise to his budget for next year? If he would do that, maybe there really would be "no life like it."

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, in reply to that question, the great majority of the members of the Armed Forces will agree that there is no life like it in the world. We train them, and we provide them with a lot of advantages that they would not have in private life. At this present moment, with the economic situation in the country, all members of the armed services are very happy to have the security that they do have in the Armed Forces. Last year we gave them approximately a 12 per cent to 13 per cent increase in pay, and this year I do hope that we will be able to do the same thing, so I think they are very lucky to be in the Armed Forces.

* * *

COMMUNICATIONS

INCREASE IN LICENCE FEES FOR AIRCRAFT RADIO

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is directed to the Minister of Communications who recently increased the annual licence for aircraft radio from $20 to $40, without the courtesy that is usually provided of consulting with the industry. Will the minister tell us why he chose this particular time to put that increase into effect and what, if any, services he intends to provide for the extra fee?

Hon. Francis Fox (Minister of Communications): Madam Speaker, the fees for most radio licences in the country are extremely low. As a matter of fact they are far below the cost that is incurred in administering the licence fees. The Department of Communications, under my direction, will be going toward a cost recovery mechanism in the whole field of the management of the radio sector, which is used to great advantage in many cases by private entrepreneurs for their own profit. It is only fair that such people would pay part of the cost involved in managing this sector.

REQUEST FOR CONSULTATION WITH RADIO USERS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my brief supplementary question is to the Minister of Transport, who wears many hats. I ask him today, in his role as a friend of the general aviation industry, to intervene with the Minister of Communications. I know that if this increase were put in by the Department of Transport there would have been consultation. The minister also knows there may well be a safety hazard here because these pilots may not use radio because of the increased fee. I wonder if the minister can do anything about this $20 increase?

Mr. Fox: These are $20,000 aircraft.

Mr. Ellis: Madam Speaker, we are not talking about $20,000 aircraft; we are talking about little fellows who fly ordinary aircraft off a farmer's field. I wonder if the Minister of Transport would intervene here, have the usual courtesy shown that is applied to all matters with regard to general aviation, and have some consultation before this is put into place.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I must apologize. I was not listening to that question. I was recovering from the shock of not being the object of the first question. If the hon. gentleman would like to repeat his question, I will try to answer.

Madam Speaker: The hon. member for Provencher.

* * *

• (1450)

POLITICAL PARTIES

FORMER AFFILIATION OF MANITOBA ATTORNEY GENERAL

Hon. Jake Epp (Provencher): Madam Speaker, my question is for the Minister of Justice in his role as the Attorney General. It is on a sensitive matter which has had pulic airing and I believe it should be asked of the minister now that he is back. It is the question of the attorney general's past membership in the Communist Party of Canada. It has been publicly confirmed by him.

I would like to ask the minister whether there has been any security checks performed, or whether there is a regular exahange of classified information with that minister?

An hon. Member: The Attorney General of Manitoba, you mean.

Mr. Epp: That is right, the Attorney General of Manitoba.

Some hon. Members: Oh, oh!

An hon. Member: Not you, Jean.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, with a name like mine, it would be difficult. I do not know this information. It is completely new to me, but I will check. I can assure the hon. member that I have never been a member of the Communist Party.

* * *

CORPORATE AFFAIRS

URANIUM PRICE FIXING TRIAL—CROWN IMMUNITY

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is for the Attorney General of Canada and it concerns the uranium cartel and the prosecution which has been initiated by him as Attorney General of Canada. As the minister understands, Uranium Canada has moved in the Supreme Court of Ontario for a writ of prohibition, and the assertion of Uranium Canada is that it is, for operational and practical purposes, and I quote from its brief, "the Department of Energy, Mines and Resources and furthermore, that all acts performed were done at the specific direction of the Crown."

I will not ask anything with respect to the litigation which has been initiated, but I want to ask the Attorney General of Canada whether or not prior to the initiation of the prosecution he was made aware by his law officers that Crown immunity would be invoked in this particular case by the Crown corporation saying they were acting within the scope of their agency?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I am not aware of the problem, so that answers the hon. member's question. In any case, the matter is before the courts and it is up to them to decide. To the question whether I was personally informed of this defence, the answer is: no.

[*English*]

Mr. Speyer: Madam Speaker, I am not asking the Attorney General whether or not he would involve himself in anything before the courts. I am asking him a question as to what his instructions are, but I give him notice with respect to my initial question.

INSTRUCTIONS TO COUNSEL FOR URANIUM CANADA

Mr. Chris Speyer (Cambridge): Madam Speaker, my supplementary question is to the Minister of Energy, Mines and Resources. In this litigation which I have just mentioned, who is giving directions to Uranium Canada? Who is the person instructing counsel to make the submissions being made in the Supreme Court of Ontario today?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, Uranium Canada is in court at the present time. Uranium Canada is represented by counsel, who are defending the corporation as is their duty. To my knowledge, no one is instructing counsel except Uranium Canada, in its capacity of Crown corporation. I can assure the hon. member that I have given no instructions in this respect and that I am letting the judicial process take its course.

[*English*]

CANADA POST CORPORATION

REQUEST FOR INSUANCE OF ROWING CENTENNIAL COMMEMORATION STAMP

Mr. Joe Reid (St. Catharines): Madam Speaker, my question is for the minister responsible for Canada Post Corporation. It is a non-partisan question.

Some hon. Members: Oh, oh!

Mr. Reid (St. Catharines): For 100 years rowing clubs and related organizations have been bringing credit to Canada for the sport of rowing. In St. Catharines this year they will come together for the 100th regatta of the Royal Canadian Henley. Will the minister responsible for Canada Post Corporation recognize this outstanding example of sportsmanship in Canada with the issuance of a commemorative stamp?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I cannot give a definite reply to this question today. I would like to remind the House that a number of members on this side have already made representations to the Canada Post Corporation, urging it to issue a stamp on that occasion. The president of the national Liberal caucus has been bringing up the subject each week, and I hope to be in a position to reply within the next few days.

[*English*]

REQUEST FOR EARLY DECISION

Mr. Joe Reid (St. Catharines): Madam Speaker, my supplementary question relates to, "I cannot give an answer today." As the minister has pointed out, he has received representations from rowing clubs all across the country, as well as from a great many other sources. This has been going on for some time. The regatta is in the last week of July and the beginning of August this year. If it is to be of any use, a decision must be made by tomorrow.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I expect to be able to satisfy the hon. member as well as the hon. member for Welland with a statement by the beginning of next week.

* * *

[*English*]

NATIONAL ENERGY PROGRAM

REQUEST THAT MINISTER RENEGOTIATE FEDERAL-PROVINCIAL AGREEMENTS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. The minister must recognize that the National Energy Program and the agreement with Alberta assumed a rising world oil price. It now seems clear that world oil prices are falling. The whole program may be going out the window. The Minister is in the sad position where he is hosing the Canadian consumer. Will the minister renegotiate the agreements with Alberta and the other provinces so that the Canadian consumer will not get hosed?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I regret to say that the hon. member, in spite of all his honest efforts, does not understand the energy situation any more now than he understood it two years ago. The energy agreements with the province of Alberta, the province of Saskatchewan, which he knows pretty well politically, and the province of British Columbia, which I suspect he knows very well politically, indicate quite clearly that Canadians will never have to pay for the old conventional oil discovered before 1981—will never have to pay more than 75 per cent of the international price.

If our prices are going up at the present time, it just shows that our prices are still very much below international prices, and in some cases you have the situation where provincial taxes have been increased significantly—in the province of Quebec, for instance—over the last while, which has added to the cost. But in terms of a barrel of oil, Canadians today are still paying a lot less for their oil—

Mr. Andre: How about the taxes?

Mr. Lalonde: —than if they were to buy that oil on the international market.

Mr. Andre: At least blush.

Mr. Lalonde: The best evidence is that it costs approximately $23.50 or $26 to buy conventional oil discovered before 1981, and it costs about $43 to import oil into Montreal. We are still getting oil in Canada at a much cheaper price than if we were to be paying the international price.

Mr. Nielsen: Rubbish.

Mr. Lalonde: As I indicated, the ceiling is 75 per cent of the international price.

* * *

CORPORATE AFFAIRS

URANIUM PRICE FIXING TRIAL—INSTRUCTIONS GIVEN TO URANIUM CANADA

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question to the Minister of Energy, Mines and Resources on the matter raised by my colleague from Cambridge. It relates to the uranium cartel and the statement by Uranium Canada, that "the Minister of Energy, Mines and Resources and the governor in council have

the directing mind and will of Uranium Canada." The minister has just said that he did not give any instruction himself to Uranium Canada. Will the minister tell us who in the government did give instructions to Uranium Canada?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as far as I know there were no instructions given to Uranium Canada. Uranium Canada has been prosecuted with other companies and is defending itself through the best counsel it can recruit, I suppose. Those lawyers are arguing the case for Uranium Canada as they would for any clients they would represent; that is, using all the arguments they can to defend their case. As far as I know, no instructions were given to Uranium Canada.

CLAIM OF CROWN PRIVILEGE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, would the Minister of Energy, Mines and Resources tell the House of Commons on whose advice Uranium Canada is claiming Crown privilege?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, most probably on the advice of its lawyers. It is so obvious that I cannot understand why the Right Hon. Leader of the Opposition does not understand that.

INSTRUCTIONS TO COUNSEL

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will the Minister of Energy, Mines and Resources tell the House of Commons who is instructing the lawyers for Uranium Canada to claim Crown immunity in this case?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the Leader of the Opposition has asked me to speculate.

An hon. Member: You are responsible for that.

Mr. Lalonde: I would say that most likely the lawyers for Uranium Canada are giving advice to the board of directors of Uranium Canada, and the directors of Uranium Canada are acting on the advice of their lawyers. That is the way these things operate in any trial. I regret my right hon. friend never finished his law course.

• (1500)

Some hon. Members: Oh, oh!

INQUIRY RESPECTING DIRECTION OF URANIUM CANADA

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, are the Minister of Energy, Mines and Resources and the governor in council—the Prime Minister and his friends—acting as the directing mind and will of Uranium Canada as Uranium Canada has claimed in its submission before the Supreme Court of Ontario?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, Uranium Canada is a Crown corporation. It is acting independently as a Crown corporation. My right hon. friend is referring to the legal status of Uranium Canada, and the legal status is the same for Uranium Canada as it is for any Crown corporation.

I will be very happy to give free advice to my right hon. friend after Question Period if he raises some legal issues.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,570, 3,675, 4,043, 4,047, 4,050 and 4,080.

[*Text*]

UTILIZATION OF WINNIPEG INTERNATIONAL AIRPORT

Question No. 3,570—**Mr. McKenzie:**

Did the government enter into negotiations with other nations and their major airlines regarding the utilization of the Winnipeg International Airport as either a stopover point or a major departure centre on the so-called "polar route" to Europe and, if so, at what location and on what date were the meetings held and were any agreements reached?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Yes. In the revised bilateral air agreement concluded between Canada and the United Kingdom in April, 1981, following agreement reached at meetings held in Ottawa, September, 1980, Winnipeg is named both as a point of departure for Canadian airline service to Britain and as a point of destination for British Airways service to Canada.

Also, in Canada's bilateral air agreement with Mexico, as amended in 1971, following agreement reached at meetings held in Mexico City, November, 1970, Winnipeg is included in the route schedule as a point of departure for Canadian airline service to Guadalajara, Mexico City and Acapulco. Winnipeg International Airport was used as a refuelling stop on the "polar route" in the 1950s when some trans-atlantic carriers flew between Los Angeles and Europe over Canada with turboprop aircraft.

IMMIGRATION FROM U.S.S.R.

Question No. 3,675—**Mr. Cossitt:**

In each of the past three years, how many (a) applications (b) inquiries for immigration to Canada were received by the Canadian Embassy in Moscow and how many visas were granted for (i) landed immigrant status (ii) visits to Canada?

Order Paper Questions

Hon. Mark MacGuigan (Secretary of State for External Affairs): (a) Tabulated below is the immigration statistical information requested from the Canadian Embassy in Moscow:

	1979	1980	1981
(i) Immigration applications received cases/(persons)	213/(478)	236/(469)	171/(400)
Immigration visa authorizations (visas & promise of visas)	473	109	58
Departures approved by U.S.S.R.	162	121	61
Departures refused by U.S.S.R.	129	99	30
(ii) Visitor visa applications received	7,548	5,418	6,614
Visitor visas issued (total)	4,874	3,365	4,284
Visitor visas issued for private visits—personal (included in (total)).	1,682	1,085	1,004

(b) The Canadian Embassy in Moscow does not record inquiries by subject matter. For statistical purposes, applications received are treated as immigration inquiries.

CONTRACT WITH LOUIS FISCHL GLOVE CO. LTD.

Question No. 4,043—**Mr. Cossitt:**

1. With reference to the answer to question No. 3,546, concerning the number of contracts for gloves given by the government to the Louis Fischl Glove Company Limited of Prescott, Ontario, what percentage of the gloves were actually purchased from countries in eastern Europe, brought to Canada and relabelled with the company's label?

2. Is it government policy to "buy Canadian" and, if so, what are all the reasons justifying the purchase of gloves manufactured in communist countries rather than gloves made by Canadian working people?

Hon. J.-J. Blais (Minister of Supply and Services): None of the gloves listed in response to question No. 3,546 were manufactured in eastern Europe.

It is the government policy to "buy Canadian". As a result of this policy, over 80 per cent by value of DSS contracts are awarded to Canadian-based firms. This is consistent with Canada's international obligation such as the GATT government procurement agreement. In addition, the government has decided that certain products such as textiles, clothing and ships should be bought only in Canada.

OVERSEAS SERVICES OF DEPARTMENT OF EMPLOYMENT AND IMMIGRATION

Question No. 4,047—**Mr. Cossitt:**

Is the placing of the overseas services of the Department of Employment and Immigration under the jurisdiction of the Department of External Affairs now in effect and are there any other reorganization plans contemplated by the government for the Department of Employment and Immigration and, if so, what are they?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): The immigration foreign service of the Canada Employment and Immigration Commission was transferred to the Department of External Affairs on April 1, 1981. The organization of government, including the internal organization of individual departments, is regularly reviewed with a view to increasing the effectiveness of government policy-making and administration; however, there are at present no plans to transfer additional units from the Canada Employment and Immigration Commission to another part of the government.

VEHICLES LEASED FOR CMHC EMPLOYEES

Question No. 4,050—**Mr. MacKay:**

1. Were vehicles leased for the benefit of management or other employees of the Canada Mortgage and Housing Corporation and, if so, how many?

2. How many employees, including middle and upper management, received benefits directly or indirectly pursuant to the leasing or other arrangements regarding automobiles and, in each case, what was his/her name and what were all the details?

Hon. Paul J. Cosgrove (Minister of Public Works): I am informed by Canada Mortgage and Housing Corporation as follows:

1. Yes, eight.

2. Nine R. V. Hession, president
R. J. Boivin, senior vice-president—program operations
R. T. Adamson, vice-president—policy development and research
D. W. Knight, vice-president—finance
P. S. Crombie, vice-president—insurance operations
E. A. Flichel, vice-president—management information systems
N. E. Hallendy, vice-president—organization development
G. D. Anderson, vice-president—field operations
L. I. Birtz, general counsel

One vehicle for the president is CMHC owned. Vehicles for the senior vice-president, vice-presidents and general counsel are on a three-year lease arrangement.

The provision of vehicles to senior CMHC management is treated as a benefit taxable to the employee under the terms and conditions of the Income Tax Act and Revenue Canada regulations.

WESTERN CANADA DEVELOPMENT FUND

Question No. 4,080—**Mr. Anguish:**

1. Who is the minister or who are the ministers responsible for the Western Canada Development Fund?

2. (a) When the fund was first announced, was it in the amount of $4 billion (b) what amount is allocated to the fund at this time?

3. Were the allocations under the fund reflected in the (a) 1981-82 (b) 1982-83 estimates?

Hon. Pierre Bussières (Minister of State (Finance)): 1. No single minister is responsible for the Western Development

Fund. The fund is split between the economic development envelope and the social affairs envelope, and the ministers on the cabinet committees responsible for these envelopes are responsible for expenditures from the fund.

2. (a) The Western Development Fund was first announced in the budget of October 28, 1980 in the amount of $4 billion; $2 billion was allocated to the period through fiscal year 1983-84.

(b) As stated in the November 12, 1981, "Budget in More Detail" (page 20), a review of the programs proposed in the October, 1980 budget and the larger sums now expected to flow directly to producing provinces as a result of new federal-provincial energy agreements have led to a re-profiling and reallocation of the Western Development Fund. At the present time, $1,865 million is allocated to the fund to the end of 1985-86. Many of the programs represented by this allocation will no doubt continue beyond 1985-86. No change has been made in the original total allocation.

3. (a) The allocation under the fund was not explicitly identified by program in the 1981-82 main estimates. However, it was included as part of the envelope reserves category in Table 4.1 of Part I of the 1981-82 estimates.

(b) Similarly, the 1982-83 main estimates do not explicitly identify the Western Development Fund by program. Again, it is included as part of the envelope reserves category in Table 4.1 of Part I of the 1982-83 estimates.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

Mr. Smith: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House resumed, from Friday, March 26, consideration of the motion of Mr. MacEachen that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. David Weatherhead (Scarborough West): Madam Speaker, in my remarks on Bill C-97, last Friday I discussed some of the highlights of the bill itself and also the role of the operation of the parliamentary task force on federal-provincial fiscal arrangements which sat last spring and summer studying this very important issue. In the next few minutes I would like to discuss some of the recommendations of the task force regarding health care and post-secondary education.

As previously mentioned, in his speech on this bill in the House on March 22, the Minister of Finance (Mr. MacEachen) stated that negotiations with respect to clarification of national standards for health care and efficient mechanisms for their maintenance should be worked out with the provinces by March 31, 1983, and that ways of implementing national objectives with respect to post-secondary education should be worked out with the provinces by March of 1984.

With respect to the health care system the task force believes that the achievement of comprehensive, publicly-funded hospital, medical and extended health care is a major accomplishment of Canadian society which represents the end of a long struggle for the realization of an ideal. It concluded that there is an overriding national interest in the operation of health insurance plans and in the effectiveness of health care delivery and that the proper role for the federal government is the formulation, monitoring and enforcement of conditions on its financial support of provincial programs.

The task force also concluded that in aggregate and in present circumstances federal government funding for health care services in Canada appears to be generally adequate. It recommended that after consultation with the provincial governments the Minister of National Health and Welfare (Miss Bégin) should undertake a consolidation of the existing legislation in order to establish clear program conditions supported by explicit criteria against which satisfaction of those program conditions can be monitored. Thus, in case federal-provincial negotiations fail to achieve agreement on program conditions, the task force would expect provisions for some withholding of federal financial support to provincial plans which do not meet fully those conditions as interpreted in the report.

The task force also concluded that retention of the present block funding arrangement, with stricter conditions, monitoring and enforcement mechanisms, would provide an effective mechanism to ensure compliance with national program conditions. We recommend for this purpose the establishment of operational program criteria, perhaps monitored by a parliamentary committee or a national health council, with federal payments on condition that there be compliance with program criteria—but conditional in a flexible manner, that is, with a graduated holdback of federal transfers related to the effect of program conditions.

In addition, we concluded that hospital and medical care premiums constitute a regressive form of taxation and that their use for financing a service as basic as health care is regrettable. We recommended that a clear definition and measurement of universality of coverage be developed to ensure that the principle of universality is respected. While recognizing the right of provincial governments to levy premiums, the task force agreed that prior payment of premiums

should not be a precondition of entitlement to treatment. We agreed that for reasons of both principle and practicality user fees for hospitals should be discouraged.

All the above recommendations, agreements and conclusions with respect to our health care system were the unanimous opinion of our seven-man task force. The remaining recommendations were the opinion of the majority of the task force and were not unanimous. The majority recommended that doctors who bill a provincial medical plan directly or whose patients are reimbursed by the plan not be allowed to charge fees in excess of those permitted under the plan's approved fee schedule. The majority concurred in the recommendations of Mr. Justice Emmett Hall that the Medical Care Act should be revised to provide that extra billing by physicians inhibits reasonable access to services and is contrary to the intents and purposes of the act and that the provinces should develop mechanisms to ensure reasonable compensation to physicians.

The majority also agreed with Mr. Justice Hall's proposal that if negotiations between a province and physicians fail, then the issues should be decided by binding arbitration with a board of three persons: an independent chairperson to be named by the chief justice of the province, one nominee from the medical profession and one from the provincial government. The majority also recommended that following federal-provincial negotiations any plan which does not meet fully all the above criteria should be ineligible for full federal financial support under EPF.

There are other important recommendations of the task force with respect to the health care system, including emphasis on the broad health field concept and the community-based health care philosophy, which are also set out in our report.

With respect to the transfer of Government of Canada funds for post-secondary education, the task force was unanimous in its recommendations. We recognized the need for general base funding for the post-secondary sector to permit adults of all ages—not just those in the traditional 18 to 24 age group—to pursue spiritual and intellectual goals, to polish their critical faculties and to expand their general base of knowledge on which more specific skills may be built. Appreciating that education is under provincial jurisdiction, the task force believed that there should be an effective consultation mechanism to ensure concerted effort by all concerned to establish and obtain goals that are of mutual interest to both orders of government. It recommended that, in line with the 1976 first ministers' commitment, the responsible federal minister or ministers proceed on an urgent basis to conduct with the council of ministers of education on matters of concern to both orders of government in the field of higher education.

• (1510)

The task force suggested that early attention be given to the definition of "purposes in post-secondary education" and that priority consideration be given to the need for more highly qualified manpower in the 1980s, and for the confirmation of existing commitments to student mobility and equality of access to post-secondary education for Canadians. We recommended that the current block-funded basis be continued, at least for the time being, but that the post-secondary education program be separate from the future support of health programs.

We recommended that there should be federal-provincial discussions for improving assistance to needy students, described in the report of the task force on student assistance, and we agreed that there should be more public information made available on general federal government support to the provinces for post-secondary education.

The task force also unanimously recommended that the federal minister responsible report annually to Parliament with respect to federal transfers to each province for higher education, other federal support to post-secondary education, the effectiveness of these programs in moving toward the country's economic and other goals, the results of consultations with the council of provincial ministers of education about the definition of "national purposes to be served by higher education", and the means by which these objectives will be achieved. Additional recommendations can be found in our report with respect to post-secondary education.

In conclusion, Mr. Speaker, I wish to state that I strongly support Bill C-97 for the reasons mentioned in the first part of my comments last Friday afternoon. I am pleased that the more disadvantaged parts of our great country will continue to be dealt with very fairly by greatly increased equalization payments being made to them, and that the federal government's commitment to health care and post-secondary education also continues to be strongly shown. As mentioned before, these Government of Canada payments for equalization, health care and post-secondary education will amount to about $105 billion in cash and tax points to the provinces over the next five years and, as also mentioned, our task force wanted to make sure that there was full accountability to the people of Canada for this $105 billion that will be flowing directly to the provinces.

Our proposals and recommendations with respect to our health care and post-secondary education systems, some of which I have enumerated above, were developed to try to ensure this greater accountability. I therefore hope and trust that, during federal-provincial negotiations with respect to health care and post-secondary education over the next one and two years, our comments in our report and our recommendations with respect to these two most important fields will be carefully considered. I also hope and trust that the result will be stronger and more effective health care and post-secondary education systems that will be much more accountable than now to the people of Canada.

Some hon. Members: Hear, hear!

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I have looked forward to speaking very briefly on this important subject of federal-provincial fiscal transfers. Other speakers have said that it is this type of system which holds confederation together in Canada. I am sure there are many elements of truth in that statement. Without this type of system, each

province would be on its own. Fiscally, there would be very little to bring us all together as one country. It is only right that the more wealthy parts of the nation should in some way help to subsidize those parts that are not as well off and that find themselves in conditions below the average. It is an integral part of the Canadian system as we know it.

I have one comment to make about this, however. I do not think that fiscal transfers should have been entrenched in the Constitution. It makes sense to me to have them but surely we can achieve them under ordinary acts of Parliament. I do not think it was necessary to entrench in the Constitution of Canada the provisions for federal-provincial fiscal transfers. However, Mr. Speaker, that argument is over now, and when the new Constitution arrives we will find this provision entrenched in it.

In the long run it will probably work to our disadvantage as it will be maintained that the system we have today should remain forever. I hope that at some point we will find that it is not necessary to maintain this system. It has worked reasonably well for us, but because we have put it in the Constitution we will find it difficult to change. These administrative arrangements can best be dealt with by ordinary statute and legislation, in my opinion.

I should like to compliment the parliamentary Task Force on Federal-Provincial Fiscal Arrangements which was put together at the request of Parliament. Certain changes were proposed by the federal government but it was Parliament that decided they should not be enacted until they had been carefully considered. Good work was done by members of all parties on that task force. In particular, I think of the work done by the hon. member for Mississauga South (Mr. Blenkarn) and the hon. member for Lethbridge-Foothills (Mr. Thacker), which was exemplary. Of course, good work was also done by all members of the task force.

One of the good things that came out of the task force study, in an area in which I took a great deal of interest, was that the task force took the time to visit not only the provinces but also the two territories. The fiscal relationships of the territories with the federal government are just as important as those with the provinces. In fact, in a way they are more so, because the territories are in the process of development and change.

Some time ago the Hon. C. M. Drury devoted two years of study and attention to the fiscal relationships that exist between the Northwest Territories and the Government of Canada. He was the Prime Minister's special representative on constitutional development in the Northwest Territories and a lot of his study was devoted to the financial relationships that exist between the territorial and the federal governments. I should like to quote from Mr. Drury's report on this subject. He came to the following conclusion in paragraph 6.6, at page 124 of his report:

> New arrangements should provide for the calculation of an annual general purpose grant at a non-discretionary level, as an alternative to the general federal subsidies for operating and capital costs. Except in extraordinary circumstances, the onus should be on the territorial government to raise any additional funds required through taxation or borrowing. These arrangements should also be effective for longer than the present one-year duration of federal-territorial financial agreements. To support any necessary borrowings or unexpected year-to-year volatility in territorial tax revenues, the revenue stabilization program should be extended to the NWT—

I think that is an important observation. Most provinces can take part in the revenue stabilization program. From time to time when provincial revenues fluctuate widely, the program would allow the ministers of finance of all provinces to plan carefully knowing that there will not be wide variations in the amount of money that accrues to the Consolidated Revenue Fund in their particular province. It is a good program that is operated by the federal government. In my opinion and in the opinion of Mr. Drury, it should be extended to the territories and I hope that the Minister of Finance (Mr. MacEachen) will see fit to do so at some time.

• (1520)

Mr. Drury also went on to say:

> —and the governor in council should initially retain the power to approve proposed GNWT borrowings. However, this latter power should rarely be exercised as a veto. Its purpose would be to increase the credit rating of the GNWT as a preferred borrower.

I think that is a step in the right direction. Most provinces use their capacity to borrow on financial markets, both in Canada and abroad, for good provincial purposes. For instance, we can look at provincial hydro authorities, one of the largest borrowers. It would be a step toward normal provincial-type responsibility in the territories if they were allowed to exercise their authority under the Northwest Territories Act to borrow funds on the open market, instead of always from the Government of Canada. They would have to exercise their responsibilities well and in a manner which would enable them over a period of time to obtain the credit rating to which the special representative of the Prime Minister (Mr. Trudeau) referred. It is a process of learning how to manage their fiscal affairs.

Mr. Drury went on to say:

> A more predictable level of general purpose grant would permit the executive member to anticipate additional revenue needs more effectively and to take the steps necessary to raise those revenues in a timely and responsible way. The level of federal financial support would become a "given" revenue item in the GNWT budget calculations rather than a residual supplementary item to balance the budget.

This is important. At the present time one must find out how much taxation one will receive from income tax, corporate taxes, the sale of licences, liquor profits and everything else. Then one must figure out the necessary expenditures, for example, how much it will cost to operate schools and hospitals, fill in potholes in the roads and everything else. Then the federal is asked to make up the difference. In my opinion it is unfair to both territorial authorities and to the federal government for the federal government to be always in the position of being asked to give as much as possible, and then a little finagling goes on. It would be better if some kind of formula arrangement could be made, as is the case with the provinces, wherein the territories could anticipate in advance the funding

which will come to them. At the same time the federal government would know how much money it would have to spend. We would get rid of the dog fights which occur every year when budgets are drawn up.

Mr. Drury continued:

An important measure of autonomy would be permitted that is not now available to the executive and the council, since it would be their responsibility to meet residual GNWT revenue needs.

This is important. It would make the territories act in a responsible manner because they could not overspend and then expect the federal government to make up the deficit. They would have to keep their affairs in order. He went on to say:

Future federal financial support should reflect not only federal responsibilities for an evolving territorial government but also the genuine fiscal need of the GNWT, consistent with the principles underlying the federal equalization program. The aim should be for equitable treatment of all Canadians, regardless of whether they are under provincial or territorial jurisdiction.

This is another important point. In that area of Canada we want the same type of treatment as people who make the provinces their home. If there is an equalization formula or program which operates for the provinces of Canada, why cannot this be extended to the territories? I admit that at this time, because of limited revenues in the territories, there would be need for additional financial assistance from the Government of Canada. All we need is one or two medium-scaled resource developments and then the financial picture would be reversed. This would be to the advantage of the federal government for having partaken of a program such as this.

The final quotation from the Drury report is as follows:

Federal-GNWT agreements for transfers of federal responsibilities should be negotiated that provide predictable GNWT funding levels. Funding should be in accordance with general guidelines agreed to between the two governments, taking into account the reduced claim on federal finances as a consequence of the responsibility transferred.

Then the important part read:

Any federal financial saving earmarked for the GNWT should be transferred to the inner cabinet budgetary envelope for fiscal transfers to the provinces and be included in the estimates of the Department of Finance.

The great problem of the territories now is the subvention of the Government of Canada. It does not come out of the envelope to which the special representative of the Prime Minister referred. It comes out of the budget and is carried in the estimates of the Department of Indian Affairs and Northern Development. Anyone who has had anything to do with that department knows it is not a desirable situation. Transfers from the senior government to territorial governments should be carried in the same cabinet envelope as transfers to the provinces. It should be the responsibility of the Minister of Finance, not the responsibility of the Minister of Indian Affairs and Northern Development (Mr. Munro).

These things have been said many times in the past. Financial officials at the political level have come down from the Northwest Territories several times to make their case before committees of Parliament. The Minister of Finance came down about a year ago to speak on this very matter. When the parliamentary task force on federal-provincial fiscal arrangements visited the Yukon and the Northwest Territories, it was told very much the same thing. I am pleased that members of the task force listened carefully to what the two governments had to say. Members went out of their way to discuss some of the problems in the report they prepared for Parliament.

I should like to read one quotation from the report entitled "Fiscal federalism in Canada" to illustrate that these people listened to the special concerns of this important part of the nation:

The task force believes that although federal territorial government fiscal arrangements based on a longer-term formula approach might appear to lessen accountability to Parliament in the short run, in fact, it could be increased in the longer term by coupling the periodic renegotiation of the new arrangements with a requirement for a specific report to Parliament on their effectiveness. Accountability would be further enhanced if there were to be a requirement for this report to be referred to a parliamentary committee for review and assessment.

In some ways I wish the parliamentary task force might have gone further and looked carefully at some of the recommendations of Mr. Drury, but in general it listened and seemed to have come to the same conclusions as Mr. Drury. I am sure anyone who looked carefully over a period of time at the problems relating to territorial-federal financing would also come to very much the same conclusions.

As we develop these fiscal arrangements, we should keep in mind that at some point in time the territories will attain provincial status. When that happens, we would want to have the same system there as in the rest of Canada. We must continually work toward that goal. It is interesting to note that the Yukon and that part of the Northwest Territories I have the privilege to represent, which is basically below the tree line or the District of Mackenzie, at the present time are as financially self-sufficient as some of the Atlantic provinces. When you take into account the public revenue generated and the public expense, they balance as well there as they do, for instance, in the provinces of Newfoundland and Prince Edward Island. We would hold though that the resources of the territories are such that if you develop only a limited amount of the potential, the revenue situation would be entirely reversed. The federal government would get back all of its investment in the north plus very much more.

• (1530)

So much for that which might have been taken as something of a digression, but it is an important subject. I have spoken on it before and I will continue to do so in the future. It is an evolving situation. We cannot deal with it once and then lay it aside. It will evolve over a period of many years and I look forwarding to addressing the House and giving updates on the accomplishments that we have made from time to time.

I will now return to Bill C-97. I know that the Minister of Finance has come under severe criticism for presenting this bill in its present form. My personal view of the bill before us is that it may not be that bad. I hate to have to say that, being a member of Her Majesty's loyal opposition, but certainly the bill has some things to recommend it. Some provisions are not as good as they might have been, but in general I think we can understand why the government has to take something of a tough stance with respect to transfers to the provinces.

The government is in very bad financial shape. This situation goes back over many years. Because of the economic policies followed years ago, we are now caught up in a situation where we have to pay for past excesses. We have lived beyond our means for some time and now we have to face up to the consequences of that. The government has to be very careful how it spends its rather limited resources. Therefore, there is some understanding, at least on my part, why the government has had to take a tack that some people regard as rather tough.

If I were to levy one criticism at the way the government has handled this affair, it is the way in which it has lacked a degree of honesty. Had the government explained the matter the way I have just done, the public might have had some sympathy, although I doubt whether it would be possible to have much sympathy for the mistakes of the past which have brought us to the present situation.

One of the ways the government has tried to get around the cutbacks that it is making is to issue press releases. I am referring specifically to a press release dated March 19 from "the office of the Hon. Allan J. MacEachen, Minister of Finance". If you read the first page of this communiqué, Mr. Speaker, what do you think it does? It stresses that payments to the provinces over the next five years will be $105.5 billion compared to $61.3 billion in the previous five years.

That is true, but that increase is accounted for by inflation, inflation caused by the government itself. What we have to do is to look at the formula that was used to come up with these figures and see what would have happened had we applied the old formula to the next five-year period. If we do that, we find that what has taken place is a cutback amounting to some $5.7 billion. That is the difference between what will be paid under the new formula and what would have been paid under the old formula. If we read through the communiqué, it does not make any reference to the amount of cutback; for instance, how much less the provinces will receive than what they would have received before. The situation is presented in the most positive light. I guess I can understand why the government operates that way, but in all honesty, the government is not honest. This is not an honest way to present that information to the House or to the people of Canada.

If we look at some of the provisions of Bill C-97, and I will try to go through them fairly quickly one at a time in order to give you my impression of them, the first item is sources of revenue to be equalized. I understand within Bill C-97 that the packet of provincial revenue is taken into account when you calculate the revenue which is to be equalized. This has been expanded by the inclusion of five or six new categories of provincial revenue. In general, I would applaud this move, and I think that most people who have spoken on this bill would see the effect of that as being from beneficial to neutral. The inclusion of certain resource revenue leaves one in a position of sort of not knowing which way to go. When you take into account the wasting nature of assets, such as mineral and oil and gas deposits, there is a necessity to treat that type of revenue differently from revenue which accrues on a continuing basis. From an oil field you can produce great revenue—on occasion, but only for a limited period of years.

Most governments when drawing revenue from resources such as I have just described—and I am thinking of the provinces of Saskatchewan and Alberta—have decided, and I agree with them, that a fair amount of that money has to be put into a fund, whether it is consolidated with a provincial consolidated revenue fund or set aside as a heritage fund, for reinvestment. It is capital rather than income. Therefore, when we start including resource-type revenue in provincial revenues used for the purpose of calculating payments to be made by the provinces—in other words, the equalization formula—we have to be very careful.

I would agree with the government that when it comes to the provincial component of the oil export charge, that is reasonable provincial revenue to use in the equalization formula. I do not think hon. members could argue that the oil export charge is a capital account item; it has to be treated as an income item. It is not a royalty as such but an export tax.

• (1540)

The five-province standard, which is to be used in place of the national average or the Ontario standard, would meet with my approval. It seems to make sense and I think it is one of the bill's provisions which has met with a reasonably wide degree of acceptance by members on all sides.

The payment floor and transitional guarantee also make sense and are non-controversial. The payment floor is not unlike the program which stabilizes provincial revenue. The provincial treasurer can forecast revenues and expenditures with a reasonable degree of accuracy. We would not want to see quantum leaps in the amount of moneys paid over because of the formula change, which would happen without some form of stabilization over the initial period. These things would also apply to the transitional guarantee and I am pleased to see provision for this in Bill C-97.

We then come to an item which may be a little bit more controversial, the payment ceiling. Everyone is agreed on the floor, but there is some difference of opinion with respect to the payment ceiling. The plan of the Minister of Finance is to tie maximum expenditures under Bill C-97 to increases in the GNP. As far as the minister is concerned, this is an effort to see that transfer payments do not escalate to ridiculously high levels. I know some of my colleagues might not agree with me, but in general I see the rationale for the payment ceiling. I think were I to be Minister of Finance, I would be inclined to do something similar. I know some provinces are going to squawk and scream over things like this, but because of the grave financial situation Canada finds itself in, it is in my opinion necessary to take some steps to see that expenditures just do not completely run away from us.

Federal government expenditures under C-97 will not be, by and large, blue book amounts. They will not come back to Parliament for approval; rather they will be statutory requirements for expenditures. It is therefore important that some cap be in place so that these matters do not get away from the

control of government and Parliament. I think, therefore, it behooves Parliament to look seriously at the minister's proposals to put a lid on this type of expenditure.

I have something to say about the population adjustment recovery payments which might get me into hot water with, for instance, the Premier of Newfoundland. I understand it is the government's intention to forgive repayment of amounts paid because population estimates under the existing formula were in error. Although I can see the need for something to cushion the effect this repayment would have on the provinces, I do not think we should wipe them off the board completely. Instead, I would favour allowing them to repay these amounts over a period of, I suggest, ten years. In addition, payment would be either interest free or at a very low rate of interest. I do not like the idea that we should bail everyone out of the difficulties in which they find themselves, albeit through no fault of their own, as in the case of an error in population estimates agreed to by both levels of government.

This will get me into trouble with the Premier of Alberta, but I also disagree with what that province did with respect to the indebtedness of certain municipalities. They had run up a lot of debt and found themselves in difficulty as far as repayment was concerned, and the Alberta government stepped in and said: "Okay, we are going to get the municipalities off the hook and pay off their debts". If you continually do that with a government at any level, it is very much the same as doing it with an individual; there is no incentive to be responsible in the future. One province will say that its neighbour ran up all these debts, got themselves into trouble and the federal government bailed them out; why shouldn't they do the same? Why should they run their financial affairs in a responsible manner when someone is going to come along and bail them out if they do not? Therefore, I wish the government had taken a little tougher stand with respect to the population adjustment recovery payments.

I wonder who else I can alienate during the course of this debate!

An hon. Member: Keep going, you are doing fine!

Mr. Nickerson: We now come to another rather controversial item, Mr. Speaker, the termination of the revenue guarantee. This is probably the most controversial item in the proposal now before us. Most of the cutbacks, if you are supporting the provinces, or savings in expenditures if you look at it from the federal government's point of view, will come from the termination of the revenue guarantee. This will amount to many billions of dollars over the next five years, so it is certainly worthy of debate. In fact, most of the debate on C-97 has been on this very point, and we have had great speeches by members on all sides defending the health care system and pointing out that if you terminate the revenue guarantee you are going to do all kinds of terrible things to the health of Canadians. The same thing applies to education. I have listened carefully to some of these arguments, and I prefer to deal with the technical and non-controversial aspects; in that way I will not get myself into so much trouble.

Let us look for a moment at the history of the revenue guarantee provisions of the federal-provincial fiscal arrangements. I understand that this was introduced as a transitional measure in 1972. It was to expire in 1977. When 1977 came around, some of the old arguments were used again. In the enactments of that year, such as the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, they were again renewed. The underlying idea was good. Because the formula was to be changed, because of the transfer of tax points to the provinces and the reduction of certain federal government expenditures, provinces could not quite calculate the effect. They were afraid that there would be a decrease in the amount of available money for health care, post-secondary education and other worth-while purposes. It was something akin to the flow of payment and transitional guarantees included in the present bill. It was for that reason that the revenue guarantees were included in the legislation of 1972 and of 1977.

• (1550)

To put it briefly and succinctly, my own thinking on this matter is that a deal is a deal.

Miss MacDonald: Hear, hear!

Mr. Nickerson: If the tax point transfer or the rate at which the Government of Canada expends funds for the provinces is not satisfactory after ten years, and if there is still a need for a revenue guarantee, then there was something wrong with the deal. We should not need the revenue guarantee in perpetuity. It was a transitional method, a transitional step. Ten years should be long enough for it to have served its usefulness.

We should not now consider extending a transitional provision for another five-year period because 15 years in this game amounts to perpetuity. Five years is forever; fifteen years is three forevers. If this deal is not working, we should look at the deal itself to see whether we should amend it, or to see whether there should be additional tax point transfers, or whether something is wrong with the EPF formula. That is what we should be considering.

I made some points with respect to the Northwest Territories and their dealings with the federal government. At the present time, the system allows them to come back and put the blame on the federal government and say, "We want more money". Then, if they cannot get it, they can go around the country blaming the federal government. To a certain extent, this applies to the provinces. Provinces must remember that if they want autonomy in certain areas which are guaranteed to them under the BNA Act and which will soon be continuously guaranteed to them under the Canada Act, they must act financially responsible.

I see that my allotted time has just about expired, is that correct?

An hon. Member: Keep going.

Mr. Nickerson: Let me just say in conclusion that, like all hon. members of this House, we wish it had not been necessary

to make some of these cutbacks. However, probably more than some of my colleagues, I understand the necessity for doing that. I just wish that in previous years the government had conducted its economic and financial affairs in a manner which would not have made these things necessary now.

Mr. Rod Murphy (Churchill): Mr. Speaker, the debate on this piece of legislation, Bill C-97, has reminded me of the parliamentary debate on a number of items over the last two years. However, in those debates and in the debates on this bill, we have not really demonstrated any attempt to come to grips with the realities of Canada today. Neither in legislation affecting the drastic economic situation Canada faces today, nor in legislation relating to federal-provincial relations, such as that which is before us right now, do we find any constructive leadership by this Liberal government.

In the economic field, the phrase "band-aid solution" has been often used, and appropriately, to describe every legislative measure or half-measure that the government has produced. The government's record in that very important field has been deplorable. However, that is not the subject of debate at this time. We are discussing a proposal by the government to alter, in a significant way, the federal government's financial assistance to the provinces. Both the equalization payments which are there to provide a basic level of services to all Canadians and the established programs financing legislation which assists provinces to maintain hospital and medicare services and university and community college programs are important to all Canadians. Indeed, equalization is so important that we have made it part of our new Constitution. Yet these legislative changes have been a result of inadequate discussion between the federal and provincial governments. If that were not bad enough, we in this House are being asked to pass, in all stages, the significant legislation which we saw for the first time on March 19.

I will deal with our role in this debate later on. However, for the next few minutes I would like to speak about the way the federal government continues to treat the provinces. Few will claim that the deteriorating relationship between our two senior levels of government can be entirely blamed on the federal government. The Prime Minister (Mr. Trudeau is correct in claiming that some provinces are always kicking the federal government in the teeth. I would add that some provincial officials, as well as some federal politicians, seem to take delight in that type of behaviour. This provincial attitude has been counterproductive; but the federal Liberal government has done little to create a better climate for federal-provincial relations.

The Prime Minister has too often displayed quick wit and quick temper rather than the reasoned remarks that his personal motto should call for. By issuing a death certificate for co-operative federalism, he is only adding further fuel to the fires of regional suspicion and hatred. The sticks of that fire have been piled higher with each act of this government. The way the Constitution was dealt with, the approach to oil and gas legislation, the unilateral method of handling the question of the Crow rate and the sudden demise of the Department of Regional Economic Expansion, have all augmented negative provincial feelings. These acts have created animosity by themselves. However, the attitude, the methods and the process employed by the federal government have produced the worst animosity. Other speeches in this debate and in previous debates have referred to the growth of Quebec and western separatism during this government's terms of office. The hostile feelings of those residents in Canada, plus others in Atlantic Canada and even in Ontario, toward the federal government demonstrates that the federal-provincial relations disputes have gone beyond being a continuing war of words, of different wills or of different personalities. Neither side appears to be willing to work toward a united Canada.

The Prime Minister declares that co-operative federalism is dead because he feels that he has been kicked in the teeth once too often. Provincial politicians are always going to the polls to fight the numerous onslaughts of the federal government. The federal government feels it must set up direct federal liaison offices in each province to increase federal visibility and that each cost-shared program must have a huge sign, preferably with neon lights, proclaiming that federal participation. At the same time, the provinces feel that they are being bombarded with federal ultimatums which dictate not only in federal areas of jurisdiction but also in any matter in which the federal government finds some belated interest. The federal government has been harshly treated by some provinces, but it has certainly given the provinces similar treatment.

In the bill before us today, the federal government has not really attempted to negotiate with the provinces. I find it ironic that when the federal government does not wish to act, it feels it must consult with the provinces. On the matter of freedom of information, it not only feels this need to consult, but it now believes the provincial and federal legislation must be uniform throughout this nation.

• (1600)

If freedom of information needs thorough consultation between the provinces and the federal government, Mr. Speaker, then certainly legislation affecting the ability of provinces to provide a uniform basic level of health care, post-secondary education and other essential services must require that same level of consultation.

The Minister of Finance (Mr. MacEachen) spoke on this legislation last Monday. I was in the House to listen to him. I read his speech in *Hansard* after that and I read it again on Sunday morning. I am certain that the minister has forgotten how to speak in everyday, understandable English. I looked at the bill before us, I read the reactions of some of the provincial governments, then I read his speech again. He is not using the English language to convey an explanation of this legislation. Instead, he uses the language to lead us away from the truth.

The Minister of Finance gives the impression that negotiations on this bill have been ongoing since October of 1980, when in that budget he said that "significant savings in social transfer payments" would occur. Yet later, he admits that

serious negotiations did not occur until after the November 12 budget of 1981. Even then he made major changes in February, 1982 and expected the provinces to agree within the same month.

Clearly, negotiations have not taken place in any real and substantial way. Some provinces have complained that the federal government's finance minister refused to meet with his provincial counterparts, from December 1980 to November 23, 1981, almost a full year, even though a meeting had been promised for as early as March, 1981. Clearly, if you do not meet you cannot discuss, and if you cannot discuss you cannot negotiate. This is not co-operative federalism in action; it is evasive federalism being acted out.

Negotiations are a sham when a proposal made to the provinces on February 4 for which documentation was not given to the provinces until February 19 is to be agreed to by the same provinces by the 22nd of that same month. They are given three days to respond to the federal government's position. It would take many more days for the provinces to be able to analyse the effect of the federal government's position.

The ultimatum negotiations of the Secretary of State (Mr. Regan) where he demanded responses by March 3 with regard to funding proposals for post-secondary financing and, to a lesser degree, the fancy dancing of the Minister of Employment and Immigration (Mr. Axworthy) on the federal role in training programs also served to confuse the issue further.

There is no real need for this rushed and abortive attempt to negotiate with the provinces. As the hon. member from Winnipeg-Birds Hill (Mr. Blaikie) mentioned last week, only the section of this bill dealing with equalization payments must be passed this month, even if only on an interim basis at this time. Those other sections where the majority of the dispute exists have no legislative deadline.

The effects of this legislation are not yet fully understood. Most provinces have not given their written reactions in the last couple of weeks. Most hon. members do not understand the legislation fully. We saw it for the first time on March 19 of this year. It would be irresponsible for us to pass this significant and important legislation without realizing all its implications.

I repeat that for established programs financing there is no legislative deadline. We are not forced to act on this section now. The federal government is giving itself a year to prepare for the start of new national guidelines for medical services and post-secondary educational services. Surely we and the provinces must have this information before we set limits on the federal level of funding for these important areas.

The minister in his speech last week spoke of a number of changes that are contained in this bill. He started by saying that there will be a "substantially changed fiscal equalization formula." Yet he wants to rush this bill through the House. The purpose of this section is to provide less money for the poorer provinces than they would receive if the present agreement were continued.

In addition, he spoke of moving to "modify established programs financing by eliminating compensation provided in exchange for the 1972 revenue guarantee." Those are his words, not mine. Again this is a major change which we should not rush into. This also will drastically reduce funds the provinces are entitled to under the existing legislation.

One change the minister proposes is to forgive provinces which received an overpayment based on estimated population figures. However, Saskatchewan is not to be forgiven, while each of the other five provinces who received an overpayment will be forgiven. This bill specifically denies Saskatchewan this refund. Can we rush into legislation that is unequal in its treatment, on a retroactive basis, without first discussing the rationale for this proposed action? The amount is $50 million, and despite tales of new-found wealth in that province the amount is significant for a province of only one million people.

I do not wish to imply that all within this legislation is suspect; indeed, that is not the case. A provision extending for an indefinite period a fiscal stabilization program which protects provinces from a sharp downturn in revenues caused by a major slump in the economy and facilitating provincial borrowing in those periods is a good measure. A similar provision providing a revenue guarantee if the federal government makes substantial tax changes is also welcome. A section protecting provinces by providing 85 per cent, 90 per cent or 95 per cent of the previous years amount, depending on the provinces' per capita fiscal capacity, is also good. It gives protection against a rapid increase in a province's revenue in a one-year or two-year period.

The concept of including local governments' potential tax capacity also has merit. It will apparently roll $16.5 billion into the equalization standards, and it will more adequately reflect the revenue capacity of a province.

The provision of a ceiling where total equalization payments will be restrained by the growth in the GNP should provide protection for the federal treasury. However, its effect on poorer provinces if costs should escalate is something we should be discussing further in this House.

A very interesting new provision guarantees recipient provinces will have transitional payments for the next three years, guaranteeing, for example, that the 1982-83 equalization payments will increase by the average rate of income from 1977-78 to 1981-82. The federal Minister of Finance pointed out that in the next three years this transitional payment would mean an extra $165 million to the province of Manitoba alone. It is an admission on his part that the new proposals in this bill will drastically reduce the amounts provinces will receive under the present arrangement. Yet the minister says there are no cutbacks. If there are no cutbacks, why does he need a transitional payment scheme for the next three years? Why does the province of Manitoba receive $165 million over three years if there is no cutback? He is admitting that this legislation is giving him less money than the provinces would receive under the existing legislation. The Minister of Finance said that he agreed to transitional payments on the suggestion of the provinces, and in particular because of the arguments of the new government of Manitoba. That fact, in itself, is good,

but we must again ask ourselves why transitional payments are necessary if there are no cutbacks.

• (1610)

Under the present equalization formula, Manitoba should receive $452 million in 1982-83. Under the minister's new scheme, that province is entitled to $349 million, which represents a cutback of $113 million. With $82 million in transitional payments, Manitoba will receive $431 million, which is still $21 million less than they would have received under the present legislation. If we add the amount the province will lose under the new program for established programs financing to this $21 million figure, we find that the province will receive $62.9 million less next year than they would have received if the present legislation was continued.

Once the sugar coating provided by transitional payments is dissolved, it will be evident that the poorer provinces will be in a worse position. In 1986-87, the loss to Manitoba is estimated to be $248.6 million for one year alone. Yet Manitoba is not alone is this regard. The estimated cost for Newfoundland in 1986-87 is $30.3 million. For Nova Scotia it is $40.8 million. The figure for New Brunswick is $48.5 million. For Quebec, it is $1.22 billion. As I mentioned, the figure for Manitoba is $248.6 million.

Over the five-year term of this agreement the provinces will receive much less money than if the existing programs were allowed to continue. Again, I have figures relating to the same six provinces. The total federal cutback over the five-year term for Newfoundland is $90.3 million; $153.1 million for Nova Scotia; $172.7 million for New Brunswick; $3.960 billion for Quebec; and $828.3 million for Manitoba. Yet the Minister of Finance, in his unusual use of the English language, said last Monday; "I do not understand how the term 'cutback' can be applied to this particular program". We see billions of dollars in cutbacks yet he cannot understand how we on the opposition side, who are out there listening to people in the provinces, can use the term "cutback". The only argument the Liberals have used is that there is increased value in federal tax transfers, yet provincial tax increases will offset the shortfall in federal financing.

Let us review the true figures. Even after the federal tax transfers and the related increase in provincial taxes, the shortfall for some of these provinces is staggering. Again, I have figures for five provinces. For the next five-year term, Newfoundland, after removing the increased federal tax transfers and the provincial tax increases which are related to that, will lose $67 million. For the last year of the program it will lose $28.3 million. Nova Scotia, over the next five years, will lose $71.1 million and $27.8 million for the last year of the program. New Brunswick will lose $133.7 million over the five-year period and $42.5 million in the last year of the program. Quebec stands to lose $3.799 billion and in the last year alone, even after all the extra money which Liberal backbenchers have been talking about, it will lose $1.040 billion as a result of this new scheme. Over five years Manitoba will lose $719.3 million, and in the last year of the program it will lose $232.6 million. These figures are staggering but they must be put on the record because they represent the net loss faced by the provinces under this proposal.

The sugar coating effect of the transition payments may blunt the opposition to these measures. Already, some newspapers and politicians are looking only at the immediate result for 1982-83. However, the horrendous effects of this piece of legislation are only being delayed.

Those of us who are from the provinces concerned—Newfoundland, New Brunswick, Nova Scotia, Quebec and Manitoba—as well as those who are concerned about what result this legislation will have on the ability of the provinces to maintain a decent basic level of services, cannot support this bill. Liberal members who vote for the bill had better hope that the next federal election occurs before the sugar coating completely dissolves and Canadians discover what is being rushed through Parliament at this time.

The real question which must be debated right now is how the provinces, especially our poorer provinces, will be able to maintain existing programs at their present level when the federal government is taking away over $5 billion in the next five years. I remind hon. members that most of that money is being taken away from those provinces which are already receiving equalization payments, those provinces which we have agreed need the money the most.

When the Liberals refer to the resource rich provinces as the ones which will suffer under these proposals, they are obviously not telling the whole story. When the government complains that including all resource revenue of the richer provinces in equalization programs would create financial problems for the federal government, it is ignoring reality because for each of the last number of years resource revenue has been treated differently, and will continue to be treated differently simply by keeping Alberta off the list of the five provinces used to establish the equalization standard.

As provinces not receiving equalization payments, the major resource provinces are not adversely affected by the equalization proposals. They are not suffering from the cutbacks. They are affected by changes in the established programs financing through the removal of compensation for the revenue guarantee and, while it may be arguable that those provinces do not need federal assistance for hospitalization, medicare and post-secondary education, how does the federal government expect to enforce the federal standards, once they finally establish them, if they do not have a "carrot"—some way of controlling the activities of the governments of Ontario, Alberta and British Columbia? As I said earlier, my main concern is for developing provinces. While arguments about British Columbia or Alberta may be valid, they take attention away from those provinces which need the funds the most.

By referring to letters from the governments of the Atlantic provinces, the Minister of Finance implied that they support his scheme. In fact, those letters only support this proposal for a five-province standard for equalization over an earlier suggestion which he also made to restrict Ontario as the only province used for that national standard. That is the only point

those letters make and we should ensure that Canadians understand this. We should not let the Minister of Finance bamboozle us again. The Atlantic provinces do not support this scheme and he should not make that implication in his speeches.

• (1620)

I remind Parliament that over 70 per cent of the cutback—and surely we can call it that, no matter what the Minister of Finance wishes—will be borne by those provinces with 44 per cent of the population and only 36 per cent of the national economic output. To hear some hon. members speak, we would assume that this is another measure by the Liberals to soak the rich. It is strange that every time the Liberals go out to soak the rich it is the poorer sections of Canadian society which are drowned.

My colleague, the hon. member for Winnipeg-Birds Hill, mentioned that by a sleight-of-hand trick the Liberals have removed the compensation for the revenue guarantee and by doing so have made sure that the real increase in established programs financing is only 4.6 per cent instead of the 13 per cent the Liberals claim it is.

Parliament should be aware of what the all-party task force said about the level of federal funding. The task force stated on page 33 of its report:

—federal grants to provinces and municipalities expressed as a percentage of total federal spending have been fairly constant since 1970. There is, therefore, no ground to suggest that federal transfers have been getting out of control. In fact, they grew at a slower rate in the 1970s than they did in the 1960s.

What did the Economic Council of Canada say? It said that one should seriously doubt the wisdom and fairness of solving the federal deficit problem by merely transferring the problem to the provinces. The council went on to say that this is not a solution at all.

From where is the money for these programs to come? The federal government expects its own expenditures to increase by approximately 16 per cent this year. If the past is any tradition, they will probably increase by more. Are the provinces not expected to face similar increases, even without this drastic change in federal funding? Are the provinces going to tax their citizens more to maintain the level of services for medicare, hospitalization and post-secondary education? How are they supposed to know what they are supposed to finance? We have yet to see the guidelines for health care and post-secondary education. We are setting the funding limits now, and we are setting the guidelines for what should be a national standard one year down the road. Does that make sense?

Mr. Blenkarn: Of course not.

Mr. Keeper: The Tories support it.

Mr. Murphy: I think it is very likely that the standard of education and the standard of medical services in the less wealthy parts of this country will deteriorate. Why would the federal government propose a scheme whereby funding limits are established now and later we establish the federal standards and the federal guidelines?

For the last three years all parties in this House have expressed concern about the present level of services. By cutting the federal funding to which the provinces are entitled there can be no less pressure—and there certainly will be more pressure—on the level of services the provinces provide.

Did the all-party task force not state that money provided for the revenue guarantee should be treated as federal funding for health care and post-secondary education? If that is the case, why is the federal government, which had the majority on that all-party task force, eliminating this funding, and how could the so-called Breau report say one thing and the hon. member for Gloucester (Mr. Breau) say the opposite in this House last Friday? Has he forgotten what his report is all about? Has he forgotten what the essence of that report was?

These are questions which should be asked and answered before we rush this legislation through Parliament. Today the state of federal-provincial relations is so strained that even Premiers like Howard Pawley of Manitoba, who really believes we should make co-operative federalism work, find it difficult to succeed. They find it very difficult because of the attitude of some of the premiers. They also find it difficult because of the attitude of the Prime Minister and some of his colleagues who sit opposite. This country needs a more positive attitude on the part of the provincial governments and on the part of the federal government toward each other.

Before this legislation becomes another thorn in the side of confederation, let us as members of Parliament make sure we know what we are passing. Let us ensure that no province suffers unnecessarily because of this legislation. Let us ask that guidelines for the level of services for health care and post-secondary education be established prior to limiting federal funding for those essential areas. Let us ensure that equalization payments really mean something and meet the needs of our less wealthy provinces and do not become another empty promise in our new Constitution. Let us insist that the Minister of Finance, the Minister of National Health and Welfare (Miss Bégin) and the Secretary of State really negotiate with their provincial counterparts and not just play at consultations. Let us make sure that co-operative federalism really works and lives in Canada. For us to act in any other manner would not benefit those programs which we all believe to be very important and would not create a Canada where we are working together toward a better future for Canadians.

The Acting Speaker (Mr. Ethier): The hon. member for Winnipeg-St. James (Mr. Keeper).

Mr. Keeper: Mr. Speaker, it is good to be speaking on this subject.

The Acting Speaker (Mr. Ethier): Order, please. May I correct the situation? Inadvertently I had not seen the hon. member for Bow River (Mr. Taylor) rise. I did recognize the hon. member for Winnipeg-St. James. The names were given to me in co-operation with the party leaders. I usually work that way, but it would be customary for me to recognize the

hon. member for Bow River, and I will recognize the hon. member for Winnipeg-St. James immediately after, if the hon. member for Winnipeg-St. James grants his permission.

Mr. Keeper: Mr. Speaker, I can understand the error.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I appreciate the co-operative attitude of the hon. member for Winnipeg-St. James (Mr. Keeper).

I want to make only three comments about this bill. I am going to say a couple of things which have not been said before. First, I want to deal with the fund and join in the considerable discussion there has been about how much money goes into the fund and from where it comes. I want to make it abundantly clear that the governments of Alberta, past and present, have always stood very strongly and firmly for the principle of equalization. Albertans are part of Canada, and we agreed that social services such as health care and education should be provided at a reasonable minimum standard to all Canadians. As a matter of fact, it was strongly urged at the very beginning of the program by a former premier of Alberta that there should be equalization in Canada. Even though at that time Alberta was a have-not province, we felt it was necessary to make sure we shared anything we had. That has been typical of Albertans throughout the years. I remember that when I was a small boy during the depression years our family was as hungry as others. But that did not stop my mother, every time she baked, from sending a loaf of bread to another family who were also having a tough time.

Many times people are criticized for doing something good. I remember being in El Salvador in 1965 representing the Canadian government through the Canadian Good Roads Association at the opening of the Pan-American highway. I also witnessed the opening of a hospital in El Salvador for which the Americans had paid. I travelled over the Pan-American highway. The Americans had paid for 80 per cent of it, yet I did not hear one good word about the Americans from those people in El Salvador. All I heard was criticism, criticism, criticism. I asked the chap from Central America who was beside me, why? The Americans had built nearly the entire highway through Mexico to the United States; the Americans had built the hospital which was being opened, but they received no thanks for that. The chap beside me said that wherever there is a benefactor, there will be those who will hate that benefactor.

Sometimes I feel that way about the province of Alberta when I hear comments made in other parts of Canada. Albertans, the Alberta governments and previous Alberta governments have never asked for special concessions. They have shared with the rest of Canada in a number of ways. Mr. Speaker, I was hurt some time ago when I heard the Minister of Energy, Mines and Resources (Mr. Lalonde) say that Alberta did not want to share. I was even more hurt when I heard Senator Hays, a Liberal, say in a speech in Calgary that he was raised with oilmen and ranchers but now they do not want to share. I do not know where he has been living because sharing has been part and parcel of the every-day life of Albertans as, indeed, it has been of most Canadians. Who among us, from any province, would pass a youngster on the street who was hungry? Any of us would share our bread with him.

• (1630)

The equalization program which is now entrenched in the Constitution is a splendid thing. It ensures that all Canadians will have a minimum standard of social welfare, education and health. The higher we raise that minimum the greater the country will be. The weakest part of a chain is the weakest link and the weakest part of our confederation is the weakest province we have. We want to make sure that every province is strong and is given a chance to develop.

When I hear it said that Albertans do not share, I am upset because they have shared $18 billion in oil and gas revenues. I remember that when I was a member of the Alberta legislature I argued that we should have at least a two-price system for oil if not a three-price system. The first price would be the best one for the people who own the resource, the second would be the next lowest price for the people of Canada and the third would be the highest, or the world price for exported oil. Premier Lougheed replied that that is what the policy is, the fairest price possible, right across Canada and the highest price for people outside the country. By keeping the price lower than we needed to, we shared $18 billion with the people of Canada. I do not want any particular thanks for that, nor do the people of Alberta, but I think we should at least have recognition for it.

We also shared employment. I went to the tar sands plant at Fort McMurray when I was a member of the Alberta legislature where 2,000 people were employed separating the oil from the sand. A good half of them came from Ontario, Quebec and the maritimes and I was happy about that. I had dinner at a table where one person was from British Columbia, one was from Alberta, four were from Ontario, four from Quebec and two or three from the maritimes. Those people were helping develop the resource and that is the way it should be.

We also want to share in the fund. I want to be fair with the people of Alberta and I want the federal government to be fair with them when building the fund up. At one time we in Alberta argued—and the principle is sound—that revenue from non-renewable resources should not be part and parcel of the fund. A number of hon. members will probably disagree with me, and I respect that, but I argue that as we only have those non-renewable resources for a short period of time we should build for the day when they are not available. That is what the people of Alberta have been doing with the Alberta heritage trust fund; when the oil and gas is gone threre will be something there to lighten the load that the people will have to carry.

We argued that revenues from depleting resources should not form part of the fund, but we lost the argument. In the 1976 revision oil revenue was included and has formed part of the fund since. I still do not think the principle is sound,

however. A non-renewable resource is a depleting resource and any province should have a chance to make use of the revenues which are only available for a short period.

My main reason for speaking today, Mr. Speaker, is the changes that have been made. Instead of "oil", there is now reference to "conventional new oil revenues", "conventional old oil revenues", "heavy oil revenues", "mined oil revenues", "domestically sold natural gas revenues" and "exported natural gas revenues". I think members of the committee should find out whether there is a fish hook in this which is designed to hurt Alberta. There are those who would like to do that. If there is a fish hook in this, it should be taken out. We will pay our share but let us not double the share simply because we have some non-renewable resources today.

Why did the minister change the provision from just oil and gas and make the various distinctions? The committee should examine this, as I shall at report stage, note the changes that have been made from what was contained in the old act. I want to know if there is a fish hook in this which is designed to hurt one province. I have seen that happen before, Mr. Speaker. I do not care whether it is little P.E.I. or big Ontario or big Alberta, no province should be discriminated against. Every province should be treated fairly and squarely. I make no apologies for that stand, Mr. Speaker.

There are three ways of sharing, namely, through the fund, and we are happy to do that, through employment and through a lower price for gas and oil for the people of Canada.

The third and last point I want to make concerns a reduction in services. When I was in the provincial legislature many programs were started by the federal government with a great blast of trumpets. Then suddenly the federal government dropped out and the province was left holding the bag. That is a very bad thing, no matter which party is in power in the federal government. If it is not going to maintain a program it should make it clear from the beginning.

I remember one program that was designed to help handicapped and retarded young people which was started in the Banff area. Many people worked very hard on it and volunteers gave their time to the project which was to enable retarded people who had previously drawn welfare to work and help maintain themselves. One learned to drive a car and started to earn a living, or at least part of his living, and others learned other things which would supplement their income and help them become self-sufficient. My heart thrilled at the happiness on their faces when they were able to say, "I am now making my own living." But after the third year when the program was going well, the federal government dropped out.

That is a bad policy and the same thing could happen with the established programs financing. The federal government will drop $5.7 billion over five years, or $1.14 billion every year if it is spread equally over the term. I cannot understand the mathematics of the Minister of Finance (Mr. MacEachen), and neither could the hon. member for Churchill (Mr. Murphy). I do not know whether he was figuring in metric or what. Even in metric I cannot understand them. When you take $5.7 billion away from the provinces, there must be a reduction some place.

• (1640)

The sad part is that established post-secondary educational programs will be affected; the quality of education will be reduced. I think hon. members opposite should realize that there will be less moneys for universities and colleges. This will either be made up by provincial governments or municipalities levying more taxes, or the fees of students will be increased. I read in a Montreal paper where one of its universities has now increased its fees for foreign students. Do we not want foreign students to come to Canada? Perhaps they should pay more than Canadians, but it is in our interest, if we are to share responsibility with the rest of the world, to raise the standard of education in Third World countries. It is very important for them to have educated people who can become leaders in their communities. Reducing the number who are coming to Canada does not work toward that objective.

One objective in terms of health was to have minimum health treatment for any Canadian who needed it. This is why Alberta gave up its medical program which was started by doctors. Alberta was doing fine under its doctors' program. It was an excellent program, but we were not helping other Canadians. Thus the government of Alberta said that it would drop out of its own plan and join the national program. Provinces that are not as well off as Alberta depend upon federal money. They will have to find money some place or lower the standard of health care. When provinces lower their standard of health care, it is more difficult for people to get into hospitals. It will even be more difficult for those who are poor. It will not affect those who are wealthy. As the hon. member for Churchill said, it is the poor who suffer, not the rich. The rich have enough money to attend universities, to have the best doctors or to do any of these things; there is no problem. The problem is with people who do not have money. This is why there is equalization. Any reduction hurts most in the provinces which need equalization. I plead with government backbenchers and cabinet ministers to ask themselves whether they want to be part and parcel of reducing the standards of the health and education systems in the country.

We should be raising the standard of education. The higher we raise it, the more we provide opportunity for young people to attend colleges, universities or various high schools. The better the country will be if opportunity is provided. Illiterate people in the Third World are having difficult times. Many people cannot read or write. They need opportunity. The same thing applies in our country where people are generally educated. That is not to say that we are well enough educated now. We should provide more opportunity for young people to attend colleges and universities and to learn trades so that they can contribute to the net worth of the country.

The effect of cutbacks on social services is an area which makes one's heart bleed. There are people who depend almost entirely on social services for their livelihood, for the education of their children, for the clothes on their backs. The provinces

or the municipalities will either have to cut back or raise taxes. If not, children will attend school poorly clad or fed.

I do not like to make personal references but I remember, during tough years, boys and girls who came to school without any breakfast. I remember boys and girls who came to school without any winter underwear in 40 below weather. One of my students rode a horse for five miles to school and he had no winter underwear. I asked him, "Where is your winter underwear?" He said, "My dad is a drunkard, we are on welfare, and they will not give us any winter underwear." After riding to school in 40 below weather, his skin was blue. I was so angry that as soon as school was out that day I drove to Drumheller and phoned the then premier of the province, Mr. Brownlee. He told me to talk to the minister of welfare. I phoned the minister of welfare and he said, "That is the rule; if the father drinks up his money we cannot help". This was during the depression years. I said, "Are you going to make the kid suffer because his father is a drunkard?" He said, "That is the rule". Then I phoned Premier Brownlee again and I told him the story. He listened and said, "That kid will get winter underwear". Three days later winter underwear was provided to the boys and girls of that family. I wondered whether this was the way government worked, that someone must fight for winter underwear. This is one of the reasons I am in politics; it is not my idea of government.

Government should help those who need it. People need help through established programs. The government should not be cutting $5.7 billion and telling the people that it is not reducing the equalization fund.

The hon. member for Western Arctic (Mr. Nickerson) mentioned that he did not like the idea of the Alberta government giving $1 million to its municipalities because this action might make people irresponsible. I can understand people saying this if they do not know the real facts behind the so-called gift to municipalities. The municipalities of Alberta had debts which were not the result of recklessness on the part of their councillors. At one time I think I knew every municipal councillor in the province of Alberta, and I did not know one who was reckless. People who are that close to municipal governments must be careful, or it is not safe to walk down the streets. Day by day councillors rub shoulders with the people. One municipality had debt because sewer and water systems were required; another municipality wanted to be rid of dust which was causing lung trouble, so it paved the roads; and another municipality required a bridge. Some municipalities had no debt, some had a little and some had a lot.

How did the government of Alberta deal with the situation? It gave a per capita grant to all municipalities. Those with no debt were able to build up capital assets. Some of those with debt were able to wipe it out. Those with a little debt were able to provide other services to their people. Those with the biggest debt used most of the money to pay it off. It is another example of sharing provincial revenue with the municipalities. Municipalities are the creation of the provinces; why should the provinces not share their revenues with them? I am proud of the fact that the Alberta government provided help to the municipalities to eliminate their debt.

Also I say to the hon. member for Western Arctic that he should have seen the faces of the people in those municipalities when they were told that the debt was paid. It was similar to how I would feel if my father came to me and said, "Well, you have been a half decent guy; I will pay off your $2,000 debt". It would be a wonderful load off my shoulders. Many fathers do it. I do not think that is wrong, I think it is good. The more sharing we have in that way, the better. But remember, this money belonged to all Albertans. The province is simply passing the money on to the municipalities because all of it does not belong to the provincial government. There are principles there that are important and the same principles are important in this bill.

• (1650)

By all means, let us keep equalization. But at the same time, let us make sure that we are fair with each province. Let us make sure that no province is discriminated against in the building of the fund. Let us be fair to all provinces that receive the fund so that social services, education, and health care particularly, will at least reach a reasonable level of which any Canadian need not be ashamed.

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, I am very happy to rise and address this bill because of its fundamental importance to our country, not just in the abstract but for Canadians as individuals. This bill is crucial because it will affect the day to day lives of all Canadians.

Bill C-97 deals with established programs financing and with equalization. It is a mixed bill. In that sense it is similar to the oil bill which caused all the kerfuffle which motivated the Conservatives to stop all business in this House. That bill was split eventually, and it is right that it was.

I feel that the bill before us should be split. Why do I say that? Quite simply because the government is trying to say that Bill C-97 has to get through the House now, that there is no time to be wasted if payments are to continue to the provinces. Therefore, this bill must go through now. In fact, the only part of this legislation that has to be dealt with quickly is the equalization portion of it. We could deal with the EPF portion of it over a much longer period of time. This raises the question why the Liberal government of the day is pushing this bill through the House so quickly, as it attempted to push the oil bill through. I must conclude that the government is doing this because it really does not want a full examination of the implications of the changes in fiscal transfers to the provinces.

We have all been able to make the point with regard to the established programs financing portion of this legislation and how that will have a detrimental effect on the provinces and all of our citizens. But the equalization part deserves full examination as well. By rushing this matter through Parliament, we will not have the time to understand fully the implications of

the changes in the equalization portion of this bill. The provinces will not fully understand the implications of the changes which the government is pushing through the House.

I am not surprised when the government of the day intends to push a legislative measure through the House quickly. But it does concern me when the official opposition, the Conservatives, who fought the oil bill vigorously and demonstrated their capacity to force the government to split a bill, is abandoning the fight when it comes to health and education. The official opposition has demonstrated its capacity to "stop Trudeau" from ramming an important measure through the House. Yet when it comes to fiscal transfer matters affecting health and education for all citizens, the official opposition does not exercise the same strength and power it has demonstrated it has. Why did the Tories not do that for this bill? Why do we not stop the government from rushing this bill through the House?

An hon. Member: Oil before people.

Mr. Keeper: My colleague says oil before people.

This bill is an example of unilateral action. It is the federal government moving without the co-operation of the provinces. It is a demonstration of the fact that the government has completely abandoned the notion of co-operative federalism. It is really acting with a heavy and an arbitrary hand. It is not surprising the Liberals are doing this, but why are the Tories not fighting to stop this from happening? The Tories made a big issue of this when it came to the Constitution. They demonstrated their capacity to stop the government in this House. Yet when it come to the substance of confederation, which is the bread and butter of the financing that will help every family in Canada with regard to its health and education, the Tories are not here to carry on a real battle.

In the final analysis, I am not surprised that the Liberals and the Tories take the same approach to fiscal transfers. Fundamentally, they have the same economic strategy. They have the same approach when it comes to high interest rates, which continue to hurt people.

Mr. McDermid: That is not true at all.

Mr. Keeper: They have the same fixation with regard to the federal deficit.

Mr. McDermid: Start telling the truth.

Mr. Keeper: They have the same approach to public expenditures. I will use an example given by the hon. member for Western Arctic (Mr. Nickerson). He made it quite plain and was very candid with regard to the Tory approach to public expenditures on health and education. He said in effect that he could understand when governments have to take a tough stand regarding transfers to the provinces. That was a candid remark and it demonstrated the Tory approach to public expenditure.

Mr. McDermid: What would you do? Would you give it away? What kind of stance do you take?

Mr. Keeper: The public knows that fundamentally Liberal and Conservatives take the same position when it comes to economic matters and public expenditures. The recent Gallup poll on the economy demonstrated that. The question asked was: "Would there be any difference if the Tories were in office rather than the Liberals?" Over 60 per cent of Canadians said that there would be no difference if the Conservatives were in office rather than the Liberals.

Mr. McDermid: Prove it. Give us a chance.

Mr. Keeper: The Canadian people know that there is no difference between the Tories and Liberals in office.

Mr. Stewart: What a joke. Go across the floor.

Mr. Keeper: Why is this an important issue? Why is Bill C-97 an important matter for this Parliament? Why should we be fighting it tooth and nail? Why should we be "stopping Trudeau" with regard to this unilateral action? We should be doing all of those things because the government, through this legislation, is reducing transfers to provinces for health and education, much needed social services, by the amount of $5.7 billion.

The government has eliminated the revenue guarantee. Previously, this was a guarantee for which the government took great pleasure in taking credit as a contribution to health and education services. Now when the government wants to get rid of it, it is claiming the guarantee has nothing to do with health and education. This bill to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act is a very significant one because it affects services in a crucial area that are available to all Canadians.

This bill is really an attack on medicare. The federal government is pulling out of medicare funding. The federal government is pulling back on its share of medicare expenditures.

Mr. Evans: That is nonsense.

Mr. Keeper: At the same time the government is claiming that it wants strong national standards in health care. The government's action is to pull back on funding, yet its words are "Let's have high national standards".

I think most people will agree that actions speak louder than words and that this Liberal government, through the legislation before the House today, is attacking medicare. By cutting back on the funds available to the provinces for health care, the government is encouraging doctors to extra bill, thereby reducing accessibility to much needed health care in Canada. By this action the government is in fact promoting doctors' strikes because it is reducing the capacity of the provinces to pay for medical services at what doctors feel is a fair rate. It discourages investment and innovation in the health care system.

• (1700)

The preventive measure approach would mean lower costs in the long term, but it requires investment today in order to achieve those objectives. We need the financial wherewithal to establish community clinics. We must be able to experiment with salaries for physicians and not rely solely on the fee-for-service approach. We should be able to move into the area of prenatal and post-natal care. This would have long-term implications for the general health of the population and would reduce health care costs. We should have the funds to be able to experiment with new services for which there is a growing demand, such as home births, while keeping in mind that the infant death rate is much lower in those nations which combine supervised home-birth services along with hospital facilities for high-risk births, as compared with those countries which rely on hospitals only.

This legislation has very serious implications for us all and is a direct attack on medicare and health services. That, however, is not the only implication of this legislation. The Liberal government says it is not really cutting $5.7 billion in transfers. The minister said this was not really a cut. It is, he says, something more in the order of $1 billion because of the fact the government is transferring tax room to the provinces. In other words, the government is pulling out of a taxation field and the provinces will benefit thereby.

Well, let us examine that a little more closely. I ask the question, what tax room? Last November's budget did not lower taxes. It was in fact a real tax grab. Every Canadian knows that because everyone in this country has been hit and in some way hurt by the November budget.

There was a great hue and cry when the Minister of Finance (Mr. MacEachen) stood up in this House and said he was bringing equity to the taxation system, when in fact experience showed he was attempting to raise revenues and hurting everyone in this country. He reminds me very much of Colbert, finance minister to Louis XIV. Colbert said that the art of raising revenue was to pluck as many feathers from the goose with as little squawking as possible.

The problem with this minister is that he could not pull it off. There was squawking, and deservedly so. Everyone knows that the November budget raised taxes and in no way freed up any real taxation room for the provinces. The Minister of Finance, when he attempted this trick of plucking feathers from the goose, should have kept in mind that this is the twentieth century, not the seventeenth. Perhaps he will do so the next time he plays Colbert to Louis XIV.

What are the implications of these cutbacks? First of all, they force the provinces to raise taxes. In my own province of Manitoba, where a newly elected government is seeking to maintain these services, they will be forced to raise taxes unless this Liberal government shows some heart and provides adequate funding to the provinces. The province of Ontario faces a similar situation and their response to it is to cut services and increase user fees. Taking community colleges here in Ottawa as an example, it is well known that the Ontario government is following a policy of raising tuition fees at the same time as educational programs are being cut. We also know that over the last little while the Ontario government has been moving to a market system in the area of health care. They want hospitals to act as free enterprise institutions, and they have been cutting beds and even closing hospitals. The provinces are doing this because they are forced to as a result of the cuts in transfer payments by this government.

Another area threatened by these cuts is that of post-secondary education. I am sure all members of Parliament have been lobbied very vigorously by members of the Canadian Association of University Teachers over the last little while, and quite legitimately so. They particularly targeted those MPs with universities in their ridings. I met with them and they gave us documentation regarding the implication of these cuts for universities. As an example, they referred to the Avro Arrow. They indicated that by cutting such a technologically sophisticated program the government of the day hurt the economy. That was a good example because it occurred under the Conservative government. This illustrates once again that the Liberals and Conservatives follow fundamentally the same economic strategies and policies with regard to expenditures.

What are the results of these cuts? As far as the universities are concerned, it means larger classes, more impersonal student-teacher relationships, inferior equipment and poor library support for students. Buildings and equipment decay, there is a reduced research capacity and the use of underpaid and part-time teachers. There are new entrance barriers to women and native peoples. Highly competent people are leaving the universities. As an example, a graduate with a B.Sc. in engineering can get a greater income in the private sector than he can as a lecturer or assistant professor at a university. Therefore, what motivation is there for him to work in the university and produce the technically trained people needed to keep the economy strong?

The University of Ottawa delegation which met with me indicated they are hiring at the assistant professor level only. Now, we are not all experts in how universities are run, but they indicated to me that there are four levels of teaching, consisting of a lecturer, assistant professor, associate professor and a full professor. That is the sort of ladder of qualification. The university had been forced to hire at the lower level of assistant professor only. This means that the most highly qualified people are no longer in a position to be hired by universities, and this also means a reduction in the quality of university education. Of course, this affects morale in the universities, which is falling.

• (1710)

These are some very concrete results of this legislation and these cutbacks in transfer payments to the provinces as they affect universities. This indicates a general decline in the quality of universities, particularly since the late sixties and the early seventies when we were investing quite heavily in universities.

Since about 1977, while the quality of our universities has been falling because of the lack of adequate funding from the

federal government, the competitive strength of the Canadian economy has also been falling. The reason for this is quite obvious. Because we lose the capacity to produce highly trained technical people, we lose our competitive edge in the world market. These two trends, the decline in the standards of our universities and the decline in the competitive position of the Canadian economy, go side by side. It is time for the government to recognize the direction of this relationship and reverse it.

Another way in which post-secondary education in this country is threatened by these reductions in transfer payments is that for each and every one of us the costs of educating our children are going up. Not only are the costs of education going up, but we are buying cheapened education for our children. A friend of mine calculated what it will cost him to send his daughter to university next year. His four daughters go to university, and it will cost him $5,000 a year. I have three young children, and I must say that the cost of sending children to university deeply concerns me. These costs are rising because of the cutbacks in funding and rising tuition fees. There has been a cheapening of university education itself. How many families could really afford to send two or three children to university at today's price of $5,000 per child? Goodness knows what the price will be tomorrow or the day after.

As a result of these rising costs of education, universities will become less accessible. This will reinforce the inequalities in our society. It will mean that the gap between the poor and the affluent will continue to widen. Universities were once the symbol of hope of this nation for greater social and economic equality. They were once the symbol of hope of many young people who wanted to climb above poverty and become contributing members of society. By these kinds of cutbacks in transfer payments, we are making it less possible for universities to be a symbol of hope, both to the individual person and to society as a whole.

It is not just in the area of universities that we have a worsening condition. The federal government is certainly making public statements with regard to the pulling back of dollars for community colleges. The government indicates that it wants these dollars to go to the private sector instead, to the industries. I would note, quite frankly, that community colleges are provincially administered institutions. It seems to me that pulling money out of the community colleges and putting it directly into private sector firms shows that the real goal being pursued is not better training for people; rather, it is greater political visibility for the federal government of the day, with the clear objective of gaining more seats in this House for Liberal members.

Rather than playing this kind of partisan politics, playing with people's lives, the Liberal government, the government of the day, should begin a program of requiring industry to train people. Right now it simply uses what it calls incentives, but there is no program of mandatory training by industry itself. This could be done. We should remember that only a few days ago we became aware of the fact that the Minister of Employment and Immigration (Mr. Axworthy) is deliberately seeking to hire some 20,000 to 25,000 skilled workers from abroad at a time when we have over one million unemployed.

Why is he seeking to hire these skilled workers from abroad? It must be because his training programs for skilled occupations in this country are a failure. One of the reasons they are a failure is that we do not make it mandatory for industry to train. We could do this by establishing a grant levy system. This would be a system that would require individual companies within an industry to pay into a fund. Those companies within industry which trained people for skilled occupations could draw from that fund in order to pay for that training. Therefore, rather than taking the approach of pulling money out of the community colleges to give to industry so that the government of the day could have greater political visibility, which is a partisan route, we should be dealing with the social reality. We should be seeking to establish training programs which really work. We could do that by making it mandatory for industry to train for skilled occupations. A system could be set up which would allow for that training to be financed industry-wide, not simply by each individual company.

In dealing with the threat that this bill represents for post-secondary education, I would like to come a little closer to home. I am thinking of my own community of Winnipeg or, if I may be so parochial, my riding of Winnipeg-St. James. I took the trouble to consult with two post-secondary educational institutions in my riding. I must say that I wished that the federal government had done the same thing. I have been asked by people from both institutions to put some of their concerns and views on the record. Perhaps if the federal government, before introducing this legislation to the House, had spoken to people in actual educational institutions, it would have come in with a different sort of legislation and with a different approach. I will specifically refer to the University of Winnipeg and then I will deal with the Red River Community College.

With regard to the University of Winnipeg, it is obvious that I cannot name the officials involved and I have no desire to do that. However, I want to state the feelings of the people involved in the administration and development of programs at the university, as they are key to the university. They quite clearly felt that the university had been underfunded by the previous provincial government, that previous provincial government being, of course, a Progressive Conservative government which was hardly progressive. They indicated that the present Manitoba government, under the cutbacks at the federal level, was offering very large grants to the university. I think it was in the order of a 16 per cent increase. This was being offered by a New Democratic government which was recently elected. The hopes of the people at the University of Winnipeg were that the federal government would cease this cutback approach and would take the route of offering adequate financial support to the provincial government so that the provincial government would be in a position to meet the full needs of the university community and, therefore, of the

City of Winnipeg. I am speaking on this issue today in order to express those hopes, because they must find expression some place and they certainly have not found expression on that side of the House.

The people to whom we spoke at the Red River Community College indicated, first, that they really appreciated the opportunity to express their views with regard to this legislation. That once again indicates the lack of consultation by the federal government with people who will be directly affected by the cutting back of funds. The Red River Community College's chief concern was with regard to rumours and implications that have been spread in the press that the community colleges are not doing their job, that somehow the community colleges are not training people for jobs that really exist and are somehow off target.

• (1720)

The people from the universities and colleges can be concerned, but obviously the people who were spreading these notions in the press were political; in fact, they were Liberal political people, members of the present government and cabinet. They were spreading the notion that somehow community colleges were not on target when it came to training people.

The record is quite different. The record shows that despite the fact that we have a slow economic situation right now, the graduates of community colleges have been able to find jobs. A survey conducted last summer by the Manitoba department of labour and manpower shows that 85.9 per cent of the 1980 graduates of the province's three community colleges and of the community college division of St. Boniface College have found jobs. In a tight economy it is very important that community colleges remain responsive to the job market, and the survey with regard to the graduates of the community colleges indicates that those people had found jobs.

I would note specifically that 88.4 per cent of those with jobs had remained in the province. So they did not have to run half-way across the country to find jobs; they found those jobs at home right where they were trained. And 82.7 of those with jobs found jobs related to the field of training. They not only found jobs but jobs for which they were trained. Most of the graduates found their first jobs within five weeks. So they were not hanging around for six months or a year to find a job; they found a job very quickly.

The graduates of Red River College in Winnipeg represent only 2.5 per cent of the unemployment rate among community colleges in Manitoba. In Assiniboine Community College it is zero per cent. These rates are so much lower than the general rate within the community that it indicates how well the community colleges are doing in terms of training people for jobs that exist. They are doing a good job in that way. So that the notion that is being spread by the Minister of Employment and Immigration that the community colleges are not doing their jobs, or are off target and therefore the money should go into private industry, is false.

If we wanted to, we could improve the record of community colleges, in terms of their training of people, by implementing the system of predicting what jobs are going to be available. That is a system proposed by the Canadian Labour Congress. It is a system which will allow for the collection of information from industry about investment plans and resulting job opportunities on a confidential basis. If we want to improve further the capacity of community colleges to be on target with regard to their training, we can do that, rather than going the cheap political route of simply taking moneys from institutions that are provincially administered and putting it into private industry because of the political, visibility.

I wanted to get on record, Mr. Speaker, the concern that some of the local training institutions in my community have with regard to the real cutbacks in funding that are going on and are being promoted by this government.

I want to make another major point, on a more broad level, with regard to the transfers of money from the federal government to the provincial governments. Manitoba is hit very hard. In fact, the province of Manitoba is hit harder than any other province. This is illustrated both by statistics from federal government documents as well as by statistics put out by the provinces themselves. I will give an example.

Over a period of a number of years, five years, on the average the over-all funding for all provinces will go up by 69.8 per cent, whereas for Manitoba it will go up by only 37.2 per cent. So there is a real difference in the way that the provinces are affected. Manitoba, of all the provinces in the country, is hit hardest by these cutbacks. The Province stands out, and I wonder whether this was because, when there was a premier who simply engaged in fed-bashing, this was some attempt to punish that premier for his activity. If that is the reason, I hope the federal government would realize that that premier is no longer the premier of Manitoba.

Common justice would call for some rectification of the over-all impact among the provinces. Why should Manitoba be singled out to be hurt the most by these cutbacks? The federal government should not be brutal. New Democrats in Manitoba will not engage in fed-bashing; we will tell it like it is. Unless there are real changes in these transfers so that Manitoba is treated justly, we will speak out.

As well, this raises some curious questions. Why bother to have a Liberal in this Parliament? We have from Manitoba two Liberal members. We have a Liberal federal cabinet minister from Manitoba. Why does he have no clout in cabinet? How can they justify the fact that Manitoba can be so hard hit? Is it because we have a Liberal cabinet minister? No other province has been hit so hard. It is time to change this formula, to change this transfer payment in a way that will mean that Manitoba is treated fairly with regard to these over-all transfer payments.

Over all, Mr. Speaker, what seems to be happening, as I see it, is that the two provinces that are really getting hard hit are Quebec and Manitoba. By observing the figures I have come to this conclusion, that the federal government is really hurting the two have-not provinces that are in the middle. The provinces that are at the bottom, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, are being hurt; but

those in the middle, that are closer to the national average in terms of wealth, are being hit harder. That is because the cutbacks in transfer payments are reducing the number of have-not provinces almost by fiat, in order to save federal government revenues.

In summary, Mr. Speaker, this legislation should not go through this House, for some very simple and fundamental reasons. The legislation represents an attack on medicare as a universal system of health care. It is forcing provinces to raise taxes. It is hurting the have-not provinces, in particular Quebec and Manitoba. Certainly it is hurting Manitoba more than any other province. You do not have to seek my advice in regard to this matter, Mr. Speaker. The parliamentary Task Force on Federal-Provincial Fiscal Relations said no to cutbacks in fiscal transfers in the sections of health, post-secondary education and social services. The Economic Council of Canada said no to cutbacks as they affect post-secondary education and health care.

So, Mr. Speaker, I wish that the government would come to its senses—although I hold out no hope of that happening—and stop the cutbacks, adopt a sensible economic strategy, create the wealth that we need to continue the services that we need in this country and bring some sanity back to policies in the federal-provincial relations arena.

• (1730)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Madawaska-Victoria (Mr. Corbin)—Agriculture—New Brunswick seed potato stock; the hon. member for Ottawa-Vanier (Mr. Gauthier)—Official Languages—Restructuring of financing of Association canadienne française de l'Ontario; the hon. member for Nepean-Carleton (Mr. Baker)—Freedom of Information—(a) Proposal to delay passage of legislation (b) Crown privilege and judicial review.

GOVERNMENT ORDERS

[*Translation*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. MacEachen that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Bernard Loiselle (Verchères): Mr. Speaker, since it is getting late I shall be brief and keep the details for the debate on third reading. According to the members of the opposition, we on this side are talking about cutbacks, and the federal government is supposed to be reducing transfers to the provinces. I feel that they are leaving out part of this mental exercise, which is: how do we assess the federal transfers to the provinces over time?

First of all, how did the transfers start? In 1958, the federal government introduced the hospital insurance program and it was understood with the provinces that it would be a 50-50 shared-cost program. In 1957, a similar program was established for post-secondary education, and in 1968, the shared-cost format was extended to the health sector under a new program, commonly referred to as Medicare. The arrangements were renewed every five years, both for the three established programs and for fiscal equalization. In 1972, we renegotiated the arrangements for 1972-77, and at that time the concept of revenue guarantee was introduced, following the 1971 tax reform. Because the provinces, it was felt at the time, were suffering a loss of revenue as a result of the tax reform, the federal government agreed to compensate them for loss of revenue over the period from 1972 to 1977. In 1977, during negotiations for the period from 1977 to 1982, the federal government was being urged by the provinces to continue the process of decentralization that had been initiated, and it agreed to release the provinces from the obligation to have their accounts and expenditures audited, and approved so-called block funding or established programs financing. At the time, we decided that the federal government would finance 50 per cent of the real cost of expenditures incurred in the three programs during 1976 and that increases for subsequent years would be related to the average GNP growth over the last three years. Finally, we put another sum on the table, while maintaining this obsolete concept which had become totally meaningless, that is, revenue guarantee.

The fiscal arrangements committee did, in fact, make a thorough study of all these negotiations, and when I hear our colleagues on the opposite side, especially those belonging to

the New Democratic Party, say that the committee did not recommend any cutbacks, I feel I should read two paragraphs where all committee members were in agreement. The paragraphs appear on page 36, and I quote:

> What is undeniable is that the federal government faces a major budgetary problem in the size of the public debt and corresponding debt service charges. In exercising its unique responsibility for stabilization policy in the post-OPEC period, the federal government—in common with most national governments in the western industralized world—took on massive deficits. Over the remainder of the 1970s, these deficits accumulated to the point where debt service charges now represent 20 per cent of the federal budget, and this share, which is a completely non-discretionary expenditure, is rising.

> Thus the task force considers that the concept of fiscal imbalance requires a careful distinction between a structural problem in the design of the arrangements of confederation, and a problem of budgetary imbalance reflecting political judgements on revenue and expenditure priorities. The federal government is at an interesting intermediate point on the spectrum between these two extremes, a point where a prolonged cyclical budget deficit begins to lead to some aspects of a persistent structural imbalance. The structural problem emerges because the size of the debt accumulated to date begins to constrain to an unacceptable degree the margin of manoeuvre in federal government decisions on fiscal policy.

It is clear, Mr. Speaker, that all members of the fiscal arrangements committee recognized the constraints on the federal government's margin of manoeuvre at the time, before the MacEachen budget was brought down in November. The seven committee members also clearly recognized that the amount transferred by the federal government to the provinces and referred to as revenue guarantee, as my colleague from Manitoba pointed out with a smile, that none of the provinces ever spent this money on the program, not even the socialist governments we met. None of the provinces applied these amounts to their health or post-secondary education programs, not one. They built roads, they paid for all sorts of things, including patronage, but they never spent the money on established programs, and our colleagues recognized the budgetary and financial constraints with which the federal government had to cope. And now, because we are making reductions—and this represents 6.2 per cent of the total transfers for the three programs—because we are making reductions in amounts that were not being spent on the programs anyway, they say we are cutting back and that we are going to bring about a reduction in essential services and cuts in post-secondary education programs. Mr. Speaker, that is not true, because first of all, since the report was tabled, we have had a budget that is giving the provinces $685 million more per year. So we can subtract $685 million from the cutbacks of $1.2 billion referred to by our friends opposite, and it is quite true that at least the provinces will be able to do what they like with this money.

And what is the situation today in 1982? The fact is, the federal government is paying about 60 per cent of total costs incurred for health and post-secondary education programs. So, Mr. Speaker, I think that members who have been seeing or listening to certain lobby groups should ask the same people who are pressuring us to spend more money on these programs, to put the pressure on the provinces instead of on us.

I repeat, Mr. Speaker, the concept of revenue guarantee is totally obsolete, because today, the provinces are receiving, not only as a result of the last MacEachen budget but also as a result of new Canadian tax measures, more than they would have if there had been no tax reforms in 1971. It is a little like someone who has a winning ticket and stands to get a certain sum of money for five years, and, when there is no money left at the beginning of the sixth year, starts complaining that society is treating him unfairly.

Mr. Speaker, our friends on the opposite side are talking about cubtacks, but the truth of the matter is that next year, federal transfers to the provinces under these programs will be increasing 6 per cent, rising to an average of 12 per cent during the following four years. That is all I have to say about established programs, since I shall be discussing this aspect in greater detail on third reading.

As far as fiscal equalization payments are concerned, from 1977 to 1982, the federal government paid $61 billion, and from 1982 to 1987, it will be transferring $104 billion. Here again, equalization payments will increase at a rate of 12 per cent annually, including the first year. I really do not know what kind of arithmetic or mathematical or metric or whatever system these people are using to calculate the figures I have here, Mr. Speaker, but in my book, when transfers are being increased at a rate of 12 per cent a year, how can you call this a reduction in the amounts being offered by the federal government?

As far as my own province, the province of Quebec, is concerned, it will continue to receive about one third of total transfers. In terms of equalization payments, in previous years, for instance last year, Quebec received $4.1 billion and this year it received $4.7. And then Mr. Parizeau comes and tells us that transfer payments to Quebec are being reduced. Mr. Speaker, that is a lot of hot air, and I feel provincial governments should first put their own administrative house in order and balance their own budgets before they criticize federal transfer payments, which are actually going up.

• (1740)

[*English*]

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on the motion (Mr. MacEachen) which was agreed to on the following division:

● (1750)

(*Division No. 155*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Collenette
Comtois
Corbin
Côté (Mrs.)
Cousineau
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Dupont
Dupras
Ethier
Evans
Ferguson
Fisher
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLellan
Maltais
Marceau
Massé
Masters
McRae
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tousignant
Trudeau
Turner
Watson
Weatherhead
Whelan
Yanakis—121.

NAYS

Messrs.

Althouse
Andre
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Cardiff
Clarke (Vancouver Quadra)
Crombie
Darling
Deans
Ellis
Fretz
Friesen
Hamilton (Qu'Appelle-Moose Mountain)
Hovdebo
Huntington
Ittinuar
Jarvis
Keeper
King
Korchinski
Kushner
Lambert
Lawrence
Lewis
Lewycky
MacDonald (Miss)
MacKay
McCuish
McDermid
McKenzie
McKinnon
Mitchell (Mrs.)
Murphy
Nickerson
Nielsen
Oberle
Reid (St. Catharines)
Robinson (Burnaby)
Sargeant
Scott (Victoria-Haliburton)
Speyer
Stewart
Taylor
Thomson
Towers
Vankoughnet
Waddell
Wilson
Wright
Young—55.

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Madam Speaker: It being past six o'clock, I do now leave the chair until eight o'clock this evening.

At 6.08 p.m., the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

FARM CREDIT ACT
FARM LOANS INTEREST REBATE ACT

MEASURE TO AMEND—MEASURE TO ESTABLISH

The House proceeded to the consideration of Bill C-88, respecting loans to farmers, as reported (without amendment) from the Standing Committee on Agriculture.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain) moved:

That Bill C-88, respecting loans to farmers, be amended in Clause 8 by adding immediately after line 31 at page 4 the following:

"(1.1) For greater certainty, the expression 'bonds' referred to in subsection (1) includes 'small business development bond'."

He said: Mr. Speaker, Parliament has allowed these amendments to the Farm Credit Act to go through second reading. They have been through committee and now they are at the report stage. I do not intend to repeat tonight the great value this act has been to farmers in the last 20-odd years, as I think almost everyone in the House must be aware of that fact. I agree completely with the minister when he says that the future of agriculture is ahead of us, with the world demanding so much of what we can produce from our land, water and air. It is absolutely essential that we have enough capital and the borrowing power of the nation to push forward this winning type of industry, agriculture, to make certain that we do not fail, and that the expansion of this industry continues.

When I talk about the expansion of industry, I think the minister is aware that what I am talking about is not just agriculture as we have known it, but agriculture of an altogether new type; intensive agriculture whereby we produce so much more from the same amount of land and utilize it in many different ways. I do not intend to elaborate on that. I think it is new to many people, but it is not new to the people looking at the future of agriculture.

These amendments which we have already dealt with at second reading and in committee are mostly housekeeping. They are useful housekeeping amendments. However, there is one amendment I mentioned at second reading debate and I want to put it on the record again so that it is clear. In my experience, it is almost a miracle the minister was able to get this amendment into the legislation. I am saying this clearly and deliberately because it is very important for us in Parliament to fulfil our obligations to the agricultural industry. We have to make certain that the agricultural industry has access to sufficient capital at low enough interest rates to make development possible.

I shall read the section again so that the record of what I say now is complete. Hon. members have heard the amendment at report stage which I have just moved, through you, Mr. Speaker. I shall now read the section of the act I want to amend. This is Section 13(1) in the act, and is the eighth amendment in the bill. I hope every member and every person within the sound of my voice hears this amendment. What it says is revolutionary. It reads as follows:

> The corporation may, with the approval of the Minister of Finance, borrow money by any means, including issuing and selling bonds, debentures, notes and other evidences of indebtedness of the corporation.

• (2010)

Why is that so revolutionary? Because for the first time the Farm Credit Corporation can be weaned of dependency on the Consolidated Revenue Fund. In the past, when we needed to put more money into the agricultural sector of the country through the FCC, we had to ask the Minister of Finance (Mr. MacEachen) if we could increase the capital, and then borrow the money to lend to farmers. At the present stage of federal government finances, by any ordinary measurement, the government has to be considered bankrupt, if the ratio of debt to assets is considered, yet we have for the first time to my knowledge an agency of the Crown, the FCC, able to go out and borrow money by any means, and from any source in order to assist farmers to carry out their function. That part of the clause, "by any means" is the main subject of my remarks tonight.

I have congratulated the minister for being able to get that clause in. It bears out the statement he made last year after we on this side of the House made a series of proposals on how to get more money into the agricultural industry. The minister will remember that one proposal was to use the FCC as a type of bank and let all sources of capital lend money to it. Prior to this it was mainly the Consolidated Revenue Fund which provided the money. It could in theory borrow money, but now we have it laid down; it can borrow "by any means".

Tonight I have moved an amendment which says, in effect, that what I have just described as possible, "by any means", should be clarified by a simple amendment in the Queen's English so no one can misunderstand it. The amendment as it appears in the Order Paper says:

> For greater certainty, the expression "bonds" referred to in subsection (1) includes "Small Business Development Bond".

In the bill which amends the act it says:

> The corporation may—

It says "may" not "shall":

> —with the approval of the Minister of Finance, borrow money by any means—

It mentions bonds in general.

Why, then, do I put so much emphasis on this amendment? I want to describe my bitter experience, and I imagine most people in this House will have sympathy. I have mentioned already that we would like the principle of the small business development bond stated in clear English in this amendment so that those who draft regulations and get them approved cannot overlook that principle. Why is that so important? I, like others such as the hon. member for Moose Jaw(Mr. Neil), proposed some time ago that we use the FCC under this clause to provide income-averaging annuity contracts to individuals across Canada. If the Minister of Finance is going to throw that out of the budget, we will put it right back into the farm legislation, because it would attract capital to the FCC.

The bill has another important part which has a bearing on what I am going to talk about. The capital of the corporation has been raised from $150 million to $225 million. That is only important if you realize that under the Farm Credit Act for every dollar of capital you are allowed to lend $25. When this bill proposes to add $75 million to the corporation's capital, it really means that the FCC will now be able to lend roughly an additional $2 billion at any given time. That is a substantial amount of money, so the FCC must have access to the money in order to lend it out.

We all recognize that the Minister of Finance cannot even begin to provide $2 billion. He has enough trouble already with this huge deficit, and he has gone out on behalf of the government and borrowed money at 19.5 per cent. He is not going to dole that out in large amounts to farmers or to anyone else. The facts are very simple: since the government does not have the money, how fortunate it is that this bill will give the right to the Farm Credit Corporation to borrow money from other sources, by any means.

Here comes the crunch. Mr. Speaker, you and I are not lawyers. All my life when it comes to running government I have had to fight lawyers. These fellows are highly trained, ten times smarter than I am, and they come along and undo everything I want done. They are not going to distinguish between me—they had their crack at me 20 years ago—and the present minister. Their function in life is to put into words things that you think mean so and so, but in practice can mean something else.

I speak with great feeling on this subject. When I look back over all the mistakes I have made, both in administration and

putting legislation into effect, in nearly every case they occurred because I allowed myself to be talked into something by a fast talking lawyer. When you look at this bill, Mr. Speaker, and you see that it says the corporation can borrow money "by any means", you will look then ask what that means? The lawyers will say it means anything you want it to mean. We are all lawyers here and "by any means" means "by any means"; that is plain English. However, the catch is the word "may". That word "may" is what undoes it all. Therefore, I would like to put on record things which have actually happened in the House over the last 25 years which will prove my point, that we should be careful whenever we see the word "may" in a section, when put there by legal draftsmen who say that "may" covers everything, including "by any means".

• (2020)

What are the facts? In 1959 I had something to do with drafting the new type of legislation dealing with the National Energy Board. Weeks and weeks of time were devoted by the legislative committee to dealing with just one of the sections. It stated that the board being set up "may" make recommendations, present new ideas and report to government. I said, "you may do it". I was a minister. I wanted the word "shall" put in: "The National Energy Board shall recommend and propose and warn the government". We had just gone through a disastrous ten years dealing with these large American companies coming in and taking over our energy industry. I did not want to repeat those mistakes. I wanted the best board we could get to keep the government informed of what was going on. I wanted that word "shall".

The beautiful and charming people who advised the ministers, with all of their law degrees and fast talk, said, "It is not necessary to put the word 'shall' in as 'may' will cover everything you could possibly wish or want". How could an ordinary minister or politician cope with this charm and elegance? It went through, and that was in 1959. I give this warning in all seriousness to the Minister of Agriculture (Mr. Whelan).

In 1972, I asked the National Energy Board, through a committee of this House, why it had not carried out its function of recommending as laid down in the act. The board had two functions. One was its judicial and administrative function and the other was to recommend and keep the government informed. Its answer was that there did not seem to be too much approval from government colleagues. They did not want advice. I thought it was a great triumph when I got the new chairman of the board to agree, in committee, that he would do all he could to carry out this second function of the National Energy Board and tell the government what was going on. What was the result?

The Department of Energy, Mines and Resources which was formerly the department of mines and technical surveys, had its title changed a couple of times. The minister in charge of that department took the information put before him by his own department, information gathered from all the companies operating in North America and around the world, and he went out and said, "There is enough oil and gas in Canada to last us for hundreds of years, if not a thousand years". He was not a dishonest man. He was a normal, little, country lawyer from Arnprior who believed the information that was put before him.

Then you should have heard all the clowns laugh. They said, "The man does not know what he is talking about. We have no oil. We have no gas. We are going to run out." All the turkeys and the chickens were running in all directions and we had this fraudulent national energy crisis. They said: "Break the Constitution", and they did. We were in an emergency. The government wanted to smash through the Constitution and take away the power from the provinces. Sure, they covered it up with nice words: "We are going to share with these people in Alberta, B.C., and Saskatchewan." The politicians got so frightened, because they had nothing before them except this report which came from the oil companies, that they panicked. So we broke the Constitution. Then it became popular to say that we had no oil or gas and that we were in an emergency, a crisis. Even the Supreme Court judges ruled that there was an emergency. When the leaves were falling on the chickens' heads, they ran around and told the whole world the sky was falling, and even the Supreme Court believed it.

What is the truth concerning energy? This is the year 1982. All the people in the world have a surplus of gas, a surplus of oil, a surplus of every type of energy. We did not know the facts soon enough. The National Energy Board, a few competent people, systematically and carefully worked year after year to discover the real situation. The minister who gave the prognostication of the future is dead. The sad part of the matter is that he went to his death with everyone thinking he was a fool because he said there was energy in this country for a thousand years. The truth is that he was not a fool. The truth is that there is energy for a thousand years—much more energy in this country than we know about. We do not even have a group of people in Canada today who have enough confidence to tell us the energy future. All we know is that the supply is many times, thousands of times, greater than what we imagined 20 years, or even ten years ago. We have the expertise.

Governments all over the world are looking to the skies and the whole universe trying to find access to energy when the stuff is right here. Look at the work we are doing on fusion energy. We targeted fusion energy for the year 2020. We are ahead of schedule. It looks like we will be there ten years ahead of schedule. But these are expensive forms of energy. The ordinary stuff is all around. I am simply using that as an example.

No parliamentarian or minister in his right mind should ever let lawyers get away with that word "may" when Parliament means "shall". I am trying to clarify, for the protection of all politicians, that when we must deal with legislation, let us learn from our mistakes. I am not saying that this matter on farm credit is as vital to the health of the nation as knowing something about the energy situation. I am simply saying, now that we have learned from bitter experience, we should not

prohibit a group of people from getting together to do the job they were supposed to do because we used the word "may".

To use another phrase, if I may say so, civil servants have learned from bitter experience that one must never make a mistake. The only way one can be sure of not making a mistake is to never do anything. They have a name for that. When one does make a mistake, they say, "CYA". Hon. members know that the first two words are "Cover your", and I will let hon. members decide what the "A" means. Let us not make the same mistake in this particular bill by inserting the word "may". Let us put in a few sharp definitions that even the lawyers and the people who draft the regulations cannot get around. We want to let them know, without any fooling around, what Parliament wants them to do. We are backing up the minister and making use of this legislation.

I do not know how many examples I will use here, but I can deal with this very quickly. Most hon. members in this House who have been here since 1972 or 1973 know that we passed a bill, supported by all parties, which stated that any child under the age of 16 could receive family allowance regardless of the financial circumstances of the parents. Whether the parents were millionaires or paupers, a child up to the age of 16 could receive family allowance. A child who went to school could receive family allowance up to the age of 18 without regard to the wealth of the parents.

• (2030)

That is what parliament did unanimously nearly ten years ago. Here we sit in 1982 and know, or some of us know, that orphans are not accepted, that teenage girls who get pregnant are not accepted. Parliament put nothing in there about discriminating against orphans; Parliament put nothing in there about discriminating against teenage girls who get pregnant. That is the time they need the help when they are going to school. Yet that crime is laid at our doorstep here in the House.

I feel sorry for a minister who has to stand, like that minister who said a few days ago that she should take it up with her colleagues on the Treasury Board, or whatever group she was in or in some committee, because that is where the discrimination against orphans exists, but they could not do anything about it as they did not have any money. As soon as they get the money she says they will do something about it. The blame for that does not lie with the ministers alone; it lies with us as Members of Parliament, knowing that this is happening over and over again, because experts on legal language draft our legislation, make these mistakes, and we cannot see through it. Things can be done over and over again through regulations that turn our ideas all around. Therefore, I make an appeal to all parliamentarians to be kind to ministers.

When we have a chance like this to propose an amendment that does have so much potential, let us make sure no one unpsets it in the drafting of regulations which are then put before Treasury Board, cleared there, and resulting in an order in council. We all know about the machinery and how difficult it is to look at everything carefully. How I would hate to see this very good piece of legislation reduced by the power to make regulations which interpret the words "borrow money" to mean "borrow at the market rate".

We have all sorts of devices for getting money below the market rate. What is the Small Business Development Bond? I do not mean the Small Business Development Bond as talked about in the budget, I mean the Small Business Development Bond principle, which says that if you lend money for a worthwhile purpose to such and such an agency, you are not to be taxed on your income from that loan.

If I lend $1,000 on the principle of the Small Business Development Bond to the Farm Credit Corporation, I know this will only give me 8 per cent on my money. That is just as good to me as lending it out on the market at 16 per cent, because I know I will not be taxed. We have had this principle in Canada since the First World War. It is used extensively and continuously in many states of the American union, and it has been used since 1979 through the Small Business Development Bond under the Income Tax Act.

Let us put in clear-cut English what this bond means, and that it includes any other type of bond. Then, if people want to lend their money on the principle of the Small Business Development Bond, they will know they will not have to pay tax on their income from that bond. They are then quite willing to accept half the dollar interest rate because they know they will not be taxed.

The Farm Credit Corporation will be able to act just like a bank, getting its money not only from farmers but from anyone who wants to lend at half interest rates. The corporation can then turn it over to farmers at roughly the same rate; a half per cent or one per cent more.

I cannot say that this measure will answer all the problems, but I almost guarantee that the minister will have access to millions of dollars in this way, making his life a lot happier; much happier than if he had to rely on a few million dollars from the Consolidated Revenue Fund.

I am not going to bother giving the other example I had, Mr. Speaker, because this matter was settled to my satisfaction some years ago. Parliament decreed that we should not tax other governments or municipalities which are spending money for worth-while purposes, like education, building roads, and so on: yet we have regulations in effect in Canada under which we tax municipalities who are spending money on vehicles for educational purposes. Parliament never meant that, but we went on, because we were slaphappy in the way we drafted the legislation, accepting the word of the lawyers that "may" will cover everything. That is not learning from our mistakes.

In conclusion, I made my case on second reading that the principle of the Small Business Development Bond should be used where the word "bonds" appears. Latterly, I sought legal advice from the House and from other sources as to what was necessary, and in every case I was told the language was clear enough; that the minister "may", or the corporation "may",

borrow by any means—that you do not need any more clarification. I say I was fooled by that type of language before and I am not going to be fooled again. Draft me a regulation which will make it absolutely certain that they will consider the principle of the Small Business Development Bond.

The amendment you have before you does not quite say it like that. It says, "for greater certainty", and there are many precedents for that type of thing in our legislation, "the exression 'bond' referred to in subsection (1) includes Small Business Development Bond." What I mean there, and I want this to be written into the record so it will be just like the legislation, is that it refers to the principle of the Small Business Development Bond. I do not know any other way of writing it except the way I say it here.

The principle is clear. It is not the principle of the November 12 budget, which said that Small Business Development Bonds would only be given to persons in dire straits or in business difficulties. I want them available to any person on the simple principle that when you are investing your money in worth-while social purposes you will be glad to do it at half the interest rates as long as you know that the money is passed on at half interest rates.

This may be considered redundant by the lawyers, but I am asking Parliament to put its foot down and back up the minister. Give him his clauses as they are here. "For greater certainty" means just this. I wish some of my colleagues even on the government side would stand up and make an amendment that income-averaging annuity techniques qualify where it says "by any other means", its should say, "for greater certainty this means income averaging-annuity contracts."

Since we cannot now have IAAC under the present budget, let us have it under the Farm Credit Corporation. Let us say that of the millions of dollars invested in the Farm Credit Corporation, when some farmer sells off his cattle and wants to spread his income over five years or ten years, he can invest his money in the Farm Credit Corporation at half interest rates and pay his tax each year as he gets his income. Let the Farm Credit Corporation do its duty, get access to all the money it needs, through a principle under which no one suffers, and everyone benefits. Thus we will help the minister by putting this so-called redundant amendment of mine in the legislation. I do not think it will be ruled out of order, Mr. Speaker, on the basis of precedent. It can only be ruled out of order under the "con" arguments of a lawyer who tries to say it is already cleared up, when we know from the history of the last 20 years that it is not clear.

We have a committee called the Standing Committee on Regulations and Other Statutory Instruments. It hears hundreds of cases like those I have enunciated here. It tries to put them on the Order Paper to get something done about them; but for every one mistake it finds, there are hundreds that never get action. Let us not add to the mistakes of this Parliament—and they are many—in this particular case. The minister does have a good bill, he does have a good organization here in the Farm Credit Corporation, but he lacks the money to do what he wants to do, with an interest rate under which it would be possible to make farming pay. I am sure the government will back him. All we are doing is putting a little crimp into those smart guys who draft the regulations and attempt to tell us that this was not necessarily directed by Parliament. That word "may" does not force them to do anything. Therefore, I am asking for co-operation from all members of the House in having this amendment accepted. The amendment is not expressing the view of just one political party or another, it is really speaking on behalf of all members, members who may some day be ministers and have the job of administering laws that Parliament has passed, only to be scuttled by an abuse which comes from the misuse of the word "may", and the particular language which we have to follow in the legislation. I hope other amendments of the same nature will come forward. I hope this amendment will be accepted.

• (2040)

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, later on I will touch on the presentation made by the hon. member concerning this bill. As Minister of Agriculture I must admit that I agree with much of what he says. I also have the legal advisers which he talked about, and ministers who are not lawyers, but have to make decisions, still have to depend on them to some extent. I will touch on that point later.

It gives me great pleasure to address the House on this most important topic, the amendment to the Farm Credit Act. We have had occasion in the House and in the standing committee to thoroughly discuss and present our views as Members of Parliament on this subject. It gives me great satisfaction to note the general unanimity of support given to this bill and to the work of the Farm Credit Corporation, which is apparent if one reads the speeches in the House or the minutes of the committee. The interest and support expressed by Members of Parliament is a direct reflection of that expressed in the farming community. Credit has become the most critical issue to the survival of many producers today. Therefore, I see it as vital to agriculture that the Farm Credit Corporation be allowed to expand its access to funds.

Many related topics were put forward by members during our deliberations. These concerns cannot all be reflected in this piece of legislation, but I wish to assure members that I have taken note of them. Bill C-88 is an integral part of the total approach the government will be developing as part of the agri-food strategy.

I would now like to take a few moments to recapitulate the main points being proposed in Bill C-88. Clause 8 provides the Farm Credit Corporation with the authority to borrow from sources other than the Consolidated Revenue Fund. The hon. member who just spoke made reference to this step as being a giant step forward. The Farm Credit Corporation is currently funded entirely by loans from the Consolidated Revenue Fund. This amendment would allow FCC to complement these borrowings with funds from the financial markets. In addition to bonds or debentures, special investment instruments could be offered which could be especially attractive to farmers,

particularly retiring farmers who wish to retain their investments in agriculture.

Total long-term credit extended to farmers from all sources in Canada has risen by over 20 per cent annually from an estimated $655 million in 1975 to an estimated $1.9 billion in 1980. Until recently, the FCC supplied over 70 per cent of all long-term farm credit extended. In 1980, the Farm Credit Corporation extended 26 per cent of the total long-term credit and was expected to extend about 20 per cent in 1981. Budgetary restraints, rapidly increasing capital values and changing economic conditions haved placed additional pressures on the Farm Credit Corporation to meet the growing demand for long-term credit. The amendment to allow the corporation to borrow from the financial markets will help the corporation to meet this demand for increased funds. Through time, as the mechanisms for borrowing are put in place and the corporation establishes itself in the financial markets, a progressively larger proportion of its funds could be obtained directly from the financial markets.

Clause 7 would increase the capital of the Farm Credit Corporation from $150 million to $225 million. The corporation's borrowing authority is limited to 25 times the capital—that is in Section 13 of the act. The maximum borrowing authority will be reached early in 1982-83. This amendment would thus increase the corporation's borrowing authority from $3.75 billion to $5.625 billion.

Clause 2(2) relates to the expansion of the definition of farming to include any other husbandry activity prescribed by the corporation. As currently defined in the act, farming includes livestock raising, beekeeping, dairying, fruit growing and all tillage of the soil. In addition to the activities currently defined as farming, this amendment would authorize the corporation to prescribe in writing any other husbandry activity as farming for the purposes of the act.

The present definition is inclusive and creates some ambiguity. With agricultural practices changing and new and varied enterprises being introduced, the amendment would allow the corporation to designate husbandry activities as "farming," as required. Since these entreprises are often high risk, it is often difficult for farmers to obtain appropriate private sector financing. With the flexibility provided by the proposed definition, the Farm Credit Corporation can more adequately address the needs of those venturing into new and changing production practices.

Clauses 19 and 20 remove the present 35-year age limitation for loans to phase in farmers and remove the requirement for life insurance in the case of certain of these loans. The Farm Credit Act presently gives the FCC the authority to make loans to applicants under 35 years of age when farming is not their principal occupation, but intend to make farming their principal occupation within five years of receiving the loan. This restriction is considered to be incompatible with the spirit of the Canadian Human Rights Act. Removal of the restriction would allow applicants of any age to participate in the phase-in program.

Clause 11 provides the authority for the corporation to disperse up to 30 per cent of a loan on the basis of acceptable security until such time as the mortgage registration and other security requisites for the loan are completed. At present, the Farm Credit Corporation makes loans on the security of mortgages on farm lands or farm lands and chattels. Currently, no mortgage advance is made unless the mortgage registration is completed in accordance with provincial requirements. This amendment would help to meet the needs of more farmers since the corporation would be able to disperse up to 30 per cent of the loan before the long process of mortgage documentation is completed.

Again, as the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) said, many times it is lawyers who are putting it on the back burner and not really handling it as fast and efficiently as we would like to see. But there are circumstances which sometimes do not allow them to move as fast as they could.

The dispersement of a portion of a loan prior to mortgage registration would save farmers the cost and inconvenience of interim financing until the mortgage funds from the corporation are available. For example, this would assist farmers who must make a payment to initiate a land transaction or to make a cash payment to a building supplier to take advantage of a discount. There are other ways in which this could be an advantage, but I will not touch on them now.

Clause 9 provides that the corporation, with the approval of the Minister of Finance (Mr. MacEachen), may maintain accounts in its own name in any bank or financial institution in or out of Canada. The corporation presently is limited to maintaining accounts in its own name in the Bank of Canada or in chartered banks designated by the Minister of Finance. This amendment would provide more banking flexibility which would improve the cash management opportunities of the corporation and its financial performance.

• (2050)

For example, should the Farm Credit Corporation at some time be able to borrow Canadian dollars at a lower rate of interest in the Eurobond market than in the Canadian financial markets, this banking flexibility would allow the FCC to make the necessary banking arrangements to accommodate the administration of such transactions.

A further amendment set forth in this bill provides that the maximum amount of a loan which may be oustanding to an applicant or applicants be prescribed by regulation rather than in the act. Currently, the limits specified in the act are $200,000 when there is one qualifying applicant in a farming enterprise, and $400,000 when there is more than one. It is no secret that financing of farming operations is getting more and more expensive all the time. Many people do not realize this. If the Farm Credit Corporation is to meet the needs of modern agriculture, it must have the flexibility to adjust the loan maximum upwards when necessary. Transferring the loan limits from the act to regulation will provide an opportunity for the corporation to respond more quickly to changing

agricultural conditions. At this time we are proposing to increase these limits to $300,000 for one qualifying applicant, and $500,000 when there is more than one applicant.

Part II of the bill represents the authority needed by the Farm Credit Corporation to rebate five percentage points on loans made under the special farm financial assistance program. This authority will allow me to obtain the funds through the departmental estimates.

I would like to take this opportunity to report on this program which ends on Wednesday of this week, March 31. As of March 15 the Farm Credit Corporation had approved $44.7 million of the $45.4 million allocation to the program. That does not sound like a magnificent sum, but it represents tremendous importance to 368 borrowers.

The breakdown by region is as follows: British Columbia, 15 loans, $3,347,200; Alberta, 20 loans, $4 million; Saskatchewan, 48 loans, $5,610,290; Manitoba, 42 loans, $5,998,800; Ontario, 123 loans, $15,362,500; Quebec, 82 loans,$6,954,800; the Atlantic provinces, 38 loans, $3,240,700. The total is $44,514,290. We know that the balance of the program will be used up or has been spoken for already. This progrm reflects only a part of a special effort of the government to provide assistance to farmers in serious financial difficulty.

The small business bond has been extended to a great number of farmers who would not have had access to these lower interest rate loans from the banks prior to the budget announcement. In a number of cases the farmers' problems were solved by a combination of the two programs. We were successful in many instances where the Farm Credit Corporation, the farmer and the local bank manager worked out a very good program. Where the Farm Credit Corporation lent the maximum to the individual, the small business bond would be used by the banker in many cases. This happened in not nearly as many cases as we would have liked, but it did in many cases. I have only touched on the highlights of the bill to re-emphasize the impact of this legislation.

In response to the hon. member's motion to amend Section 13(1), I would like to point out—the hon. member will dispute this, as some other hon. members will—that this section presently allows the FCC to borrow by any means and does not exclude the concept of Small Business Development Bond. However, after listening to the hon. member, I can understand that his amendment is somewhat different from just Small Business Development Bond. As I understand this amendment, the hon. member would like to see the FCC borrow funds by issuing bonds—not necessarily small business bonds—to investors. Because the return to the investors would be given special tax consideration, the cost of funds to the FCC would be reduced. The benefit of the lower costs of funds could then be transferred to farmers who would borrow from the Farm Credit Corporation. My advisers say this would require amendments to the current—

Mr. Towers: Tell your advisers where to go.

Mr. Whelan: —small business bond, if we were to use that concept, for instance, which is limited to a maximum of $500,000. However, I know from what the hon. member has said already that it is quite different from using the small business bond. The concept of using a bond would not have any limitations on borrowing from the private sector and letting a farmer transfer the funds into the Farm Credit Corporation, for example, if he sold property, livestock or whatever.

We have already received one letter of objection from a lending institution in Canada saying we would probably dry up the money market. That objection was from the head of the credit unions in Canada. He was not saying that for sure, but he was expressing some doubt as to whether we would be attracting too much away from that operation. That is the only organization which has made that representation to me.

For the FCC to obtain substantial funds under such a program, individual investor limits would have to be increased substantially so that the FCC could obtain $250 million to $300 million annually under the program, in addition to approved CRF funding.

I think the proposal certainly has potential. I do not know how long we will be reviewing this, but it has been, and is being reviewed by officials. However, because Section 13(1) does not exclude what the hon. member is suggesting, the amendment as suggested is not necessary, again according to my legal advisers. In either case, the concept of the small business bond would require complementary amendments, I am told, of the Income Tax Act, to be operational.

Mr. Mayer: So do it anyway.

Mr. Whelan: Based on the positive comments I have heard from various members, and because of the urgency of this legislation, I urge hon. members to give consideration to speedy passage of Bill C-88.

I want to say something again about what the hon. member has proposed. He has dealt further tonight with what he wants to do with this. I do not think he and I disagree very much. My advisers tell me that I have the authority to move into the bond market and so forth, but moving in such a way would mean granting the corporation more authority than has ever before been granted any corporation. We want to make sure we are doing this right.

I had a meeting with the minister of agriculture of the province of Ontario today, and one of the things he is concerned about is where I am at, where the government is at or where Parliament is at with respect to the Farm Credit Corporation bill. The province of Ontario has a program to provide for immediate cash flow, but the provincial government sees a need for the national lending institution to move long-term credit. We had discussions about long-term credit, how much is being used in Canada today and who is making it possible. I think he agreed—although he might not have put it in such language as to say he was agreeing with me 100 per cent—that the private lending institutions have not understood rural Canada when it comes to long-term credit. A good many farmers in difficulty are farmers who, if they had been given

really long-term credit at reasonable rates of interest, would not be in the difficulty they are in today.

Again I come back to the Farm Credit Corporation. That corporation probably has more ability, knowledge and experience in understanding agriculture and rural Canada than any other lending institution, because that has been its job since it was conceived and put together. We want more money. We want the corporation to move back into lending. We would like it to be lending not just 20 per cent of long-term money but perhaps 60 per cent in the next year or at least the next two years.

We would like the corporation to recoup its position as the main lender. We would like the corporation to lend not just to those in dire straits, and not just to be the lender of last resort, but to lend to farmers—I believe the hon. member said this—for any need in rural Canada. If we can raise this kind of money, then I am sure what the hon. member opposite has said and what I have said about the future of agriculture and the challenge that exists in agriculture is true. It is going to need the kind of lending program, the kind of institution that understands the situation so it can forge ahead and provide the kind of financial lending program necessary for farmers.

• (2100)

In Canada today there are 320,000 farmers and it is forecast that within the next 18 years 425,000 farmers will be needed to produce the food that is necessary, not only to look after our expanding population but also to take care of the needs of millions of people in other parts of the world. Canada is one of the few countries which can undertake to do that. We have the ability, the land, the technology and the scientific information that is necessary.

Many countries, big and small, developed and developing, are envious of our agricultural production. They are amazed at what we do in this land of ice and snow. They might be more amazed, Mr. Speaker, at what we could do if we pass this bill speedily. If we could do that, then we could provide the things that are necessary for agriculture, and by helping agriculture, help all of society.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Will the hon. minister accept a question from the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton)?

Mr. Whelan: Yes, Mr. Speaker.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is very short. The minister mentioned that there had been some protest from private enterprise, regarding credit unions. Apparently private enterprise feels that if we establish the Small Business Development Bond, that is, borrowing at half interest rates and lending at half interest rates, the tremendous amount of money this would generate could dry up the commercial market. As a politician, would the minister not agree that this really is what is necessary—to throw the fear of God into the financial institutions so that they could then provide some real competition in the provision of credit to agriculture.

I should like the minister's response to that suggestion. Why not put my suggestion into written form and scare the hell out of them and get some real competition going in lending money to farmers?

Mr. Whelan: Mr. Speaker, I think it would be better to scare the hell out of them than anything else. The hon. member has expressed concern about the amount of money that would be attracted. I was amazed that he paid that much attention to what we said. I believe he referred to what we said in committee. I repeated the proposition of raising money by special concessions made to people who invest in the Farm Credit Corporation—giving them a tax break. They would receive a lower rate of interest but would not be taxed on it. Perhaps the hon. member was expressing a personal opinion when he said he thought this would attract too much money into one area. I do not think we ever had that idea, but if I could have as much money as is needed to take care of a national farm lending program, then I see nothing wrong with that.

Other countries are trying to make their inefficient agricultural industries better and Japan is an example of that. In that country money is lent to farmers at 3.5 per cent interest. Of course there are very few large farms in Japan; the average size of the farm there is about 2.5 hectares.

The principle appeals to me, Mr. Speaker, but I do not know if we would go as far as he suggests, although I think we could with this legislation. The hon. member disagrees with me and my advisers; he does not think we can go that far and scare the living hell out of them. I do not see too much wrong with that.

I have a long association with co-operatives, Mr. Speaker. When we started co-operative insurance in Ontario through the CIAG, the whole idea was to assist rural people. When the co-operatives got into the money market, however, they moved into the urban areas. I was an agent and a director of that company. It is one of the largest, all lines insurance companies in Ontario at the present time, if not the largest. It has some rural mortgages in Ontario but most of the company's money is invested in the same places that other insurance companies invest so that it can operate in competition with them. A co-operative insurance company is taxed in the same way as any other insurance company. It does not benefit from special taxing privileges as some people believe. It is taxed in the same way as any private insurance company. I do not know if I have answered the hon. member but we do not disagree too greatly.

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, I rise this evening to speak to the amendment to the Farm Credit Corporation Act offered by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) in which he attempts to clarify the language contained in the act. I think the minister has given the reaction of the legal profession to that amendment. I am not going to spend too much time arguing for or against the need for clarity in the language of the act. Generally speaking, I think bills such as the one before

us should provide a fair amount of flexibility to the lending institution so it can meet the borrowing needs of farmers. Those needs change very drastically from time to time and I will come to that point later in my remarks.

I should like to comment on some of the argument which occurred in the past few minutes between the hon. member for Qu'Appelle-Moose Mountain and the Minister of Agriculture (Mr. Whelan) regarding the reaction of some of the financial institutions to the concept of the small business bond or the agribond or whatever name is attached to the credit instrument that is being proposed. I am aware that some of the credit unions are concerned about the use of the bond for the Farm Credit Corporation.

Most hon. members who are present this evening know that to a great extent credit unions get their financing from deposits by people in rural communities. A great many of the deposits in prairie Canada—and I am informed that this is so in Quebec and the maritimes—come from retired farmers. Because they are part of the community and because they believe in the credit union movement and the development of their community through co-operation, they put the proceeds of the sale of their farms back into the credit union. In many instances the credit union lends the funds to the next generation of farmers. This is what most of us have in mind for the agribond or the small business bond concept as it would apply to the Farm Credit Corporation. I think most of us see the financing of agriculture ideally as coming from the retiring generation of farmers who, to a large extent, help finance the new generation of farmers.

We think the problem is not whether the Farm Credit Corporation will receive the deposits that credit unions cannot receive. The problem should be more properly addressed at the level of the Income Tax Act. When this becomes possible, it will be of very little difference to farmers, who are investing or retiring, in which institution they decide to invest moneys from the sale of their businesses. We think that the Income Tax Act should be changed in such a way that it would benefit farmers, whether they use the Farm Credit Corporation or local credit unions. It would strictly become a choice as to which lending institutions they choose to invest money in. There would be no violent shifts in the lending patterns of rural Canadians. The coming generation would have an enlarged pool of capital from which to borrow money to set up business.

• (2110)

All of us in the House recognize the importance of increased amounts of money being made available to farmers, particularly beginning farmers or those who want to expand fairly small operations. We should spend a few moments this evening looking at the real problem in agriculture which developed over the last eight to ten years. I do not think it is strictly one of farmers being short of finances or borrowing power. Rather than strictly a shortage of funds, we in fact have a farm income crisis which is worsening at an ever-increasing rate. If legislators do not start to address the real problem, no amount of increase in funds to the Farm Credit Corporation or to any other lending institution will cure the problem. The disease is becoming rampant. Net farm incomes across the country have remained relatively the same since 1974. I do not think any other segment of our economy would have to admit to that, but realized net income in the case of Canadian agriculture in 1974 amounted to $3.5 billion. In 1980 it was $9.3 billion. In 1981 it rose to $4 billion, but in 1982 it is expected to drop to $3.4 billion, which is slightly lower than it was in 1974.

In intervening years incomes did not slide very much. In this era farm prices have not risen as fast as their costs. This is not new to agriculture, but it is catching up. Admittedly in that period of time there was rapid inflation in the value of farm assets. In 1974 there was approximately $40 billion in capital tied up in the Canadian agricultural industry. In 1980, according to the figures provided by the Department of Agriculture, those assets approached $100 billion. We see that the value of capital has increased about three times.

From a banking point of view agriculture has been a good bet. The value of assets continues to grow rapidly. Although the amount of money lent by banks and lending institutions has increased rapidly, they feel fairly secure because the market value of the collateral provided by farmers has risen faster. In 1974 there was almost $7 billion of farm debt. In 1980, the last year for which figures are available, it jumped to $16 billion. Approximately $1.8 billion to $2 billion per year of extra debt is accruing to the farm community because incomes do not cover all costs. This is not a healthy situation.

There are other ways to look at investment in agriculture. Turning to 1974 once again, and looking at returns on equity, the amount of income from the collective investment of farmers in agriculture was 10.9 per cent. We must understand what the return on equity figure covers. It does not cover any labour provided by farmers or their families. It does not provide any return for their management capabilities. It is simply a total return which they probably saw as return for labour and management. It is not the method of bookkeeping an average corporation would use, but it gives an idea of what has happened in the last eight years.

In 1974 the return on investment hovered around 10 per cent. In 1980 the return on investment, not counting labour or management abilities, was something under 4 per cent. The estimate for 1982 is not the return on investment Canadian Pacific expects. Unfortunately there are no economists in the Department of Agriculture to perform an analysis of the cost of agricultural production. I hope the government considers hiring a railway economist by the name of Snavely who did a very competent job for the CPR on behalf of the Department of Transport. He assumed that the return on equity before taxes should be 35 per cent and that on money borrowed by the railways it should be 25 per cent. Farmers would be pleased to have such an analysis of their business.

We have done some preliminary work which indicates that wheat farmers, for instance, would receive a return of about $13 per bushel instead of the current $4.30. It would make

quite a difference if the same rules were applied to the agricultural community as the government is willing to apply to large corporations such as the railways.

Farm debts are increasing at a rapid rate. Payments for interest have risen from $473 million in 1974 to $1.6 billion in 1980 and by the end of 1981 it was estimated that they would be well in excess of $2 billion. The rate of increase in the cost of interest was approaching six times and the value of farm capital rose about three times. Realized net incomes remained the same, although 1982 dollars purchase less than half that of 1974 dollars. I hope we are beginning to understand just why many farmers are facing bankruptcy and why farmers are wanting to sell out, looking for buyers but often finding there is no one interested. This situation occurred because of a real decline in net incomes, together with the extra debt farmers had to accumulate at a time when interest rates more than doubled. I think that explains why the cost of maintaining the credit end of farming has increased more than six times since 1974.

• (2120)

What can we do about this? I think Bill C-88 is an attempt to get some money to help farmers who need to borrow even more in order to stay in business a few additional years. But that is only a temporary solution. A real solution has to be more long term. But if there are long-term solutions found, it does not mean we in the House of Commons and others across the country can sit down and do nothing.

Canada's agricultural producers require a decent level of stabilization immediately so they can begin to recover at least their cost of production. To prevent that from being too expensive for federal and provincial treasuries most farm commodities need a better marketing system. They need the kind of marketing system that will extract the maximum from the free market. Some commodities are covered under marketing boards which come close to doing that, but they cannot always extract the full cost of production from the market. Occasionally they will need assistance from the public purse by way of stabilization programs. Those two things go together so the public purse does not get ripped off. There has to be marketing organizations to do the best job possible in the free market.

Our party has been saying for years that we need adequate marketing boards for the various farm commodities, and as an adjunct there must be stabilization programs to see that farm incomes are adequate to continue to refinance agriculture from year to year. Various farm organizations have been telling us this same thing. The Canadian Federation of Agriculture presented a brief to us during our hearings. We heard similar statements for the National Farmers Union. Recently all Members of Parliament had calls from a group called the Canadian Farmers' Survival Association. That association told us there was a need for an immediate moratorium on receiverships and liquidations. They told us it was time to reinstate the old Farmers' Creditors Arrangement Act, to bring it up to date, put into effect from 1981 so that farmers would not be forced out of their homes and off their land. They told us it was time to reinstate some of the programs established in the 1930s under the ARDA program whereby the government could buy the farm from the farmer and allow him to lease it back, giving the farmer a home and a source of income for up to ten years, after which he could arrange to repurchase the farm.

To some extent this is reminiscent of the land bank program in the province of Saskatchewan which was introduced during hard times in 1971. Farmers having difficulty remaining in the business were given an opportunity to refinance by selling their land to the land bank, using the proceeds to pay off their debts, to increase their capitalization in buildings and equipment and to get on a sound financial base. They had full tenure on that land until the age of 65 or until such time as they wanted to buy it back, which could occur after a five-year period. Some parts of the country have initiated similar programs. It is time the federal government and federal institutions started to look at these approaches in order to solve what I consider to be the real problem.

Later on in this debate I would like to present an amendment. I hope the House will give its unanimous consent to at least discuss it. The idea of a proposed amendment is to provide the Farm Credit Corporation with more flexibility—

Mr. Deputy Speaker: Order, please. With all due respect to the hon. member, he cannot speak to a proposed amendment at this point. He can speak to the amendment before us.

Mr. Althouse: Thank you, Mr. Speaker. I am aware of that. I was simply pointing out to the House and to government members that I have an amendment to propose, and I hope we can get to it whenever the time is appropriate.

[*Translation*]

Mr. Marcel Dionne (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I should like to say a few words about the amendment proposed by one of the members on the other side. If I understand correctly, the purpose of the amendment is to have the corporation borrow money by issuing bonds of a type that are currently known as small business development bonds. Since in this case, the investor's income is subject to a special tax rate, it would reduce the corporation's financing costs. This reduction in costs could then be passed on to farmers borrowing from the Farm Credit Corporation. Mr. Speaker, it is true that in present day agriculture, financing is extremely important, since family farms have expanded to the point that hundreds of thousands of dollars are invested in these enterprises. It is obvious that if we are to have viable farms, they must be mechanized and modernized. Especially today, the challenge to the Canadian farmer is increasing, because with the policies introduced by the Minister of Agriculture (Mr. Whelan) in recent years, there is increasing pressure on Canadian farmers to produce more food for developing countries.

Setting up all these mechanisms will cost money, and Canadian agriculture and Canadian farmers cannot afford to

turn their backs on these developments if they want to maintain their outstanding record. To make agriculture a paying proposition, we shall also have to use our marketing boards and make an extra effort to give farm producers a reasonable level of income security. Our agriculture may be the best in the world and our productivity as well, but if we cannot provide farmers with the assurance of a steady income from agriculture, I feel that even if we give our farmers the best tools on the market, they will not be able to cope with the problems that may occur in this area, considering the seasonality of many crops. In fact, marketing boards and productivity and the rest is not enough. We need other tools such as, for instance, Canagrex, for which legislation has passed first reading, and we hope that this bill will prove to be a very useful mechanism for our farm producers. Since Canagrex, which is so fittingly seen as a corporation responsible for exporting Canadian farm products to world markets, will emerge as a go-between through which all levels of government will be able to enter into government-to-government dealings, many competing forces which might have been unpleasant from the beginning will be eliminated and will no longer exert pressures on the backs of the farm producers.

• (2130)

Still we have had some good news concerning Canadian pork producers since a very dangerous infectious disease has just struck the hog population in Denmark, and this has brought about an increase of about 10 cents a pound in the price of Canadian pork in the last few days, and it is forecast that Canadian pork prices will continue to increase on the Canadian market by perhaps 10 cents more. Such a disaster is unfortunate for hog producers in Denmark, but in view of the seriousness of this disease, we have been informed that Danish hogs may be quarantined for six months to five years depending on the extent of the disease. Of course, everyone will agree that the Japanese market, which was supplied mostly by the Danish producers, will have to turn to the Canadian market. The United States also was importing much of its pork from Denmark and will now have to turn to the Canadian producers. All I want to say, Mr. Speaker, is that after a disastrous period for Canadian hog producers, this will probably have good results for them.

As for our western beef producers, they have entered a cyclical production period and they are now facing many marketing problems. Of course, for some time now, they may have failed to develop the tools which we believe they should have, but as anyone will agree, it is not up to the Canadian government to tell Canadian farm producers which tools they should use to be more prosperous or improve their profitability. Of course, as he wanted himself, the Minister of Agriculture has wished sincerely—and I believe that this is also the wish of the Canadian government—that the Canadian beef industry would submit a program which would provide for better marketing and better research and perhaps enable them to offer their products under other forms which could increase Canadian consumption.

Once again, all this is related to marketing and it would perhaps be useful for our Canadian producers to promote the nutritional value of Canadian beef, which I believe to be among the best in the world. Mr. Speaker, we have spoken in the past about the productivity of our Canadian producers. This is, of course, a matter of comparison in the North American context. The United States, which produces all year round, have not succeeded in getting that much ahead of us. That is to say that if we compare the total production cost for farmers in the United States and in Canada, even with a climate which allows the Americans to produce twelve months a year, the difference in the cost of farm production is no more than 1 per cent. You must therefore agree, Mr. Speaker, that the Canadian producers are at the forefront of progress and are constantly improving. And I will also make a comparison that may hint at a possible solution—we saw that Canadian milk producers during 1974 and 1975 had to cope with tremendous problems, survival problems because they were selling below cost.

It will be remembered that in 1976, on Parliament Hill, right here in Ottawa, thousands of Canadian milk producers demonstrated against the fact that the Canadian government had imposed a quota system. Possibly this was one of the first major products for which the government imposed some form of a quota system because all across Canada dairy farmers were producing without being aware of the needs of our domestic market, and in so doing helped create tremendous surpluses that were costing millions of dollars in storage costs. Therefore, the imposition of quotas may have been a somewhat difficult decision to make in 1976, but Quebec producers now enjoy what may be the best dairy policy in the world. So much so that recently the Americans came to Ottawa to look at that policy and see what benefits it could have in the United States.

The fact is that in the United States today it costs $250,000 an hour for storing surplus dairy products, and this amounts to approximatly $2 billion a year in storage charges and American surpluses are getting larger and larger. And this year we are told also that there will be further increases in the number of milch cows in the United States. Therefore, the free-wheeling type of marketing they have in the United States only tends to weaken the American industry. Again, the Canadian government must be commended for having had that courage, and as I said, it must be acknowledged that in 1976 fixing a quota on Canadian production was a difficult decision to make. Producers always had been in the habit of producing at whatever cost, so creating surpluses. Therefore, we might take a hint from that in our future farm policies, the marketing board approach that was then imposed but today is giving farmers an ever-increasing sense of security. Let us hope, Mr. Speaker, that the policy currently under negotiation will maintain that policy over the coming fiscal year to the benefit of our Canadian milk producers.

I would like to comment further on this amendment, because the proposal certainly deserves consideration and, of course, it is now under study. However, since clause 13 does not exclude the small business bonds, the amendment put forward by my hon. colleague may not be required, because somehow the Income Tax Act should be amended accordingly.

Currently, the Canadian Farm Credit Corporation seems to be more and more generous and I hope Canadians will use it in the best possible way because, as I said, Canadian farm financing is getting more and more complex by reason of our needs and of our high production levels. If we are to maintain that high productivity rate producers will obviously need additional financing. But, as we have seen so well in the bill before the House, and in the history of the Farm Credit Corporation, Canadian farm producers have at their disposal considerable sources of financing which take into account production costs, the cost of farm equipment and the cost of land.

Naturally, Mr. Speaker, should we, together, feel that there is need for other sources of financing, then so much the better for the Canadian farmer, provided that money is well spent and also that the cost of borrowing it does not price our products out of the market, since other countries may offer those same products at lower prices. But I have confidence in our Canadian farmers who have always managed to produce at competitive prices in the past. So, it is to be hoped that every stage of this bill, which will be of benefit to all Canadian farmers, especially in these difficult times when they are increasingly in need of financing, will be passed by the House.

• (2140)

[*English*]

Mr. Peter Elzinga (Pembina): Mr. Speaker, may I just begin by indicating that I would like to align myself with the remarks of the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), and the amendment he has placed before the House of Commons. In the period of time I have been here, I have noticed that the comments of the hon. member have always made great sense, and have also made great reading. I cannot say the same thing about the words of the Minister of Agriculture (Mr. Whelan). When we look back over the ten years he has held that portfolio, we find nothing that even he would be able to point back to as a lasting testimony to his role as Minister of Agriculture. In reality, the legacy of this minister is a ten-year agricultural decline in Canada.

Mr. Whelan: Not true.

Mr. Elzinga: When the hon. member for Qu'Appelle-Moose Mountain put a question to him he could just as easily have asked the Minister of Agriculture when he last shingled his house, considering the answer that he received to his question. The minister indicates that this amendment will not meet with the consent of the various lending institutions. I am glad to see that the minister is a great advocate in support of the lending institutions. On so many occasions outside this House he has said exactly the opposite. In fact, he said that the habits of the lending institutions were scandalous.

Mr. Whelan: I said one. If you would just really be honest.

Mr. Elzinga: I am hoping you will respond to the comments I have made. On two occasions in this chamber you have voted against imposing an excess tax—

Mr. Deputy Speaker: The hon. member should address his remarks to the Chair.

Mr. Elzinga: My apologies, Mr. Speaker. On two occasions in this chamber, the Minister of Agriculture has voted against imposing an excess profits tax on the banking industry. Yet, when he travels though the country he is willing to tell the farming population that he feels the behaviour of the banking institutions is scandalous and that something must be done. When he has the opportunity to do something, he votes precisely opposite to what he is saying throughout Canada.

Mr. Whelan: Not true at all.

Mr. Elzinga: In speaking to report stage, I would ask the minister to be honest because it is recorded in this chamber that his vote was in opposition to imposing an excise profits tax on the banking industry, yet the minister has no hesitation in publicly saying across Canada that he is in support of this tax.

I would like to deal more specifically with the report stage of Bill C-88. We basically support this legislation because it would allow the Farm Credit Corporation to borrow supplemental funds from the private marketplace, it would increase the board of directors from five to seven members, it would remove the 35-year-old age limitation on Section 33 loans, and it would update some of the language used in the Farm Credit Corporation legislation. I earlier shared with the House the fact that we basically support this legislation, as do the majority of farm groups throughout Canada. We are delighted that the minister has given us the assurance that, because of this legislation, he does not intend to cut back on the financial commitment of his government to the Farm Credit Corporation.

Since I did have the opportunity to make a number of comments on this legislation during the second reading debate on February 1, I do not plan to be very lengthy this evening. I want to state that we on this side are very disappointed that this minister of agriculture has not given agriculture the priority it merits. In reality, the farmers of Canada have been neglected for the past ten years.

I was first elected in 1974 and I remember the election campaign. The farming population had a great deal of respect for our Minister of Agriculture, but that respect has turned sour and cynical simply because he has not lived up to the repeated commitment he has given to the farming population throughout Canada. The record will show that farm bankruptcies have increased by some 50 per cent this past year. The November 12 budget introduced by his government has been a disaster to the farming population in Canada. The many budget provisions, as they pertain to income-averaging annuities and capital gains provisions, are disastrous. This Minister of Agriculture promised he would do something about the capital gains provisions. Instead, they have worsened as they relate to the farming sector. In relation to the capital cost allowances which the farming population has traditionally enjoyed, this budget will increase the tax payable in the first year in which farm machinery is purchased.

I would like to return to the subject of capital gains because it is a pet peeve of many of us in this chamber. In at least one campaign, the Minister of Agriculture promised he would change the valuation date from 1971 to 1974. That was another commitment which has not been met. If I had my way, we would eliminate the capital gains provisions as they relate to bona fide farmers, because realistically, the farming population uses the income derived from the sale of property as a pension fund. Farmers do not have the opportunity to invest in so-called pension plans, as do many in the public service and in other areas.

I have already dealt with the hypocrisy of some of the minister's statements relating to the banking industry. I have indicated how the minister has spoken differently in this chamber on several occasions than he has spoken to farm groups throughout Canada. Because of the lack of action of this federal government relating to the farming sector in Canada, various provincial governments have had to introduce agricultural programs of their own. We do not have an over-all national agricultural policy. That is the real legacy of the ten year term this minister has had the opportunity to serve in that portfolio.

When the hog stabilization plan was announced several months ago, Alberta was to be excluded. That is how much of a national policy we had, simply on the discretion of the minister himself. He was going to exclude one province from participating in this program. Quite frankly, we were delighted to see the minister's reversal. He finally indicated that he would allow the province to participate. The province of Alberta itself has had to introduce programs relating to the beef and sheep industries. I recently asked the Parliamentary Library to compile a very excellent paper on the various agricultural programs available under the provincial governments. I would simply like to commend the library for the super job it did concerning those programs. It is an extensive paper, simply because the provincial governments must involve themselves in what I consider to be a national area because this minister has let the Canadian people down.

Mr. Whelan: Shame on you. We proposed income security for—

• (2150)

Mr. Elzinga: The minister should be very ashamed. I am amazed at his response when the hon. member for Qu'Appelle-Moose Mountain asked if he would give serious consideration to his amendment. The minister did not reply. I think the minister is somewhat embarrassed. He indicated that he is somewhat warm but is afraid to support this for fear of getting into difficulty with his own officials. I think that says something about the Minister of Agriculture who says he is not going to support something he believes in himself because his officials indicate to him it is not worthy.

I would like to share with you, Mr. Speaker, a few thoughts on the farming sector in general. On the whole, the farming population is not a rich population. They enjoy an independent lifestyle and enjoy having a little dirt under their fingers and working hard for what they have achieved. It is a respected profession. The majority of them respect themselves, they enjoy the long hours and the work that is involved in an attempt to develop some wealth. All Canadians suffer when the farming population suffers. It breaks my heart when I travel through my constituency and see farmer after farmer facing bankruptcy simply because of the high interest rate situation.

Why can you not come forward with something that will be available for expansion, for operating purposes, for the farming population during this period of time in which bankruptcies are causing untold hardship for our farming population?

I would truly hope that the Minister of Agriculture would travel to the rural areas and participate at the grassroot level; find out from them exactly how they feel in regard to the policies he is bringing forward, or the lack of policy. The minister can go to his public meetings and express his wishes but how much feedback does he receive, or pay attention to?

I know from travelling through my constituency, Mr. Speaker, that farmers are not very happy with what my friends opposite are doing. That is evident too, from the recent provincial byelection in the province of Alberta in which we saw a separatist elected. He campaigned against the federal government.

Mr. Whelan: And against the provincial government.

Mr. Elzinga: In his election brochure he said, "Send a message to Ottawa"; that is what he indicated.

Mr. Whelan: And to Peter, too.

Mr. Elzinga: He campaigned on all the federal issues, issues such as metric, gun control and bilingualism, yet this government is not willing to react to any of those issues. I realize it is easy for us in opposition to complain, but what I wish to do for the minister and the House this evening is advocate some actions that are necessary to solve some of the difficulties facing our farmers.

First, I believe that the Small Business Development Bond, rather than being gutted the way it was in the budget of the Minister of Finance (Mr. MacEachen), should be expanded upon. It should be made available to the incorporated and unincorporated farmers, not only for expansion, but for operating capital. There should be substantial capital gains relief for the farmer. If you do not wish to accept my ideas, do away with it completely; support something such as we had in the budget we introduced, whereby one could roll capital gains over into a registered retirement savings plan and not have to pay any capital gains tax on some $200,000.

I am glad the government did accept the proposal we introduced in our budget with regard to working spouses, through which, if a wife works in the family enterprise, she can receive a salary.

We had attempted, Mr. Speaker, to develop programs with the provinces. It is necessary for the Minister of Agriculture to sit down with his provincial counterparts, to attempt to develop

a national policy, so that we do not have these discriminatory practices of one province, to the detriment of another. We should immediately implement a moratorium on farm bankruptcies. We need an additional infusion of some $500 million in capital to the Farm Credit Corporation so that we can subsidize interest rates to the farming population and, in general, increase the total programs offered by the Farm Credit Corporation.

In the event that a farmer has to pay over 12 per cent for money he borrows, he cannot operate. I would seriously hope that our Minister of Agriculture, for once in his ten-year term, will be forward thinking and come forward with a policy or a program in relation to interest rates that will be beneficial to all farmers. I would suggest also that we have a substantial rebate on the price of fuel used in food production. Again, I hope we will have an elaboration of the national price stabilization plan for the beef and hog industries which is meaningful and which will not leave the opportunity for discrimination by the Minister of Agriculture, as was the case with the hog stabilization pay-out.

Let me conclude, Mr. Speaker, by once again indicating our support for this legislation. We hope the minister does not sit back and and say: "Yes, I have introduced my one little piece of legislation and I will leave it at that." We would like to see some positive action from this minister, because the farming sector is the soul and the lifeblood of our nation and, unless some positive action is taken in this area, Mr. Speaker, that sector is going to die.

Mr. Deputy Speaker: Are hon. members ready for the question?

Mr. Towers: I rise, Mr. Speaker—

Mr. Deputy Speaker: The hon. member for Red Deer (Mr. Towers).

Mr. Towers: Thank you, Mr. Speaker.

Mr. Whelan: I rise on a point of order, please.

Mr. Deputy Speaker: The Minister of Agriculture, on a point of order.

Mr. Whelan: Just on a comment the previous speaker made, that I discriminated against one province. We treated all provinces that had programs the same, in the first instance, and then we decided to allow the programs to go through. We treated every province the same. Alberta was not treated separately on any occasion. If the hon. member meant it that way in his statement—that is the way it sounded to me—it was not done that way at all.

Mr. Elzinga: In response to the hon. minister, I did mean that he discriminated, because it is obvious that he did discriminate.

Some hon. Members: Oh, oh!

Mr. Elzinga: He referred to the decision he did make that there was not going to be a pay-out to Alberta. Some weeks later he reversed that decision and there was a pay-out to Alberta. He reversed himself. If he does not consider that discrimination, I do.

Mr. Deputy Speaker: Order. This is becoming a debate. These are obviously not points of order.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

A motion to adjourn the house under Standing Order 40 deemed to have been moved.

NEW BRUNSWICK SEED POTATO STOCK

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, I am pleased to note that as usual at this time, the gallery is filled with newspapermen who have come to hear us and to report the facts as I will put them before my colleagues this evening. During the past seven or eight weeks, that is almost two months, the Quebec Minister of Agriculture, Mr. Jean Garon has taken pleasure in publicly making a series of serious but false accusations concerning New Brunswick seed potatoes.

Seed potatoes are used to eventually produce potatoes for human consumption, but it does not mean that seed potatoes are not fit for human consumption. On the contrary, they are top quality potatoes. However, the Quebec Minister of Agriculture is accusing, on the one hand, the federal Department of Agriculture and, on the other hand, the New Brunswick and Prince Edward Island producers, of having sold and shipped contaminated seed potatoes to Quebec producers. Now, it often happens that Mr. Garon is mistaken, but this time he is utterly mistaken because he is talking through his hat.

We know that, historically, the potato production in the province of Quebec has been low compared with that of both New Brunswick and Prince Edward Island, which alone produced for years almost 50 per cent of the total Canadian production. With time, of course, this rate of production has not decreased in terms of volume or total cultivated lands, but some western provinces as well as Ontario have become more competitive at the production level. But what is most serious about the accusation made my Mr. Garon is that he offhandedly condemns all seed potato stock originating from New Brunswick, without producing any irrefutable and sound supporting evidence. On the contrary, the Department of Agriculture and its food and vegetable certification division

have an outstanding record throughout the world. This reputation has been acquired after decades of great sacrifices and hard work and Mr. Garon, the Quebec agriculture minister, would offhandedly ruin this outstanding reputation. Well, Mr. Garon, as I have just mentioned, has not been able to produce any sound evidence. On the contrary, the Department of Agriculture of the Government of Canada had to remind him that on several occasions it had to ask the Quebec government to implement a consumer potato production control program within its own territory because the seed potato stock were grown on the same lands on which uncontrolled consumer potato stock had been grown the preceding year.

On the other hand, in New Brunswick and Prince Edward Island, producers have been trying for many years to eradicate a number of diseases of which the most serious by far is the bacterial ring rot, which is perhaps the most tenacious and unpredictable, because it is very difficult to identify. As some Quebec producers had bought potatoes in New Brunswick and sold them again to Quebec growers whose crops where affected by bacterial ring rot, Mr. Garon automatically inferred that the origin of the disease is in New Brunswick. Which is simply not true, because inspectors of the federal Department of Agriculture returned to visit the operation of the New Brunswick producer, check a number of stocks which had been produced on his farm and distributed not only in Quebec, but throughout the Atlantic region, but failed to find any evidence of bacterial ring rot.

• (2205)

Therefore it appears that, according to this very strict control, the origin of the bacterial ring rot is unfortunate, and I say it is unfortunate because the bacterial ring rot is a very serious disease which exists quite often in a latent state practically everywhere in the world if people are not careful. This disease could very well be traced to the soil itself in Quebec, to warehouses in Quebec, to bags, trucks, tractors, who knows where it could be traced to, but it is a fact that it can be traced to any of those places. Given the lack of control in Quebec over the seed potato, Mr. Garon cannot state categorically that the disease could not already be found in the soil in Quebec, that it could not be found on certain farms which supplied the producers of the regions of Témiscouata, Rivière-du-Loup and Kamouraska, which border on New Brunswick. By making such sweeping accusations, Mr. Garon therefore hinders the entire potato industry in Canada and tarnishes our good reputation in foreign countries. I suggest that the federal government agriculture minister was right to ask Mr. Garon to refrain from making that type of public statements.

Mr. Marcel Dionne (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, just as the Minister of Agriculture (Mr. Whelan) stated last week when answering a question about the bacterial ring rot, I must confess that the Quebec agriculture minister, Mr. Garon, created quite a deplorable situation. Mr. Garon's allegations caused great harm both to the reputation of New Brunswick potato producers and to the federal inspection service.

Following the allegations that Mr. Garon chose to make to the press instead of contacting him to try and find a solution to the problem, the Minister of Agriculture said that he would not be drawn into Mr. Garon's political games. He also indicated to his Quebec colleague that if he was really interested in solving this problem, he would certainly find the time to discuss it with him. The agriculture minister and Mr. Garon met last Monday, but unfortunately, they could not come to an agreement. However, Mr. Garon presented a file with compensation claims totalling more than $1 million from the Quebec potato producers affected by the bacterial ring rot. Agriculture Canada officials are now studying this file and the agriculture minister promised Mr. Garon an answer in a few days.

As far as the federal government is concerned I can say unequivocally that the Federal Potato Inspection Service is among the best in the world.

I can also guarantee that during the course of the very thorough investigation and chronological study conducted by the department about this contamination, all the facts have been checked. Mr. Garon indicated that the ring rot was caused by a shipment of seed potatoes from New Brunswick. After checking at the source, we have found that the producer has not had any problem with bacterial ring rot for approximately 20 years. We have checked other potatoes grown on the same farm which have been shipped all over Canada, without finding any trace of bacterial ring rot.

As usual, Mr. Garon had the urge to provoke an ideological debate between Agriculture Canada and the Quebec government. In my opinion, this is unfortunate since all Canadian potato producers have suffered serious prejudice as a result of this, and we hope, Mr. Speaker, that this problem will be solved as it should be, that is by experts.

OFFICIAL LANGUAGES—RESTRUCTURING OF FINANCING OF ASSOCIATION CANADIENNE FRANÇAISE DE L'ONTARIO

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, on Tuesday, March 23, I directed a question to the Secretary of State (M. Regan) concerning the restructuring of financing of the ACFO announced on February 16 by the parliamentary secretary to the minister. I would like to go over the situation again, because I feel the decision taken by the Secretary of State may be harmful to Franco-Ontarians by depriving them of a provincial organization which has proved to be a much needed protector of their rights. It all started when the Department of the Secretary of State told the media of a new policy concerning the administration of the official languages branch.

As a result of that policy, the Secretary of State intends to redirect some of the funds to the regional councils of the ACFO, thus bypassing the provincial organization.

• (2210)

Still according to the Secretary of State, the purpose of those new policies was to thwart the tendency of overstructuring which afflicts organizations active in minority groups, the ACFO included, of course, in an attempt to get closer to the membership.

That is the purpose of those administrative changes. Let us examine the problems created by the Secretary of State's intervention. They are threefold: there is the legal problem, the interference problem and the methods problem. First, the judicial problem. The ACFO is a legal entity from which derive 19 regional councils that have no other status than that granted by the ACFO charter and amendable only with the consent of the general assembly of the organization. Moreover, the ACFO has 17 affiliates. The present proposal creates a problem since, in fact, it alters the ACFO's legal structure without the consent of the general assembly. Indeed in putting forward the dissatisfaction of some regional councils and the desire to decentralize the intent is to make them independent of the provincial organization by financing them directly. As those regional branches do not exist outside ACFO, it will be necessary to establish new structures and corporations, before any money can be provided for them.

This is where the Department of the Secretary of State's interference comes about. Six regional branches of an independent organization, as demonstrated by the consultation held during the first week of March, are dissatisfied with the present situation. They want to get more power, hence their interest in the department's proposal. All the same, 13 regional branches show their support for the provincial ACFO. Without any right to do so, the Department of the Secretary of State supports the six branches, and I can assure you that in the future they will come directly under the department for their funding. There we have interference pure and simple in the internal business of an independent organization. If the regions want more decentralization, it is incumbent on the provincial ACFO to respond to their request. Whether or not it is done in co-operation with the Department of the Secretary of State is not the problem. But the provincial ACFO must be involved as the only organization legally responsible for its regional councils. The Department of the Secretary of State's proposal is rather strange when considered more closely. Because a minority of dissenters refuse to play the game of democracy, and although 13 regional branches out of 19 support the provincial ACFO, the department decides to give the minority of six their own way. It is as if a dissatisfied province wanted to sever all ties with the federal structure and were granted autonomy without consultation with its federal partners.

• (2215)

Should we see in this new approach a step toward a new type of federation? The last problem, Mr. Speaker, is rather a moral one, and it concerns the offhand behaviour of the Secretary of State in this matter. As a matter of fact, allegedly to get nearer to the grass roots, the Secretary of State never held any consultations prior to announcing his decision. Everyone learned of that decision through the press. Furthermore, the present proposal is not supported by any document. I had to write twice to the minister and to phone him before I could meet him, and he announced only last week, in an answer he gave me in this House, that he was going to meet with officials of ACFO late last week. One can only note the department's reticent and unco-operative bureaucratic attitude in this matter. That is why I ask the minister today to table actual documents summing up the present proposal for restructuring ACFO.

It is to be hoped that the spirit of dialogue and co-operation, which was apparent, albeit slightly, at the meeting of March 25 will be conducive to a new protocol of agreement that will satisfy all parties. Although ACFO had every right to resent the actions of the Secretary of State, it nevertheless approached the minister at the March 25 meeting in the hope of finding common ground for an understanding. Through a written proposal, ACFO made a breakthrough on this issue. This proposal which, as I understand will be released in the near future, satisfies the requirements of all parties involved. The decentralization that everybody wishes for should provide the dissenting regions with a solution to their problems. On the other hand, the role of the ACFO would be maintained in that it would remain the provincial association of Franco-Ontarians, thus avoiding any legal issue. Furthermore, as decentralization was sought in the first place by the Department of the Secretary of State as well as the power to directly fund regional associations, I believe the minister should support such proposal which meets all his wishes. Mr. Speaker, any compromise involves a certain amount of give and take. But in its proposal the ACFO seems prepared to go all the way, having already made a more generous offer than the other party. I hope the department will react positively to this proposal and will show a similar desire to settle the matter to the satisfaction of all concerned.

Mr. Jean Lapierre (Parliamentary Secretary to Secretary of State): Mr. Speaker, as the result of remarks made by the hon. member for Ottawa-Vanier (Mr. Gauthier), on March 25, the Secretary of State (Mr. Regan) met with the officials of ACFO in the presence of the hon. member for Ottawa-Vanier. At that time, ACFO made a proposal and with the co-operation of all concerned, we are now in consultation with the seven regional associations interested in dealing directly with the Department of the Secretary of State. During that meeting, the Secretary of State offered to review his position, perhaps very soon, after consultation with the seven regional associations; and if those associations agreed with the ACFO

proposal we would give favourable consideration to that proposal. If the seven decide to use the provincial association as a banker or to stay within the provincial association and to deal directly with it, the Secretary of State has no objection to that either. But our responsibilities toward the taxpayers and those seven entities which have said democratically that they wanted to deal directly with the Secretary of State must be considered. I think that is strictly what is at stake, and the member for Ottawa-Vanier is well aware of the situation. He has complained of having nothing in writing. I think that more than anybody else he had access to inside information and had discussions on the subject with the present Secretary of State.

I am convinced that the inquiries and mediation attempts by the member for Ottawa-Vanier will lead us to the best solution. One thing is sure, the Secretary of State is bound to take his responsibilities toward taxpayers and to be receptive to the needs of minority groups across Canada. This is part of his mandate. The decision that was made was specifically designed to respond to the expectations of some communities across Ontario, and it was made simply to get closer to the grass roots.

My hon. colleague's three objections were strictly legal. I think a lawyer could always find a satisfactory solution, and I really do not know whether it is a major problem. As far as any interference is concerned, he who pays the piper usually calls the tune. We hope that this movement toward decentralization and toward working with communities will not be seen as interference but rather as an attempt to be more in tune with the taxpayers and to spend money where they would like to see it spent.

Finally, as far as the method is concerned, of course one can always consult *ad nauseam,* but my hon. colleague is probably aware that where difficult decisions of this kind are concerned, consultation takes place a few days beforehand, but in the final instance, the decision is made in consultation with local authorities and departmental officers in whom we have full confidence.

Mr. Deputy Speaker: I am sorry to interrupt the parliamentary secretary, but his time is up.

• (2220)

[*English*]

FREEDOM OF INFORMATION—PROPOSAL TO DELAY PASSAGE OF LEGISLATION. (B) CROWN PRIVILEGE AND JUDICIAL REVIEW

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, the debate this evening arises out of a question I asked the Minister of Communications (Mr. Fox) on February 12. You will recall the Minister of Communications on the subject of freedom of information received a letter from the provincial attorney general of Ontario speaking on his own behalf and on behalf of other attorneys general. In essence, the provincial governments were asking the federal government to stop consideration in the committee or elsewhere of its freedom of information bill in order to deal with a freedom of information bill to be agreed upon by all 11 governments of Canada. Surely, no one has to tell this House of Commons how unlikely it is we would ever get agreement on a freedom of information bill of that scope.

You will recall, Mr. Speaker, that we worked 54 years to get agreement on the Constitution. I wager the parliamentary secretary would be greyer than he is today, and both he and I would be drawing the old age pension well before a bill would even see the light of day in draft form. I say to you that, following the tradition of federal-provincial agreements with respect to this matter, any freedom of information bill to result would pale in comparison to Bill C-43, the freedom of information bill which this government advanced. It would be useless. It would be without teeth. It would be blind. It would be full of so many notwithstanding clauses that no one interested in freedom of information could ever countenance that kind of delay. I do not countenance it.

If you scratch a little deeper, Messrs. McMurtry, Romanow and company are interested in much more than that. They do not want independent judicial review. They do not want to do away with Crown privilege. They are afraid of that. They want the governments of Canada—and I put government in the plural—to be the judge, the jury and the policemen with respect to what information will be released.

I do not think I have to tell you, Mr. Speaker, that without independent judicial review any freedom of information law would be next to useless, particularly if the decision as to what would be released were left to the people who held the information being asked for. It is as simple as that.

I hope the parliamentary secretary will tell the House tonight that his minister, the Minister of Communications, and his colleagues in the government will not fall for that line of baloney of 11 governments, because that is what it is. If they do, it will be an incredible about face on the part of this government.

In 1979, I introduced a freedom of information bill, imperfect in many respects, the first word, but not the last. In 1980, the present government introduced Bill C-43 which in some respects was not as good as the one of the Clark government, but in many respects was better. I would be astounded if the government should even consider stopping consideration, or choose not to appear before the committee to complete consideration of the bill. If the government does that, it will complete the breaking of another promise.

Both Bill C-15, my bill, and Bill C-43, the Minister of Communication's bill went to committee after one round of speeches. Gallup polls approve of freedom of information. All parties approve also. Yet after two years a freedom of information bill is still a mirage. I find it impossible to accept the opinions of the provincial attorneys general in this matter, and I find it unpalatable and distasteful to believe that a government which promised freedom of information should fall over in that round-heeled fashion, rather than forging ahead with a bill. The fact of the matter is, and I might as well say it here, the provinces do not want to make freedom of information

better. As a result of their suggestion, they want freedom of information legislation dead and buried. I think it is high time the government came to the committee and stated its position. Does it favour that, will it allow the bill to go forward, and will it invite the provinces to appear before the committee like any other witness. Will it now make up the time lost to the cause of freedom of information by the fact that the hon. member for Burnaby (Mr. Robinson), while professing a great interest in freedom of information here, piled up page after page of useless questions in committee on a bill which has a provision calling for parliamentary review three years down the road?

• (2225)

I hope the parliamentary secretary will say to us tonight that the bill will go forward, the blandishments of the provincial attorneys general will be ignored, and the government will live up to the commitment it made in the throne speech. If it does not, then the Minister of Communications and his colleagues in government, from the Prime Minister (Mr. Trudeau) down, stand on the same footing as the provincial attorneys general who have shown themselves to be dinosaurs on the subject of freedom of information. I look forward to hearing from the parliamentary secretary.

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I must say I am grateful for the opportunity provided by the hon. member for Nepean-Carleton (Mr. Baker) to discuss the subject of access to information. I think all of us know of his deep and abiding interest in and effectiveness on this subject.

As the House is aware, Bill C-43, which contains legislative proposals for both access to information and privacy, was introduced in the House in July, 1980 and received second reading in January, 1981. The Standing Committee on Justice and Legal Affairs undertook its review of the bill in March of last year. A number of groups and experts came before the committee to give their views. This process took more than two months of the committee's time. Clause by clause examination got under way only in June. The committee has devoted a great number of sittings to the various clauses of the bill; some 45 provisions had been adopted before Christmas out of the more than 160 clauses in the bill.

During the course of the summer, and last fall, the provinces informed the government of their concerns in regard to Bill C-43. I refer in particular to the very specific objections raised by the attorney general for Ontario, Mr. McMurtry, in relation to the protection of law enforcement information and other important issues in a letter he sent last June to the minister. In November the minister was advised by the spokesman for the provinces that the Ontario letter had received the endorsement of all provinces. Since then discussions have taken place with the provinces at both the ministerial and official levels.

As indicated to the House by the Minister of Communications, representations from a common front made up of most of the provinces must be taken seriously, indeed. I think hon. members from across the aisle, given their fundamental and philosophical commitment to harmonious federal-provincial relations, will agree that the legitimate concerns of the provinces cannot be summarily dismissed. I say to the hon. member that, despite his feelings and our desire, it is in the interest of all concerned that the federal government and the provinces are given an opportunity to iron out outstanding issues in relation to access to information and privacy.

Mr. Baker (Nepean-Carleton): Bring the provinces to the committee.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow afternoon at two o'clock p.m.

The House adjourned at 10.29 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, March 30, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE JUDICIARY

SUPREME COURT APPOINTMENT PROCESS—MOTION UNDER S.O. 43

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, today is an historic day in the judicial history of Canada marked by the swearing in of Madam Justice Bertha Wilson as a judge of the Supreme Court of Canada. The appointment of this respected and accomplished jurist has been applauded by Canadians from coast to coast.

The appointment of the first woman to the Supreme Court of Canada was a result, in part, of strong representations by the official opposition and by widespread public input. In view of the imminent patriation of the Canadian Constitution, including the Charter of Rights and Freedoms, which will substantially increase the role and power of the Supreme Court of Canada in the determination of the rights and liberties of Canadian citizens, it is incumbent upon legislators to reassess the process of appointment to the Supreme Court of Canada, now the sole prerogative of the Prime Minister. I therefore move, seconded by the hon. member for Cambridge (Mr. Speyer):

That this House direct an immediate reference to the Standing Committee on Justice and Legal Affairs on the process of judicial appointments to the Supreme Court of Canada, including the involvement of the House of Commons in the review and confirmation of nominees to the Supreme Court of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

FUNDING FOR GRADE SEPARATION PROJECTS—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, UTAP funding provided to the province of Ontario has been totally exhausted by the province using the moneys for grade separations in urban areas. Grade separations are worth-while construction work using totally Canadian labour and Canadian materials, and completed grade separations improve both the productivity of road transport and the railways. I therefore move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Minister of Transport immediately embark on a program to make substantial funds available to municipalities and provinces to share-cost new grade separations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

TRAINING OF WOMEN IN NON-TRADITIONAL JOBS—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, it is of vital importance that great numbers of women be trained in non-traditional jobs, so that women in clerical and stenographic positions will not find themselves out of work in this age of high technology. Therefore I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That the Minister of Employment and Immigration consider, as a priority, training women in non-traditional jobs, particularly as the number of women currently participating in such government sponsored retraining programs has decreased from 22 per cent to 11 per cent in the past six months.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENSIONS

CALL FOR PROVISION OF ADEQUATE BENEFITS—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the recent proposal by the Minister of National Health and Welfare to provide homemakers with retirement incomes by splitting the spouse's Canada Pension Plan cheque down the middle, and

giving half to the husband and half to the wife, I move, seconded by the hon. member for Oshawa (Mr. Broadbent):

That this House direct the government to stop treating the problems of older women with sleight of hand approaches to pension reform, and that it be further directed to use the additional revenue it will receive from the recent budget and the energy agreements to provide decent and adequate pensions to all retired Canadians immediately.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

CALL FOR REMOVAL OF EXCISE TAX ON NATURAL GAS AND HOME HEATING OIL—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to take exception to a reply given by the Prime Minister during question period yesterday. He said the way to bring down interest rates and thereby stimulate our economy is to "bring down inflation, to bring down costs", etc. Yet he says one thing and does another. His government has been the most profligate spender in our history and is doing literally nothing to check spending and cut outlays. He demonstrates daily that the situation is clearly beyond him, and he has no quotations from Chairman Mao to bail him out.

I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That, if he is to be credible, the Prime Minister should practice what he preaches. Bring down costs—as he says—and a good starting point would be the removal of the nearly 30 per cent excise tax on natural gas and oil for home heating purposes, thereby cutting home owners' heating costs by almost one third.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

TAXATION OF NORTHERN ALLOWANCE BENEFITS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in view of the fact that members of the steelworkers' locals of northern Canada, Quebec and Labrador, have travelled to Ottawa today to plead with the government for an extension of the temporary remission order affecting isolated posts living allowances, and whereas the Minister of Finance and the Minister of National Revenue have rejected a meeting with this visiting delegation, but have passed the steelworkers off to the Minister of Indian Affairs and Northern Development, who has no authority over taxation policy, I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That the Minister of Finance and the Minister of National Revenue be severely censured by this House for refusing to meet with steelworkers' locals from across Canada, and for placing the entire mining industry of northern Canada in jeopardy by their failure to negotiate with all affected groups a fair and acceptable taxing policy for the north.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENITENTIARIES

KINGSTON PRISON FOR WOMEN—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, on Friday of last week the Solicitor General reneged on his commitment to close Kingston prison for women, the only federal prison for women in Canada. For over 50 years governments have been wavering on what to do with the Kingston prison, an institution that, as the director of the Elizabeth Fry Society has stated, "is not fit for bears". Therefore I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House direct the minister either to close the Kingston prison for women or immediately improve and upgrade the institution to create and ensure a humane environment for the women inmates.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

AUTOMOTIVE INDUSTRY

EFFECT OF TAX MEASURES ON CAR RENTAL BUSINESSES—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, an all too often forgotten victim of the November 12 budget is the automobile dealer who is trying to sell cars at exorbitant interest rates and trying to operate a leasing business. Over 2,500 dealers, leasing upwards of 800,000 automobiles, will lose a full 15 per cent of their depreciation allowance on the cost of new cars due to the budget's halving of the capital cost allowance. Therefore I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That, as this tax measure is expected to result in a surge of auto dealer bankruptcies and closures, the Minister of Finance should heed the warning signs and withdraw the proposal before it is too late to rescue 2,500 dealers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

BANK OF CANADA

CALL FOR DIRECTIVE TO REDUCE INTEREST RATES—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I move, seconded by the hon. member for Beaches (Mr. Young):

That this House directs the Bank of Canada to take immediate steps to bring down interest rates and thereby to improve consumer purchasing, job opportunities and to reduce inflation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SPACE SHUTTLE COLUMBIA

CONGRATULATIONS TO BUILDERS OF THE CANADARM—MOTION UNDER S.O. 43

Mr. Jack Burghardt (London West): Madam Speaker, I rise under the provisions of Standing Order 43. Upon the successful completion of the third space shuttle launch today, I move, seconded by the hon. member for St. Catharines (Mr. Reid):

That this House commend those Canadians, particularly from the National Research Council and Spar Aerospace Limited, for planning and building the Canadarm which superbly executed all tests required of it during the seven-day mission. It is an achievement of international significance for which Canadians can be very proud.

Madam Speaker: If the House wants to applaud it may do so, but I am afraid I cannot put the motion to the House.

Some hon. Members: Hear, hear!

* * *

DISASTERS

ARREST OF DRILLING RIG GONE ADRIFT IN HALIFAX HARBOUR—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax West): Madam Speaker, on March 5, 1982, the *Zapata Scotian*, an ocean-going drilling rig, broke away from its berth in the port of Halifax and floated free in the harbour, constituting a danger to harbour users and facilities. The *Zapata Scotian* was taken under tow, and damage was averted. The Government of Canada has made a claim exceeding $5 million for the few hours of assistance provided, and arrested the *Zapata Scotian* to secure this atrocious claim. I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That the Minister of National Defence and the Minister of Justice direct their officers and agents to withdraw this ridiculous claim and obstruction and allow the *Zapata Scotian* to pursue the vital work of exploring our Atlantic coast resources.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SUGGESTED REINSTATEMENT OF FARMERS' CREDITORS ARRANGEMENT ACT—MOTION UNDER S.O. 43

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I rise under the provisions of Standing Order 43. Since farm bankruptcies across Canada have increased a disastrous 54 per cent in the first two months of 1982, and since thousands of others are predicting the same or a similar fate before summer, I move, seconded by the hon. member for Humboldt-Lake Centre (Mr. Althouse):

That, if this government cannot increase the money available to farmers through the Farm Credit Corporation and the small business bond, it reinstate the Farmers' Creditors Arrangement Act which was originally passed in 1934 to avert a similar disaster to the industry in 1982.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

TRADE

CONTRACT FOR SALE OF GENERAL MOTORS CARS TO IRAQ

Mr. John Thomson (Calgary South): Madam Speaker, I wish to put a question to the Minister of State for International Trade with respect to the deal between General Motors and Iraq for the sale of cars. Has General Motors received formal notification from Iraq that it is not its intention to accept delivery and pay for the cars which are sitting on the Halifax docks?

• (1415)

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I cannot honestly say whether General Motors has received formal notice. I have been told by the Iraqi ambassador, who has just returned from Baghdad, that the deal will not be consummated.

REASONS FOR NOT COMPLETING DEAL

Mr. John Thomson (Calgary South): Madam Speaker, can the minister tell us why the deal will not be consummated with the Iraqis? What are the grounds for cancelling or withdrawing from the contract?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, first, I do not think the Iraqi authorities acknowledge that there is a contract for the second fleet of cars. I am informed that this particular contract was still being negotiated. The reason given to me by the Iraqi authorities for not exercising the option on the second lot of 12,500 cars was the fact that they felt the mechanical problems with the first 13,000 cars were such that they did not want to take the second order.

DATE WHEN GOVERNMENT INFORMED

Mr. John Thomson (Calgary South): Madam Speaker, I am informed by General Motors that they do have a contract which they consider binding. I would have thought the minister might know whether or not a contract exists. But let me put this question to him. When did the Canadian government first become aware that Iraq was not satisfied with the cars? Further, what steps did the government take to ensure that the Canadian taxpayer would not end up footing a bill for $80 million?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, if my memory serves me correctly, I was informed some time during last summer. I then arranged to go to Baghdad during the month of September. I think it was around the end of September or the beginning of October.

Mr. Crosby: Write that one down.

Mr. Lumley: We obviously had ongoing discussions with the Iraqi ambassador and the embassy even as late as six weeks ago prior to his departure for Baghdad. I also sent a note to my counterpart, the Minister of Trade for Iraq, to see if he could resolve this particular situation.

Obviously the Government of Canada does not produce cars, and I am not a mechanic myself. We had hoped that we would be successful because the Malibu, as the hon. member knows, is a very good car. It just so happened that this particular model has not worked to the customer's satisfaction.

[*Translation*]

INDUSTRY

FOOTWEAR—INQUIRY WHETHER GOVERNMENT RECOMMENDED INCLUSION OF LEATHER FOOTWEAR IN GLOBAL QUOTA

Hon. Roch La Salle (Joliette): Madam Speaker, my question will also be directed to the Minister of State for International Trade. Some time ago, I asked him a question about the survival of the footwear industry. The minister is well aware of the very difficult situation now facing this industry, and that the answer is to apply the over-all quota system to leather footwear as well. Has the minister since had an opportunity to discuss the matter with his colleague, the Minister of Industry, Trade and Commerce, and if so, did the Minister of Industry, Trade and Commerce recommend that leather footwear should again be included in the over-all quota system?

[*English*]

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, my colleague, the Minister of Industry, Trade and Commerce and I have had meetings with representatives of the shoe manufacturing industry, with respresentatives of the shoe retailing industry, and with importers. There is some conflicting information as to whether the retail sales figures are down similar to what the shoe manufacturers have indicated is the case with respect to domestic orders. We are, however, discussing the whole sector at the present time.

[*Translation*]

INQUIRY WHETHER MEASURES WILL BE TAKEN TO AVOID JOB LOSSES

Hon. Roch La Salle (Joliette): Madam Speaker, I have a supplementary for the Minister of Industry, Trade and Commerce. The minister knows perfectly well that the industry is in extreme difficulty. Since the matter was raised some time ago and a number of members on both sides of the House have given their support on this issue, the minister should be able to inform us today when he is finally going to give an answer to this major industry and prevent the loss of thousands of jobs. Would the minister also be able to inform us today whether, in view of the information he now has, he is willing to support the request made by the footwear industry and work together with his colleague to find a solution that will prevent the loss of jobs not only in Quebec but throughout the country?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as my colleague, the Minister of State for International Trade, just said, we have had some very useful meetings with manufacturers, importers and retailers, and our colleagues have had some very useful discussions with spokesmen for the footwear industry. Their recommendations are now being reviewed at the cabinet level, and as soon as cabinet

is ready to reach a decision, I shall certainly be able to make a statement on this important matter.

* * *

• (1420)

[*English*]

AUTOMOTIVE INDUSTRY

VOLUME OF JAPANESE CAR SALES IN CANADA

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Minister of State for International Trade concerning the automotive industry in general. Almost one job in seven in Canada is, directly or indirectly, connected with that industry. These involve workers in plastics, iron, and the fabrication of all kinds of finished products and all kinds of minerals. I ask the minister, since at this point 22 per cent of that market has been taken over by Japanese products, why does the government not have in place a requirement that Japanese firms either purchase parts or assemble vehicles here in Canada, which would put Canadians to work?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as the hon. member knows, we are very cognizant of and concerned about the situation in the automobile industry in Canada. That is one of the reasons we undertook the recent trade mission to Japan and asked the Japanese government for three possible areas of voluntary restraint: one, with respect to importation of automobiles during the current fiscal year; second, a ceiling with respect to commercial vehicles; third, a commitment to negotiate a content proposal for the future.

The negotiations are still ongoing and, as the hon. member knows, the Japanese government announced yesterday they have come to a decision with respect to the United States, and hopefully our recommendations will now be their first priority.

DEFICIT IN AUTOMOTIVE TRADE WITH JAPAN

Mr. Edward Broadbent (Oshawa): Madam Speaker, the countries of France, Mexico, Australia and the United States, as well as a number of others, have firm agreements with the Japanese respecting either quotas or production within their countries of parts for Japanese vehicles. Considering that we have an automotive trade deficit with Japan of $1.5 billion, representing a net loss of 15,000 Canadian jobs, why is it that, unlike other countries which have protected their automotive industries, the Government of Canada has been so gutless in its dealings with Japan?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, the hon. member forgets for a second that we are one of the few countries in the world which has a trade surplus with Japan. While most of the countries the hon. member mentioned have a substantial trade deficit with Japan, we have a $400 million trade surplus. France, for example, has severe restrictions on Japanese automobiles; however it only sells the Japanese $1 billion worth of goods. We happen to sell them over $4 billion worth.

REQUEST THAT JAPANESE PLANT BE ESTABLISHED IN CANADA

Mr. Edward Broadbent (Oshawa): Madam Speaker, the Japanese, like people in any other country, cannot expect to have a favorable trade balance with every nation in the world. I would tell the minister that they buy our resources not for our good but for their own.

Some hon. Members: Hear, hear!

Mr. Broadbent: They are not doing us a favour in buying our raw materials; it is primarily for their benefit.

Is the minister prepared to get at least as tough as some of these other countries are in protecting their automotive industries, and will he within a matter of weeks get a specific commitment from the Japanese either to produce parts or vehicles here, which would be fair for the Canadian consumer as well as the auto worker, or, if not, will he have the courage to tell the Japanese he is going to put an emergency 15 per cent surcharge on all their automotive products coming into Canada?

Mr. Hnatyshyn: Where did you buy your shirt Ed?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I share with the hon. member the belief that the automotive trade deficit with Japan needs to be rectified. However, I am a bit surprised that the hon. member's party, with a number of seats in western Canada, would make so little of the fact that we sell a substantial amount of goods from western Canada to Japan.

Some hon. Members: Oh, oh!

Mr. Lumley: I would have thought, Madam Speaker, that the jobs created by the export of coal, lumber, canola and wheat, etc.—

Mr. Deans: The export of jobs.

Mr. Lumley: —would be just as important to western Canadians as the export of automobiles is to central Canadians.

* * *

FINANCE

INTRODUCTION OF BUDGET LEGISLATION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Finance. Revenue Canada is asking Canadians to pay their 1981 taxes based on the November, 1981, budget, as if that budget were law today. The department has issued a bulletin to that effect. The minister knows full well that his phantom budget is a subject of great uncertainty today because no legislation has been presented on

the budget, and there has not even been a Ways and Means motion in connection with the many changes that he has announced with regard to the budget itself. Why is the minister asking Canadians to pay their taxes based on the budget when the legislation has not even been made public?

• (1425)

Mr. Jarvis: Disgrace!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Ways and Means motions have been made public, and it is on that basis that taxes have been collected in this country for ever and a day.

Mr. Andre: They have not been voted on.

DISCUSSION OF TAX CHANGES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, there has never been a budget in this country which has been the subject of so much uncertainty as this particular one. We have not seen the Ways and Means motion for the December 18 changes. I remind the minister of that fact. This particular request is in contempt of Parliament. The minister has limited the rights of Parliament to consider, debate and vote on the particular motions. The minister made a further withdrawal yesterday by stating that he would introduce draft legislation on the sales tax changes and allow many companies to present their views on those particular changes. Why is he allowing companies to make representations on the sales tax proposals when he has precluded and pre-empted Canadians and Parliament from discussion of the regular tax changes which were introduced in the budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there has been no effort to preclude discussion on the budgetary changes which were made on November 12. I believe that no budget has been subjected to such a large amount of discussion throughout the country. I know of no other budget in the history of Canada which has been brought before the House three times by the opposition in non-confidence motions and which has been approved three times. Therefore it has been extensively discussed. We will produce—

Mr. Wilson: We have not seen the legislation.

Mr. MacEachen: —draft legislation which will be discussed and considered by all hands. Then we will have the legislation before the House of Commons, and hon. members will have ample opportunity, as they have had in the past, to deal with this legislation. There is absolutely no difference in the treatment of this budget, in that characteristic, than that of any former budget in the history of the country. If the hon. member had consulted with the hon. member for St. John's West, he would have received that information without showing his lack of knowledge on the floor of the House.

Mr. Clark: That is a falsehood.

* * *

AUTOMOTIVE INDUSTRY

EFFECT OF TAX MEASURES

Hon. Ron Huntington (Capilano): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. The Canadian car rental industry has made the claim that the capital cost allowance item in the November 12 budget has caused the postponement of some 40,000 new cars. The 250 per cent tax increase in the taxable benefits item in the new budget has caused the further cancellation and postponement of many thousands of new cars and a loss of thousands of man-years of work. I am wondering if this minister can acquaint us with the negotiations, and with representations he has made to his colleague, the Minister of Finance, concerning the removal of these two job-destroying items in the November 12 budget?

Some hon. Members: Hear, hear!

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, some months ago I did meet with a delegation representing the Canadian car rental industry. I certainly took steps to see that its concerns were brought to the attention of the Minister of Finance. It is my impression that the Minister of Finance has made announcements in response to the concerns of the car rental people, particularly with respect to an analysis of some of their major concerns about the capital cost allowance. They indicated that their concerns were certainly not as severe as they first feared.

REQUEST THAT MINISTER RESIGN

Hon. Ron Huntington (Capilano): Madam Speaker, although this minister is on record as saying that he would resign from a government that allowed interest rates to increase, he is also on record as committing very large sums of money to protect jobs in troubled industries. But his best efforts to protect jobs have been wiped out by these two items in the budget. The Minister of Industry, Trade and Commerce and Regional Economic Expansion should normally be outraged at this contradictory economic policy. I am going to ask him in all seriousness if he will resign now in protest over this contradiction in government economic policy.

• (1430)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): I think I am going to stay here to make sure that the contradictions in the Conservative Party policy, which was rejected by the people in the last election, do not have a chance of occurring again.

PUBLIC SERVICE

ACTION TAKEN AGAINST EMPLOYEE OF DEPARTMENT OF MANPOWER AND IMMIGRATION

Mr. Howard Crosby (Halifax West): I have a question, Madam Speaker, for the Minister of Employment and Immigration on the rules governing his department's employees. The minister must be aware of the unfortunate case of his departmental employee, Paul McNeill, who, like Neil Fraser, dared to express his opinion but who has a family to support and cannot risk loss of employment. He has spent $12,000 to remove urea formaldehyde foam insulation from his home in Halifax and believes the government has a responsibility, and I agree with him.

Would the minister explain why action was taken by his officials against Mr. McNeill for expressing the widely held view on government responsibility for UFFI? Would he tell the House whether he thinks the sweeping provisions of his department's Code of Conduct are justified in a free and democratic society?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): As the hon. member knows, the code of conduct is a set of guidelines for the activity of public servants in a department. Those guidelines were simply drawn to the attention of the gentleman in question, reminding him that that is the code of conduct of which he was aware before he accepted his present position and employment. They were simply drawn to his attention, and he could then draw his own conclusions as to whether he wanted to proceed with his activities in the private organization he was sponsoring, or whether he would continue in terms of his own activities in that department. No coercion was applied to him.

Mr. Crosby: The minister can say that there was no coercion applied, but the fact is that the employee had to withdraw from activities that other Canadians are entitled to carry on.

APPLICATION OF CHARTER OF RIGHTS

Mr. Howard Crosby (Halifax West): I want to ask the Prime Minister, bearing in mind that there are over 500,000 federal public employees and over 300,000 provincial public employees, which means that almost one in ten of our work force is a public employee, will he stand now in this House and say with respect to the new Canadian Charter of Rights and Freedoms, that public servants have the same rights as every other Canadian to express their views provided they do not go beyond the rules that apply in a free and democratic society. Does this Charter of Rights have any meaning, or does it not?

Right Hon. P. E. Trudeau (Prime Minister): It has a lot of meaning, Madam Speaker, and I am glad that the opposition is beginning to realize its importance.

An hon. Member: Say that to Neil Fraser.

Mr. Trudeau: The hon. member is not asking me to interpret any clause of that Charter, I take it. It will be interpreted by the courts. As I said earlier about any civil servant or any citizen who thinks that his freedom of speech is in some way curtailed, he has a right to appeal under the Charter.

* * *

IMMIGRATION

RECRUITMENT OF SKILLED WORKERS FROM ABROAD

Mr. Cyril Keeper (Winnipeg-St. James): My question, Madam Speaker, is for the Minister of Employment and Immigration. The minister stated in a recent interview that 20,000 to 25,000 skilled workers would be hired abroad because there is a shortage of skilled tradespeople and technicians in the Canadian labour market. Given the further fact of 1,119,000 unemployed, many of whom are skilled workers, Canadians are skeptical of the minister's claim. Will the minister therefore identify the 25,000 skilled jobs, so that Canadians can apply for them?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): It may be, Madam Speaker, that at this particular time this Member of Parliament does not allow himself to keep abreast of the past happenings in the House of Commons. If he did he would be aware that we tabled in this House last November a report on immigration levels, which were arrived at after close consultation with the private sector, with the provinces, and with all the groups interested in immigration. At that time the immigration level was set so that we would bring in 23,000 to 25,000 skilled workers. It should come as no surprise to the hon. member that that is so, because it was a report tabled in Parliament at that time. It was based on the labour demand, after consultation with all the key groups involved in making those decisions.

REQUEST THAT INDUSTRY TRAIN CANADIAN WORKERS

Mr. Cyril Keeper (Winnipeg-St. James): Obviously there is a policy of importing workers for skilled jobs, and the training policies which the minister has employed, based upon the incentives to industry, have failed. That is why he continues to have to import 25,000 workers a year. I ask him whether or not he would be prepared to approach the specific companies involved that are going to hire the 25,000 workers, and tell them that they must train Canadian workers for those jobs.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): I would like to remind the hon. member, Madam Speaker, that basically we have been importing skilled workers into this country for over one hundred years. That is the basis upon which this country has been built, using the skills of a wide variety of people.

The kind of approach that the hon. member and his party seem to be recommending, that we would not draw upon the continuing strength of people coming to these shores, is a very serious statement. I would hope that the New Democratic Party would not associate itself with that kind of reactionary

position. The fact of the matter is that we do have a system in this country that anybody making application to come to work as a skilled worker, is first tested as to whether there is a Canadian who is available for the job. If the hon. member knew more about the way the immigration department works and the employment department works, he would not ask such stupid questions.

* * *

VETERANS AFFAIRS

PROCESSING OF PENSION CLAIMS—McCRACKEN REPORT RECOMMENDATIONS

Mr. Dan McKenzie (Winnipeg-Assiniboine): My question is for the Minister of Veterans Affairs. As Mr. McCracken has completed his study into the lengthy delays in processing veterans' pensions, I would like to ask the minister if he or his department have implemented any of the recommendations of the McCracken report to speed up the processing period.

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Yes, Madam Speaker. Since receiving the report a couple of weeks ago we have been actively reviewing all of the recommendations. Quite a number of them have been implemented so far and others will be implemented in the foreseeable future.

CASE OF NEW BRUNSWICK APPLICANT

Mr. Dan McKenzie (Winnipeg-Assiniboine): Would the minister double check and report back to the House on whether all the recommendations or some of them have been implemented, because I have just received a letter from a veteran in Saint John, New Brunswick, that he has been informed by a Veterans Affairs' official that he will have to wait from two to four years to have his disability pension processed.

Hon. W. Bennett Campbell (Minister of Veterans Affairs): I would like to know the source of that advice, Madam Speaker, because that is not correct. We have been speeding up the process and we will continue to do so until it reaches a satisfactory level. I might also indicate that in the past number of months not only has the process been speeded up but we have also reduced the backlog substantially. In fact at the moment that backlog has been reduced by approximately 1,000.

* * *

PUBLIC SERVICE

PROPOSED COMMITTEE EXAMINATION OF PUBLIC SERVANTS' RIGHTS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a question for the hon. member for Ottawa-Vanier as the chairman of the Miscellaneous Estimates Committee, with respect to the ongoing business of the committee. As the chairman knows, the President of the Treasury Board and the Chairman of the Public Service Commission have both indicated before the committee that they endorsed the proposal to give the parliamentary committee the job of trying to clarify the political rights of public servants. With respect to the ongoing business of the committee, would the chairman indicate to the House what his views are with respect to that, whether or not he has had any consultation with the President of the Treasury Board on how that would be accomplished, and generally his reflections on the propriety of that, so that this important matter can be publicly aired.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, I do not think it would be in order for me to discuss the matter, but if the House were to decide, in its wisdom, to refer the matter to us, I am sure the committee would start considering the matter at once and report as necessary.

[*English*]

TERMS OF REFERENCE

Hon. Walter Baker (Nepean-Carleton): Again with regard to the further business of the committee, Madam Speaker, the chairman knows that the President of the Treasury Board is appearing before the committee next Monday with respect to his estimates. Would he please speak to the President of the Treasury Board and ask him to appear with draft terms of reference for a committee, and other suggestions he has with respect to the hearing of this matter, particularly in view of the fact that it is common knowledge in the country that it is improper to limit public servants' discussions to matters of philosophy, as has been suggested by the Prime Minister.

Mr. Trudeau: No, no.

• (1440)

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, the chairman of the committee, who is about three feet away from me, has understood the question. If he is willing to prepare referral orders for discussion with the House Leader, the other committee would be willing to consider the matter, as I said before.

* * *

ADMINISTRATION OF JUSTICE

DOCUMENTS REQUIRED FOR DEFENCE OF ROYAL CANADIAN MOUNTED POLICE OFFICERS

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is directed to the Right Hon. Prime Minister. The Prime Minister has probably read in the *Edmonton Journal* the article by Paul Jackson on RCMP espionage activities, which subsequently appeared in yesterday's and today's *Journal de Montréal*. Could the Prime

Minister inform the House whether he intends to provide the 33 documents requested and necessary in order to adequately defend the RCMP officers on trial, who seem to have been manipulated for partisan ends?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not read the articles referred to by the hon. member which appeared in several Canadian newspapers, but I am glad he brought this to my attention. I shall check the allegations made in the articles and see whether they should be looked into.

[*English*]

ALLEGATIONS CONCERNING PRODUCTION OF DOCUMENTS

Mr. Peter Elzinga (Pembina): Madam Speaker, my question is also for the Prime Minister. At one time the Prime Minister was a great advocate of a just society and of freedom of information. It is obvious he no longer believes in that. I am sure he is aware that the release of this documentation is essential for a fair trial for the RCMP officers who have been charged. It is alleged that these documents will shift the blame from the RCMP to Liberal politicians and bureaucrats. Will the Prime Minister respond to those allegations, plus the allegation that his government colleagues are investigating the possibility of destroying these documents? I would appreciate a response from the Prime Minister so that we can be assured that the RCMP will not be hung out to dry.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, these documents have been the subject of questions in the House before. I indicated that those which are being withheld are being withheld on the grounds of national security and cabinet confidentiality. They were not withheld from the McDonald commission. The McDonald commission had unprecedented access to all of the documents affecting Canada's national security and cabinet material relating to the subject of their inquiry. They were quite satisfied, as their report indicated, that the allegations which the hon. member made against members of this government and former members of this government cannot be substantiated by that material.

* * *

PUBLIC SERVICE

POSSIBLE TRANSFER OF CERTAIN EMPLOYEES FROM LES TERRASSES DE LA CHAUDIÈRE IN HULL

Mr. Rod Murphy (Churchill): Madam Speaker, I have a question for the President of the Treasury Board. Workers at Les Terrasses de la Chaudière in 1978 sent a complaint to the Department of National Health and Welfare about the working conditions in that area, and their health. Three years later we still do not have a full and comprehensive health-related study for the workers in that complex. Will the minister guarantee that those workers who are pregnant or who are ill and are working in that complex can seek transfers to other places of employment in the federal government, without any loss of pay?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, there has been an interdepartmental Treasury Board and PSAC committee working on this. I understand great progress has been made. A considerable amount of money has been spent trying to take remedial action in Les Terrasses. I assume that these matters have been taken into consideration.

APPLICATION OF CANADA LABOUR CODE TO FEDERAL GOVERNMENT WORKERS

Mr. Rod Murphy (Churchill): Madam Speaker, the minister refuses to answer my question. I asked him a specific question. While the study for which we have been waiting three years takes place and before the government acts on the recommendations, can those workers who are pregnant or ill be transferred to other federal government jobs? Will he guarantee them that option? I have a supplementary question.

For the last two years we have been waiting for changes to Part IV of the Canada Labour Code which deals with occupational safety for workers. One of the questions that has to be asked, and hopefully the minister will answer it, is whether federal government workers will be included under Part IV of the Canada Labour Code. Will the minister guarantee that he will not oppose attempts to include federal workers under Part IV of the Canada Labour Code?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the hon. member for Churchill is looking for a lot of guarantees today. I have said in the past that the record of the federal government with respect to health and safety is almost without parallel in this country. We will continue to take whatever steps are appropriate to ensure that that continues.

* * *

INDIAN AFFAIRS

MINISTER'S STATEMENTS ON STATUS OF INDIAN WOMEN

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is to the Minister of National Health and Welfare who last week, in response to questions from the hon. member for Cariboo-Chilcotin, stated in the House that no Indian woman had lost her status since she had become a cabinet minister in 1976. Since that time the Minister of Indian Affairs has publicly refuted her claim by stating that 1,810 Indian women had lost their status between 1976 and 1980. I would have expected the Minister of National Health and Welfare to have come into the House and corrected her misleading statements, but she has not. I am asking her now, when is she going to correct those statements, and do so here in the House, so that they will not remain uncorrected on the records of Parliament.

Madam Speaker: Order. This question should be addressed to the minister responsible for Indian Affairs. I do not feel that the Minister of National Health and Welfare was acting in her administrative capacity when this incident occurred.

Some hon. Members: Oh, oh!

POSITION OF MINISTER OF NATIONAL HEALTH AND WELFARE

Hon. Flora MacDonald (Kingston and the Islands): I will try it this way, Madam Speaker. Is the Minister of National Health and Welfare going to stand by the belligerent statements she made in the House that no Indian woman had lost her status since she became a minister, in spite of the fact that the Minister of Indian Affairs has publicly corrected her by stating that 1,810 Indian women lost their status between 1976 and 1980?

Madam Speaker: I am afraid I cannot allow a question that is not related to a minister's ministerial responsibility. The question may be asked of the minister responsible for Indian Affairs.

* * *

CORPORATE AFFAIRS

URANIUM PRICE FIXING TRIAL—CLAIM OF CROWN IMMUNITY FOR URANIUM CANADA

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. It concerns Uranium Canada. Counsel for Uranium Canada describes the corporation as follows: it has no employees, no separate place of business, no assets other than $9 and, I quote, "whose acts are directly and completely controlled by the Minister of Energy, Mines and Resources." In other words, this is nothing more than a shell corporation which is insulating senior energy officials from potential criminal conduct. The Attorney General of Canada alleges there is reasonable and probable grounds to believe that a conspiracy to fix uranium prices has occurred. In those circumstances, will the minister instruct counsel to withdraw the technical defence of Crown immunity and permit a trial to go on as the other defendants are having, or does he believe that Crown corporations are above the law?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): To begin with, Madam Speaker, I would draw the hon. member's attention to the fact that the matter is before the courts. It is improper to bring before the House of Commons quotes from arguments used by counsel before the courts. It is a long-established rule that parliamentarians abstain from commenting on a particular case. As far as the question raised by the hon. member is concerned, I indicated yesterday that I never gave any instruction to Uranium Canada or counsel for Uranium Canada in this regard, and I do not intend to start doing it now.

REQUEST FOR PRODUCTION OF BERTRAND REPORT

Mr. Chris Speyer (Cambridge): Madam Speaker, this is just another example in a long history of cover-ups on this important matter. My supplementary question is to the Minister of Justice. The minister knows that in the province of Ontario it is the practice of the court that there be full disclosure made to all of the accused. What reason is there not to hand over the Bertrand report to the accused in this particular trial?

• (1450)

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I was reading a document and did not hear the question. I am sorry. If the hon. member wants to repeat his question, I will answer it.

Mr. Speyer: Madam Speaker, my question is to the Minister of Justice. As the minister knows, there is a long tradition in Ontario courts of full disclosure so that an accused can know exactly the case he has to meet. In this particular case the defence has asked that the Bertrand report be turned over to it so that the accused can defend themselves. Why is counsel acting on behalf of the minister refusing to give the accused the Bertrand report, and why does he not make it public for the people of Canada?

Mr. Chrétien: Madam Speaker, reports prepared by the office involved have always been handled in this way. In the present case I was not aware that there was a motion before the court. I will look into this and report to the hon. member. This is the first time the problem has been brought to my attention.

TRANSFER OF URANIUM CANADA SHARES TO MINISTER

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Yesterday the minister stated in the House in connection with the prosecution for price fixing against Uranium Canada that the Crown corporation was acting independently and that the board of directors of Uranium Canada, and not the minister, was instructing counsel.

On May 1, 1981, all of the qualifying shares of the directors were transferred to the Minister of Energy, Mines and Resources and are now held by the minister. In other words, there is no board of directors. The Crown corporation is a shell. It operates only on the instructions of the minister and the cabinet under order in council. I want to ask the minister why he misled the House yesterday. What is he trying to cover up? What is he trying to hide? Can he not, for once, tell the truth in this House?

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I refer the hon. member to the answer I gave in the House yesterday. If he reads that answer, he will find that he is not quoting me appropriately, adequately or fairly.

The hon. member referred to a transfer of shares. Indeed, there is always a minister who is the shareholder of any Crown corporation. My hon. friend knows the difference between directors, officers and shareholders of a corporation. The shareholder in this case is the Government of Canada. Ministers are shareholders, on behalf of the government, of various Crown corporations.

REQUEST THAT MINISTER ISSUE INSTRUCTIONS TO URANIUM CANADA

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the point is that under the authorizing act Uranium Canada could do nothing during this whole episode without specific direction from a minister and the cabinet by order in council. The minister insists on trying to avoid ministerial responsibility in this matter. He knows Uranium Canada was an instrument of the government and the ministry.

Will the minister not accept his responsibility and tell us whether he will instruct Uranium Canada to remove itself from the position it is adopting of taking itself out of this prosecution and giving itself a different class of protection which the ordinary citizen in Canada does not have?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I answered this question in the House yesterday, and I have answered it again today. I have not given any instructions to Uranium Canada or to counsel for Uranium Canada, and I do not intend to give any. Counsel for Uranium Canada is free to invoke any argument he, as counsel for that corporation, finds appropriate. I do not intend to interfere with the operation of the trial.

* * *

FINANCE

SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is for the Minister of Finance. He has removed himself to the back seats.

Mr. Wilson: Where he should be.

Mr. Kempling: Here he comes.

Mr. Oberle: The question is a follow-up to a series of questions which had been posed to him on earlier occasions, and it has to do with the small business bond.

The minister undertook in this House several weeks ago to review the bond procedure in order to examine whether private investors and other banking institutions should not be allowed to purchase and issue these bonds with a government guarantee. I wonder if the minister could report today whether this review is complete and whether a new position has been arrived at by the government.

I am particularly concerned about the fact the Federal Business Development Bank, which is a banking institution of last resort and the institution to which most people in dire straits would go, cannot issue these bonds. It is particularly difficult for people in rural areas, farmers and small businessmen in outlying regions where our banking institutions are more reluctant than they are in the cities to make venture capital loans.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member will be aware that the reason the small business bond is attractive to the banks and the reason financial institutions can make available lower rates of interest to borrowers through the bond is because of the tax situation of the banking institutions. It is not appropriate in all cases even for the banks to participate in the bond because of their lack of tax room. In a sense that is the limiting factor in the proposal made by the hon. member, which otherwise could be considered.

AVAILABILITY OF PROGRAM

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, that is precisely the question. Why can the bond not be made available or why can it not be based on other criteria? Certainly a private investor could be offered the same advantage the banks are getting and, contrary to the minister's contention, the banks do not like the bond. They do not find it attractive. Credit unions, caisses populaires and the Federal Business Development Bank are not in a position to issue these bonds.

Since the bond is seen by the minister—according to his pronouncements—as a meaningful aid to businesses in dire straits, why can the concept not be broadened to include private investors and the institutions I have named, namely, credit unions, caisses populaires and, more important, the Federal Business Development Bank?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as the hon. member himself has mentioned, because of the reasons I have given and because of the ability of banks to use their tax room, the bond has flowed a total of $2.597 billion into the private sector. That is a rather substantial sum of money. In the last month alone an additional more than $110 million has been made available through the bond.

What the hon. member is asking for is really a new instrument altogether, because this particular instrument, at least based upon what the hon. member has stated and my understanding of it, would not appear to be designed to handle those situations. Of course I would be glad to review again the suggestion the hon. member has included today in his question.

Madam Speaker: The hon. member for Surrey-White Rock-North Delta.

Mr. Friesen: Madam Speaker, my question is directed to the Prime Minister, who will know that the—

Madam Speaker: Order please. I must apologize. Did I see the Right Hon. Leader of the Opposition rising?

Mr. Clark: Yes, Madam Speaker.

Madam Speaker: I will recognize him.

* * *

FINANCE

CIRCULATION OF TAX FORMS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Finance, and it relates to the circulation of tax forms which ask Canadians to pay tax in relation to proposals Parliament has not seen. The minister has indicated that he is proposing flexibility—that is his word for it—in dealing with the budget proposals. By publishing these tax forms is the minister saying that there will be no changes in the budget proposals respecting IAACs, capital cost allowance, RRSPs and capital gains reserves?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, first of all, it is the Minister of National Revenue who, in the normal course, distributes tax forms, not the Minister of Finance. That is the first error in the right hon. member's question. The second error is his suggestion that the tax forms are based on taxes Parliament has not seen. All the tax changes have been seen by Parliament. They are all included in the ways and means motions. That ought to be known to the Right Hon. Leader of the Opposition. Never in the history of the country has a minister of finance ever precluded the possibility of changes until the bills themselves were before the House; otherwise, it would be total contempt for the parliamentary process.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

QUERY RESPECTING DRAFT LEGISLATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my supplementary question is directed to the Minister of Finance, who has demonstrated more contempt for the parliamentary process than any minister of finance in history.

Some hon. Members: Hear, hear!

• (1500)

Mr. Clark: The minister keeps defending his budget by promising to change it. That is what makes this situation so unique, Madam Speaker. I should like the minister, either directly or through the Minister of National Revenue, to indicate whether the deliberate publication of those tax forms, as a matter of government policy, indicates that no change will be contemplated or allowed by the minister in the matters I have specified.

Let me ask the minister another question, Madam Speaker. Will he tell the House whether he is considering publishing draft budget legislation before he introduces the budget bills relating to any aspect of the budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in reply to the first question, the practice that has been followed is the practice that has been followed following every budget that has ever been produced in the history of the House of Commons.

Mr. Nielsen: With 18 changes?

Mr. MacEachen: The answer to the second question is yes. The answer was given several days ago to the hon. member for Etobicoke Centre who asked the question.

Mr. Clark: Good Lord!

* * *

PRIVILEGE

MISS MACDONALD—ALLEGED MISLEADING STATEMENTS OF MISS BÉGIN

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise on a question of privilege regarding certain misleading statements made in the House by the Minister of Health and Welfare (Miss Bégin) on March 22, 1982, as reported at page 15667 of *Hansard*.

Madam Speaker: Order, please. If the hon. member for Kingston and the Islands (Miss MacDonald) has a question of privilege to raise in the House, she should give me notice of that with a brief statement so that I can consider whether it is a question of privilege. That is the only way I can hear the hon. member's question of privilege, unless it arises from the proceedings of today.

Miss MacDonald: That is right.

Madam Speaker: The hon. Minister of National Health and Welfare (Miss Bégin) has not spoken in the House today. That is why I immediately interrupted the hon. member because it can hardly arise from that.

Miss MacDonald: Madam Speaker, I raise this question of privilege at the first opportunity that I have to raise it in the House following the questions which I put today to the Minister of National Health and Welfare. This is the first day that, first, I could be recognized by the Speaker and could put that question since the minister made her misleading statement; and second, since she has been in the chamber. It could not have been put to her beforehand. I therefore raise it on the basis that this question was raised in the House of Commons today and these misleading statements remain on the record of Parliament. I know of no other way to get them corrected than to ask the minister to rise in her place and do so, through this question of privilege.

Madam Speaker: I think I can assist the hon. member by reminding her now that what she considers to be a misleading statement by a minister or by another member of the House does not necessarily constitute a question of privilege; it is often a matter of debate. If the hon. member has a question of privilege, even though she alleges she was not able to ask the question before today—although I think I recognized her some time last week—that does not mean I can waive the requirement for the hon. member to give me notice of her question of privilege and a brief statement of what constitutes that question of privilege.

Hon. Erik Nielsen (Yukon): This becomes a little difficult, Madam Speaker. Since the recent changes, the rules have not precluded a question of privilege from being raised during question period. A practice has developed since the recent changes where questions of privilege and points of order have been deferred until after the question period is over. Had the incident been raised as a question of privilege when it happened, I am sure it would have been treated in a far different fashion. I see you are already nodding in the negative, Madam Speaker, even though I have not finished my submission. Perhaps by the time I have, I will have been able to convince you.

The question arises because of the intervention of the Chair in not permitting the minister to reply. The question that the hon. member for Kingston and the Islands (Miss MacDonald) was putting to the minister was based upon a statement made by the minister in this House. It is totally irrelevant, in my submission, that the statement made by the minister was made in an area which does not concern her jurisdiction.

I might cite as a precedent in that connection the incident that gave rise to the minister's statement in the first place. It was a question and a supplementary put by the hon. member for Cariboo-Chilcotin (Mr. Greenaway) in connection with statements made by the minister in a speech. At that time the Chair permitted both questions and both answers.

That is where the difficulty started. The minister is now on the official record of the proceedings of this House as having made statements which the hon. member for Kingston and the Islands wishes to question. Indeed, she cites the intervention of the Minister of Indian Affairs and Northern Development (Mr. Munro). We have two ministers of the Crown, both in this place, saying totally different things.

The question of the hon. member for Kingston and the Islands would surely be a proper one, directed as it was to the minister and asking whether she was going to allow her misleading statement to stand. Is that a statement that exposes the government's position or is the correct statement the one made by the Minister of Indian Affairs and Northern Development?

In terms of the question before the Chair, surely that has nothing to do with ministerial responsibility in the particular portfolio she or he holds; it has to do with the accuracy, indeed the validity, of statements made to members in this House. Not only has the questioner a right to put the question, but it would seem to me that the minister has an obligation to answer. The question can only be put to someone on the government benches and it can only be answered by the minister who made the statement. The Minister of Indian Affairs and Northern Development cannot answer for the Minister of National Health and Welfare whether something that the Minister of National Health and Welfare has said is true or needs correction. Surely it is only the minister who made the statement who can make the necessary correction.

Indeed, in the past when the matter of a doubtful or misleading statement has been drawn to the attention of a minister, normally the minister has stood in the House and said, "What I said was correct and I stand by it," or "What I said was incorrect and it should be amended to such and such an extent." That was the opportunity that was being given to the Minister of National Health and Welfare, whose statement is in question, by the hon. member for Kingston and the Islands. I submit she should have been allowed to answer about the correctness or otherwise of the statement if for no other reason than to clear her own reputation.

If, based on the ruling of the Chair a moment ago, Your Honour feels that it is more appropriate—and I submit it is not—for us to raise a question of privilege based on what are alleged to be misleading statements by way of formal written notice, then of course we will do so. But there is an entirely different question here, in my submission, and that is the right of a member to question ministers with respect to statements made by them in the House and, perhaps even more important, the right of ministers to respond.

Some hon. Members: Hear, hear!

Madam Speaker: I just want to straighten out a number of facts. When the question was asked by the hon. member for Cariboo-Chilcotin (Mr. Greenaway), I remember very well that I was not clear, from the way the question was formulated, whether I should allow the Minister of National Health and Welfare to answer, but I let it go. Things go very fast in the House. I let it go because I was not sure whether it was time for me to intervene. I really did not know whether or not the question was directed to her ministerial responsibilities, by the way the question was formulated. Subsequently, I believe it was the Minister of Indian Affairs and Northern Development (Mr. Munro) who answered further questions on this particular subject which I allowed, if my memory is correct.

• (1510)

Today it was quite clear to me, having heard of course the previous questions, that in my conception of what are the ministerial responsibilities of National Health and Welfare, this matter did not belong to her ministerial responsibilities. This is why I did not allow the minister to answer. It is certain that the proceedings wherein the Minister of National Health and Welfare made a statement arising out of the questions asked by the hon. member for Cariboo-Chilcotin took place at another sitting. Since it was at another sitting, I have no choice but to apply the rule whereby the hon. member for Kingston

and the Islands, whose right it is to raise a question of privilege, should give notice of the question of privilege, which I could hear subsequently.

Mr. Nielsen: I wonder whether the Chair would please deal with my second submission, that is, the right of Members of Parliament to question ministers of the Crown on statements made in this place during its proceedings and on which members may wish to question their validity. That was my second submission. I maintain that we have the right as Members of Parliament to question ministers of the Crown with respect to the nature, misleading or otherwise, of statements they have made in this place. That is what was stopped today.

Madam Speaker: The particular statement to which the hon. member is referring was made in the House and normally hon. members are allowed to question ministers about statements made in the House; but as I explained a few minutes ago, there was a slight slip in that particular instance as to whether the minister ought to have been allowed to answer. I felt today that I should not allow it twice. The hon. member might contest it; I would think it is a fair point. I will look into it to see how I can remedy it. Of course hon. members are allowed to ask questions of ministers on statements they have made in the House. That is objectively right, but the context we are discussing is slightly different. I submit to the hon. member that, since in the first instance I let it go because I was not quite sure, perhaps he can accept my explanation today. I decided not to let it go because I was quite sure it was not within the hon. member's ministerial responsibilities.

Mr. Nielsen: There is one last point which I might leave with the Chair. I will not comment on the treatment of the Chair with respect to the original question of the hon. member for Cariboo-Chilcotin. Perhaps it should have been stopped; perhaps the minister should not have been allowed to answer it. But the fact remains that the statement is on the record and the allegation is that it is misleading. This is what we were attempting to deal with today.

While the Chair has it under consideration, it might well wish to consider the fact that we should not be burdened with the difficulties now confronting the Chair, in terms of the Chair's original decision or lack of it, in trying to deal with the record in the way we did today. I do not think the matter would be worthy of pursuit as a question of privilege if we could be assured that the exchange, which the minister was denied from responding to today, would be allowed for instance tomorrow.

Madam Speaker: I will look at the rule to see exactly how it is worded. My impression now is that I could not allow the hon. minister to answer a question which does not relate to her administrative responsibility. That is my position now and, therefore, I would have to answer, without having checked further, that I do not think I would be able to allow it tomorrow.

To pursue what the hon. member just discussed, I do not believe I am burdening hon. members because of the slight slip which I will admit might have happened the other day. The proceedings took place on a day other than today. It is quite clear that under any circumstances the hon. member for Kingston and the Islands, if she wishes to raise a question of privilege, may do it in the normal fashion. I refer her to Standing Order 17(2) whereby she may send me notice of her question of privilege, and I will hear her at another time.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise just very briefly on this matter. In considering whatever it is you will be considering tomorrow, you might want to pay heed to the fact that, in addition to allowing the question of the hon. member for Cariboo-Chilcotin (Mr. Greenaway), you at some considerable time later in the question period allowed me to direct a question on the same matter to the Minister of National Health and Welfare (Miss Bégin). If a slip were made in the first instance, Your Honour would want to consider whether or not the fact that that line of questioning was allowed to continue after some time for the Chair to reflect would have any bearing upon the judgment and the standards you would want the House to follow subsequently.

Madam Speaker: Yes, I would want to do that. Could I ask the Right Hon. Leader of the Opposition (Mr. Clark) whether the hon. Minister of National Health and Welfare answered the question or whether it was answered by the Hon. Minister of Indian Affairs and Northern Development?

Mr. Clark: The question was answered by the Hon. Minister of National Health and Welfare, as reported on page 15671 of *Hansard*.

* * *

CORPORATE AFFAIRS

INVESTIGATION OF CONSOLIDATED COMPUTERS INC.

Hon. Elmer M. MacKay (Central Nova): Madam Speaker will recall that yesterday the Minister of Justice (Mr. Chrétien) indicated that he would be providing me with some information about the Consolidated Computer matter today. I want to thank the minister who I believe has remained in the chamber for that purpose. I wonder whether he might have the indulgence of the House to fulfil that commitment.

Madam Speaker: This can be done only with unanimous consent, because at this particular time we cannot continue question period. Does the House agree?

Some hon. Members: Agreed.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I was willing to give the answer during question period, but I did not know how to do it because the occasion did not arise. I should like to inform the hon. member that the reference was made to the Department of Justice, according to Section 4 of the Department of Justice Act which requires the minister to see that the

administration of the public sector is in accordance with the law. It is under this section of the Department of Justice Act that my department is conducting an inquiry into the matter at this time. If there are other proceedings, I will inform the House of Commons.

While I am on my feet, the hon. member for Cambridge (Mr. Speyer) asked me a question as well.

Madam Speaker: Order, please.

Mr. Chrétien: I will try to do it tomorrow.

Madam Speaker: The hon. minister has had unanimous consent to answer one question, not a second one.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. FRIESEN—PAYMENT MADE TO CONVICTED MURDERER CLIFFORD OLSON

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I have the duty and the honour to present a petition containing something over 2,000 names. It was presented to me by Mr. David Shoesmith and Mr. Norman Carr of Sarnia. The subject of the petition has to do with their concern that $100,000 was paid to the family of Clifford Robert Olson. In part the petition indicates that the undersigned believe the pay-off of $100,000 to the convicted killer, Clifford Olson, is grossly unjust. It goes on to indicate that in any event the $100,000 should be immediately retrieved and given to the families of the victims.

I want to add that from what they have told me they gathered these names at their own expense. They paid their own air fares to come to Ottawa to present the petition to me. They were particularly concerned that so little attention was paid in the area of public sympathy for the families and that a lot of notoriety—

Madam Speaker: Order. The hon. member is not allowed to debate the petition. He should just announce the title, and then the petition is received by the House.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,544, 3,681, 3,715, 4,042 and 4,044.

[*Text*]

PETRO-CANADA—SUPPLY AND SERVICE CONTRACTS

Question No. 3,544—**Mr. Andre:**

1. What official policy, if any, governs the awarding of contracts by Petro-Canada, or any of its subsidiary corporations, to Canadian-owned companies as distinct from American-owned companies involved in the supplying or servicing of the Canadian oil and gas industry?

2. Will the government table a copy of any written communication to Petro-Canada informing the corporation as to its obligations with respect to supply or service contracts?

3. In the case of the Petro-Canada drilling site (a) PEX Fina Berland 11-31-59-24 W5 (b) Bedford Dolphin off the coast of Nova Scotia, was the mud-supplying contract awarded to an American-owned company and, if so, in each case, was the contract awarded despite equally competitive bids made by Canadian companies?

4. As of January 1, 1979, what were the annual expenditures by Petro-Canada on oil and gas exploration and development and what amount was allocated to the purchase of supplies and services from other (a) companies (b) Canadian-owned companies?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Minister of Energy, Mines and Resources reports as follows:

2. As per act, Petro-Canada is an independent agent and it is the policy of the Government of Canada not to interfere in the administration of a proprietary corporation.

Petro-Canada reports as follows:

1. Petro-Canada has always believed that, wherever and whenever possible, contracts and business should be given to Canadians. It has been the corporation's goal since inception not only to seek Canadian partners in joint venture, but whenever possible to maximize the use of Canadian suppliers of goods and sevices.

3. (a) and (b) The particular instances of specific contracts signed by Petro-Canada are considered by the corporation to be of a managerial decision-making nature and of such a nature as to provide information which might give an undue advantage to competitors.

4. Information is not available in the form requested.

EPILEPSY

Question No. 3,681—**Mr. Herbert:**

1. How many Canadians are known to have epilepsy?

2. Does the government finance research in this area and, if so, what amount was made available in the last year for which figures are available?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): In so far as the Department of National Health and Welfare is concerned:

1. There are no accurate figures available. The best estimate indicates that there are between 200,000 and 240,000 people with epilepsy in Canada.

2. Yes, $27,079 in 1981-82.

In so far as the Medical Research Council is concerned:

1. To be answered elsewhere.

2. Yes, $774,846 in 1981-82.

Order Paper Questions

ELDORADO NUCLEAR LIMITED

Question No. 3,715—**Mr. Herbert:**

1. Since 1977, who was the (a) Chairman of the Board (b) President and Chief Executive Officer (c) Vice-President of Eldorado Nuclear Limited?

2. Since 1977, were the shares held in trust by the Minister of Energy, Mines and Resources and were appointments to the Board of Directors made by the Minister?

3. (a) Does the shareholder approve all capital budget submissions (b) do the Minister of Finance and the President of the Treasury Board play a part in the approval process and, if so, what part?

4. Is the broad outline of any capital investment proposal of Eldorado Nuclear Limited included in the capital budget submission for shareholder approval?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Eldorado Nuclear Limited reports as follows:

1. (a) and (b) Mr. N. M. Ediger. (c) Jan. 1, 1977-Jan. 31, 1979, Mr. C. G. Baschenis. Since Nov. 19, 1979, Mr. M. J. Moreau.

2. Since 1977, all the shares of ENL have been held in trust by the Minister of Energy, Mines and Resources save for those shares held by directors as directors' qualifying shares. In 1981, these shares were no longer required by law and were thus returned to the minister of EM&R. Since 1977, appointments to the board of directors have been made by the minister acting as the sole shareholder of the corporation.

3. (a) and (b) Eldorado Nuclear Limited's annual capital budget is prepared internally for ENL's board of directors and is then reviewed by the Minister of Energy, Mines and Resources, the Minister of Finance and President of the Treasury Board, who recommend the capital budget to the governor in council for approval.

4. Capital investment proposals of a significant nature are described and included in the capital budget proposal.

INDOCHINA INTERNATIONAL COMMISSIONS FOR SUPERVISION AND CONTROL

Question No. 4,042—**Mr. Munro (Esquimalt-Saanich):**

1. What is the current status of the financial accounts winding up the three Southeast Asian Tripartite Commissions for Supervision and Control (Viet Nam, Cambodia and Laos)?

2. What was the total cost of the operations?

3. What contribution was made to the operations by each of the signatories to the Geneva agreements of 1954 and 1961?

4. Are any of the signatories still in default and, if so, which ones and in what amount?

5. Were efforts made to collect from those in default and, if so, what were such efforts?

6. On what date was the last attempt made to settle the account and in what manner was the *démarche* taken?

Hon. Mark MacGuigan (Secretary of State for External Affairs): In so far as the Department of External Affairs is concerned, the answer is as follows:

1. The financial accounts with respect to the operations of the ICSC are the responsibility of India as the designated administering power under the Geneva agreements. India presented a final statement of account, including recoverable costs incurred by Canada, to the co-chairmen of the 1954 Geneva Conference—the United Kingdom and the U.S.S.R.—in 1973. An appeal was subsequently addressed to the contributors—the United Kingdom, France, the U.S.S.R., the People's Republic of China and the Democratic Republic of Viet Nam—to settle the outstanding debts of the commission, including those owed to the member powers, by financial contributions to the common fund. This appeal, as was the case with previous appeals dating back to commencement of the commission, was not responded to by all of the contributing powers. As a result, the accounts remain open until such time as the contributing powers meet their financial obligations.

2. The total cost of the operation for Canada was $10,509,000 of which $5,573,000 was non-recoverable and $4,936,000 was recoverable. The total cost of the operations for the three supervisory powers is not known as we do not have access to the complete records of expenditures for India and Poland.

3. The contributing powers to the common fund set up for the Viet Nam and Cambodia Commissions—the United Kingdom, the U.S.S.R., France and the People's Republic of China—were responsible for 25 per cent each of the costs. The contributing powers to the commission for Laos and their respective financial responsibilities are: People's Republic of China, France, United Kingdom, U.S.A. and U.S.S.R. (17.6 per cent); Burma, Cambodia, Laos, North Viet Nam, South Viet Nam, Thailand (1.5 per cent); Canada, India, Poland (1 per cent). The precise contributions of countries other than Canada are not available from our records.

4. The common fund is considered the administrative debtor for funds owed to the participating countries in the ICSCs and the contributing powers have a collective responsibility to meet the financial obligations to the fund. Certain contributing powers have made no contributions to the fund (People's Republic of China, Democratic Republic of Viet Nam) and have never evinced any desire to meet their financial obligations.

5 and 6. Various efforts have been made to have the contributing powers meet their financial obligations to the common fund, but these have not been received with any enthusiasm. Canada has made various direct approaches to the Indian government, the governments of the contributing powers and the co-chairmen of the 1954 Geneva Conference regarding reimbursement of the outstanding amounts—$3,208,043—owed to Canada. Our last official *démarches* were made in 1978 but the subject has been brought up informally from time to time since then by our embassy in Moscow and our high commission in London. We are not optimistic that the amounts owing either to Canada or to the other participants will be recovered but the accounts remain open and further efforts will be made to obtain reimbursement.

AIR CANADA PILOTS

Question No. 4,044—**Mr. Corbin:**

1. How many pilots are employed by Air Canada and how many (a) speak (i) French (ii) English (iii) another language as their mother tongue (b) indicated (i) French (ii) English (iii) French and English as their language of work?

2. What percentage of all the pilots is represented by each group in Part 1?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of Air Canada advises as follows:

1 and 2. Available statistics relate to the employee's principal language. The latest figures compiled in November 1981 are:

English	1,638	86.5 per cent
French	226	12. per cent
Other	30	1.5 per cent

It has not been found necessary to record preferred language of work. As an indication of the interest among pilots in being able to work in French, 77 have requested and hold copies of the French-language version of the pilot manuals (4.1 per cent).

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,571 could be made an order for return, that return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary ha ve been answered. Is it the pleasure of the House that Question No. 3,571 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

OFFICIAL TRAVEL OF UNDERSECRETARY OF STATE FOR EXTERNAL AFFAIRS

Question No. 3,571—**Mr. Cossitt:**

1. During the time that he served as undersecretary of state for external affairs, what is a complete list of all trips made by air by Mr. A. E. Gotlieb, presently the Canadian Ambassador to Washington, including the (a) points of origin and destination (b) reason for the trip (c) class of travel used (d) names and job designations of any persons accompanying him at government expense (e) total cost?

2. On how many occasions did Mr. Gotlieb travel first class?

3. Did Mr. Gotlieb fly on the Concorde on any journey, particularly on a return trip from Paris, and, if so, what are all the reasons justifying the use of the Concorde and how much more did this cost the taxpayer compared to regular economy fare?

Return tabled.

Farm Loans

[*English*]

Mr. Smith: Madam Speaker, I ask that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

FARM CREDIT ACT
FARM LOANS INTEREST REBATE ACT

MEASURE TO AMEND—MEASURE TO ESTABLISH

The House resumed from Monday, March 29, consideration of Bill C-88, respecting loans to farmers, as reported (without amendment) from the Standing Committee on Agriculture; and Motion No. 1 (Mr. Hamilton, Qu'Appelle-Moose Mountain).

Mr. Gordon Towers (Red Deer): Mr. Speaker, in rising to take part in the debate on this bill, I want to bring to the attention of the House two or three things that I think are quite significant. First, I believe the Minister of Agriculture (Mr. Whelan) has not fulfilled his responsibility in the manner in which he could have and should have. Certainly there has been a real lack of imagination on his part. This is evidenced by the lack of programming that has taken place and the lack of interest that he has portrayed by not doing the things required in order to have a healthy agricultural community in Canada. You can have the most productive land in the world and you can have the best farmers in the world, Mr. Speaker, but unless the government sets the climate for continuing production, production which the world requires, then the agricultural industry and those involved in it will suffer as a consequence.

Over the last ten years I feel that the agricultural community in Canada has suffered great neglect as a result of the administration of the present Minister of Agriculture. I well remember when he first took office. He said that he was going to be a minister of agriculture who answered the phone. I think that about all he has done over the years is answer the phone. Unfortunately, no one else has filled the vacancy created by the minister while he answers the phone. While I recognize the importance of this bill, which will supply more funding to the farmers all across Canada, nevertheless that is not the answer to the agricultural problems in Canada today.

We have a government which seems to be ever incessant in its tax demands. It places the burden on those people who are producing and who are working, but fewer and fewer people are carrying the load. My first question, then, to the minister and to members opposite is this: is anyone listening? Does

anyone actually know what has happened? The warning flags are out and Members of Parliament better realize that. Farmers and those in the agricultural industry are slipping further and further into debt. Sure, we get extra financing for a short time, but this financing is at an ever-increasing rate of interest. High interest costs are causing the problems facing the farming community. Those of us who have many farmers in our constituencies recognize that last summer the crunch started to come when interest rates escalated to an all-time Canadian high. It was at that time that farmers got into trouble. Farmers were prepared to carry a reasonable rate of interest, say 10 per cent or 11 per cent, but once interest rates got up into the high teens and low twenties, that is when their serious problems commenced. Farmers had to start selling off parts of their farming operations. That is why the situation is so serious, and that is why I say that the warning flags are out.

I would venture to say that this year the net income of agricultural producers will be down 25 per cent. That is a 25 per cent drop simply because the input costs of those involved in the agricultural industry will rise somewhere between 10 per cent and 15 per cent.

I will explain and give one example to you, Mr. Speaker, and through you to the House, of where the government is responsible for some of the cost. I asked the Minister of Finance (Mr. MacEachen) yesterday whether he would consider abolishing the excise tax on home heating fuels, natural gas and home heating oil. Farmers also have to heat their homes just like all other consumers in Canada.

The Prime Minister (Mr. Trudeau) says we have to bring prices down to control inflation. We agree with him about that. We agree with the Prime Minister that inflation has to be controlled. But you have to recognize it was the same Prime Minister who told us some seven years ago that inflation was wrestled to the ground. Where is inflation today compared to seven years ago? Inflation is running rampant. The government does not know how to handle a situation like this. Yet the government is adding to inflation by levying an extra excise tax on fuel for home heating, such as natural gas and oil.

There are farmers in our area whose costs to heat their poultry houses, their hog barns and their homes are $1,000 a month. Almost one third of that cost is going into the federal coffers through excise tax. It would seem to me that if the Minister of Agriculture had any clout or if there was any desire on the part of those in the cabinet to improve the situation, one of the things they would want to do would be to refrain from placing an extra burden on those in the productive end of agriculture. Why can the government not bring costs down? Why do we have to have extra burdens placed on those people who are trying to produce and who are working longer hours perhaps than any other sector of our community? Yet the government will not see fit to cut back on that tax.

I want to tell you something else, Mr. Speaker. Many rural communities have natural gas supplied by co-ops which they have set up and are running themselves. These co-ops have to collect this tax. At the present time the government will not wait a reasonable length of time, say 90 days, for that tax. We have discussed this 90-day collection time before in the House. I am sure that if you had your way, Mr. Speaker, the message would get through to the cabinet and they would wait at least 90 days before requiring money from the co-operatives. But no, the Minister of Finance said yesterday he is not prepared to change that tax at the present time. To me that is totally unacceptable. It is not realistic to require co-operatives to pay money over before they collect it. Because of that requirement, the co-operatives have a continuous loan in the vicinity of $100,000. I do not think that is just, Mr. Speaker, and I am sure you do not either.

• (1530)

Mr. Smith: You are out of order.

Mr. Towers: It is not out of order.

Mr. Smith: You cannot drag the Speaker into the debate.

Mr. Towers: I am speaking to you through the Speaker, if you would only listen.

Mr. Deputy Speaker: Order, please. I am sure the hon. member realizes that remarks should be addressed to the Chair. The Chair takes a broad view of the remarks addressed through him to the House.

Mr. Towers: The problem, Mr. Speaker, is that members opposite cannot face the truth. I said earlier that the farming community is going to have a drop of approximately 25 per cent in their net income this year. This is really serious because it is going to put an extra strain on their finances. At the present time the price of beef and pork is down 10 per cent to 15 per cent. Barley is down about $1 a bushel, and wheat is down about $2. So how can we expect the farming community to cope with this 10 per cent or 15 per cent increase in the cost of production? Because that is what it is. They are caught in the squeeze and we have a government which will not move even a little to help them.

Why should we bring in legislation to increase production costs, which is what is happening with the increase in the gasoline tax? We have to remember, Mr. Speaker, that our producers have to compete with the United States, and at the present time the price of gasoline there is approximately 10 per cent or 15 per cent less than here. We are putting producers in a strait-jacket, and it is totally unacceptable.

I do not like statistics, Mr. Speaker, but I am going to put some on record to show the current situation in the agricultural industry. I am glad to see the Minister of Veterans Affairs (Mr. Campbell), the former premier of one of our great provinces, is here listening to this debate because I know his province's economy depends a great deal on agriculture. Repayment arrears to the Farm Credit Corporation are increasing in all provinces with the exception of British Columbia. Compared to 1980, the arrears for 1981 in Alberta increased from 8.7 per cent to 9.7 per cent; in Saskatchewan, 6.1 per cent to 7.3 per cent; Manitoba, 5.5 per cent to 9.1 per cent; Ontario, 5.9 per cent to 7.6 per cent; Quebec, 6.1 per cent to 9 per cent; New Brunswick, 8.9 per cent to 11.2 per cent;

Nova Scotia, 9.6 per cent to 12.8 per cent; Prince Edward Island, 8.9 per cent to 10.7 per cent; Newfoundland, 30.6 per cent to 35.9 per cent. The over-all average increase was from 6.7 per cent to 8.3 per cent.

That is the trend, Mr. Speaker. Farmers are delaying their repayments with the result that there is not as much money to lend out as there should be. Therefore, we have to recognize there is a problem out there, it is increasing, and these changes to the FCC will not really have that much effect on the over-all operation of the corporation or the farming community.

One of the fears I have concerning this bill is the suggestion made by the Minister of Agriculture in committee when he said that perhaps the corporation could go to Switzerland to borrow cheap money. Mr. Speaker, I want to warn the government and the farmer that what may be cheap money today may not be so cheap down the road. If rumours of depreciation of the dollar ever materialize, those loans will no longer be cheap. I would far rather have the Minister of Agriculture accept the amendment of the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) and allow the FCC to borrow money within our own economic community. The money might come from farmers selling their farms, or they might have had a good year with extra money available which they could put into the FCC and not have to pay tax on until such time as they are ready. There might be other groups or individuals who are prepared to do the same thing. It is a great way to Canadianize the system. Far better to do that than to try and Canadianize some of those Swiss banks.

The attempt by this government to Canadianize the industry is one of the reasons we now have higher energy costs than the United States. A great portion of the funding for this program comes out of the agricultural community because farmers use a lot of energy. A lot of their tax dollars are being siphoned off to buy oil companies which are not going to find or produce another barrel of oil, and I do not think they are going to make oil any cheaper. In fact, if we recognize what some Crown corporations have done to Canada, they will in fact increase the cost to the consumer.

• (1540)

I think the minister is on the wrong track by not accepting the amendment proposed by the hon. member for Qu'Appelle-Moose Mountain. The only excuse the Minister of Agriculture could give us last night for not accepting this amendment was that his advisers were against it. Well, for goodness sakes! I would like to ask hon. members opposite, who is running the Department of Agriculture? It is certainly not the Minister of Agriculture, if he is relying on his advisers. He is the man who should be running that department. He should be running it instead of answering the phone, as I said earlier.

We must recognize that there are problems on the horizon and that unless something is done very quickly, there will be continuing problems. I recognize that while the Minister of Agriculture, I believe in all honesty, is trying to do something, he still does not seem to have the desire or the ability to accomplish anything which will be of significant benefit. He will not be able to do this unless he changes his ways.

Some hon. Members: Hear, hear!

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I rise to speak on this bill today. I come from a riding which is a very rich agricultural area, especially in the southern and western parts. When I read the history of my area, the riding of Victoria-Haliburton, I could understand why the early settlers came there. They arrived by water and by land, and they undertook to clear this very fertile soil and to make homes for their families for generations to come. We do have some industry. We have a mixed riding. Today I want to discuss the agricultural industry. There are a number of farmers in my riding who are in milk and grain production, and in every other segment of the agricultural industry.

There are a number of features in this bill with which I agree. I might even say that some of them are long overdue. However, considering the state of the agricultural industry in Canada, I would have to ask if this bill is too late to be truly effective in revitalizing the agricultural industry. This bill would have to be implemented in tandem with a policy of low interest rates. All hon. members in this House are aware, even those who are not directly involved in agriculture, that high interest rates are killing off the farms at a rate not seen in our country since the great depression.

I am encouraged by the provisions of this bill which would allow the Farm Credit Corporation to advance loans to non-farmers who can provide a plan indicating they would become viable within five years. However, unless we can provide some assurance that they will remain on their farms for five years or more, Bill C-88 will be just another exercise in futility. What chance will they have to survive if farmers of long experience and of proven good management are selling out, some for small profits and others just to cut their losses? There were more than 8,000 farm failures in 1981, a large percentage of which were bankruptcies. A vast majority involved experienced farmers.

I want to see more people, especially young people, getting started in farming. For some people it is the only way of life they want. However, almost every day people tell me that they simply cannot afford the large down payment required today, mostly due to the provisions in the November 1981 budget concerning capital gains reserves and income averaging annuity contracts. After a lifetime of hard work, looking forward to the day when he can retire in comfort, the farmer of today must get a large down payment on the sale of his farm just to pay the capital gains tax, a tax on money he hoped to collect in the future.

There are some aspects of this bill which farmers can applaud, although not too loudly. There is no indication in Bill C-88 that the Minister of Agriculture (Mr. Whelan) and the Minister of Finance (Mr. MacEachen) are on the same wavelength. One giveth and the other taketh away. The Minister of Agriculture has been reported as saying that the Farm Credit Corporation will have $1 billion to lend out by June of this year. I notice that this bill will authorize the

corporation to obtain a total of $350 million from the Consolidated Revenue Fund. This is based on a formula whereby the corporation would be able to obtain from the government 25 times its capitalization of $14 million.

Let us assume that the Farm Credit Corporation fund will be swollen by an additional $150 million this year through payments by mortgage holders. This would make a total of $500 million available to the Farm Credit Corporation to make new loans. What would be the source of the other $500 million? It would presumably be through the provisions of Clause 8 of this bill which revises Section 13 of the Farm Credit Act. This revised section would authorize the Farm Credit Corporation, with the approval of the Minister of Finance, to borrow money by any means, including the issuing and selling of bonds, debentures, notes and other evidence of the indebtedness of the corporation.

Under subsection (2) we find that the Minister of Finance may lend the Farm Credit Corporation money out of the Consolidated Revenue Fund. So far, so good. But we then come to subsection (3), which states that the aggregate amount outstanding pursuant to subsections (1) and (2) shall not at any time exceed 25 times the capital of the corporation. By my calculations, this brings us back to the $500 million, not the $1 billion trotted out by the Minister of Agriculture.

I would like some assurance from the minister that this is not some more of the razzle-dazzle practised so skilfully by the Minister of Finance. I would like to have some assurance from the Minister of Agriculture that the $350 million from the Consolidated Revenue Fund, plus the $150 million payment from mortgage holders, will be separate and distinct from the corporation's authorization to borrow money on the market.

There is also the question of what rates of interest will apply where funds other than those from the Consolidated Revenue Fund are loaned by the Farm Credit Corporation. Funds raised through bonds and debentures will command a higher rate of interest than the rate presently charged by the Farm Credit Corporation. There is nothing in this bill to indicate whether these higher rates of interest will be subsidized by the federal government.

I am not too pleased with Clause 14 of this bill. It authorizes the Farm Credit Corporation to keep its funds and accounts in the Bank of Canada and other financial institutions in and out of Canada. I think it should state "any financial institution in Canada", period.

I would like to go back for a moment to the question of the presumed authorization of the Farm Credit Corporation to borrow money on the open market. I think that some clarification of this section is called for. However, let us assume that the corporation does float bonds and debentures on the money market. I would like to see some provision in this bill whereby the Farm Credit Corporation would be able to issue bonds such as the Small Business Development Bond and that the interest be made tax deductible. If it works for business it should work for the farmer.

• (1550)

I certainly go along with the phrase of the Minister of Agriculture quoted yesterday by the member for Qu'Appelle-Moose Mountain (Mr. Hamilton), when the minister stated that the future of agriculture is ahead of us. I believe that, Mr. Speaker, and I also believe in the interest of the Minister of Agriculture. I think he tries. Probably he is not getting the support he should. I have found in my dealings with the Minister of Agriculture that I always get along very well with him. He has been very receptive. We meet and we chat quite often. But I think the government has a responsibility to our agricultural industry, the oldest industry that has a future in Canada, if it is managed properly by the department and encouraged.

The interest rate the farmer has to pay today to obtain conventional loans from the bank makes it absolutely impossible for him to borrow money and carry on. This is what is hurting our farming community probably more than anything else. It is also hurting every other industry. It leaves the farmer very uncompetitive in a market that fluctuates up and down.

Another point is that the return the farmer receives on his product is going down. The attitude of the banking industry toward the farmer and the agricultural industry is such that over 8,000 farmers last year had to declare bankruptcy. There probably will be many more. This is something our country cannot afford.

Our farmers are faced on practically every product with a decrease in their returns. This is something they may have to take for granted. When they go to the bank to arrange a loan—which is practically a necessity with every farmer today, not all but the vast majority of them—and when they go to sell their product, they are not sure what they will get for it on the market.

Many farmers come to me with their problems, and I can recall a few of them. In one case I might mention, the farm was handed down from father to son for generations. As the method of farming changed, the son who inherited the farm was forced to buy new machinery. He was forced to go, as some people would say, "mod" if he wanted to stay in existence. He goes to the Farm Credit Corporation; he goes to his bank; he borrows money. He has no idea that there will be an increase in interest rates three years down the road. Probably he was underfinanced by the Farm Credit Corporation. They gave him all kinds of advice, that he had to buy a certain type of machinery to be successful or he would not get a loan, or he had to increase his production of whatever the commodity may have been or he would not qualify for a loan. He would not have the cash flow. Today, not only have the returns and the cash flow gone down, but his interest rate has gone up. It leaves him in a very tight position.

When he goes back to the Farm Credit Corporation, he is told, "You are doing things all in the wrong way; your cash flow is not high enough". What is this man to do? He can get no more money from his bank. The Farm Credit Corporation should, to my mind, give him more money. I know there are

exceptions; I will not stand here and say there are not. There are exceptions. But there also should be consideration. The Farm Credit Corporation should be acting to promote the agricultural industry. Its goal is the betterment of the agricultural industry, but it is letting this farmer down. He is going to lose the family farm; he has teenage daughters going to school; he has a small family; he is going to go through the embarrassment of asking, "How many lives is this going to ruin?"

How many people that make that decision in respect of this gentleman have to worry about their pay cheque? I think some of our people representing probably every segment of our government, those who have to deal with the real world of people, are not understanding enough. They are too inconsiderate; they go out with a blank piece of paper and forms and regulations. There is no end to it.

Also the farmer, if he is successful, probably has to wait. I had a phone call this morning. A young farmer who had over $70,000 collateral to put up and who wanted to borrow $40,000 to increase his farm machinery for custom work—I will deal with that in a moment—goes to the Farm Credit Corporation and is told he has to wait six weeks before they would even look at his case. That is what he had to do. Imagine waiting six weeks in the spring of the year before he can have his case even considered! This man is a proven farmer and a very aggressive farmer. We should have a more positive approach and a more understandable approach by all our representatives—and I do not stop just at the Farm Credit Corporation. After all is said and done, they are civil servants, they are there to serve their fellow men as well as being representatives of the government. Of late, I have had too many complaints about the standoffish attitude of some who are filling these positions. They are not a credit to the department.

I certainly go along with the remarks of the member from Qu'Appelle-Moose Mountain who moved this motion. He is a positive thinker. There are many suggestions he offered, not only this amendment but in his speech last night, that the minister should take into consideration. I think the minister will take these into consideration.

I wish to stress again, my friends, that the farmer is finding himself in dire straits. We have to look on the farmer today as a businessman. He is a businessman. When we see that the Japanese farmer can borrow money at 3.5 per cent interest, how does this stack up with our Canadian farmer who is paying anywhere from 17 per cent to 20 per cent interest, of the preferred rate which I think is now 16.25 per cent from the Farm Credit Corporation?

We are neglecting our farmers. We have a commodity here, my friends, that we will not have to worry about on the world markets. We should be catering to a hungry world, for we find hunger in many parts of the world. This is an industry the products of which will always be in demand.

So I appeal to the minister to take into consideration the lending practices of the Farm Credit Corporation and to ensure there is a little bit of understanding on the part of those people who represent him throughout the country.

I heard the minister say yesterday in respect of farm credit corporations that if they were given too much range with respect to the principle of the Small Business Development Bond the money supply for other industry would dry up. I need only think back to last November when the Government of Canada borrowed bond money from Canadians at 19½ per cent interest. That dried up a lot of money for businesses. Yesterday the minister talked of the money that was available to him and the Farm Credit Corporation. I would encourage the minister to secure as much of that money as possible and make it available to our farmers in Canada so that they can eke out an existence in a healthy agricultural community.

• (1600)

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I am happy to speak on this bill amending the Farm Credit Act. Probably no area of the economy is more affected by the vagaries of the marketplace than farming. Only in agriculture is the market system still expected to work. Only the farmer is expected to put his product on the shelf and accept what is offered. The idea that supply and demand, the open market, will dictate how much a farmer will make is as outmoded as the walking plough. However, some still believe it is the panacea for the industry.

Bill C-88 before us is concerned with the survival of the farmer. I state it that way because it is important that we emphasize the end result of not providing the farm community with the kinds of programs which allow it to survive in a more natural way. I could spend a considerable amount of time developing a scenario about the need for credit to survive. Unfortunately, the Farm Credit Corporation has become an agency which controls to some extent the hope of survival for many farmers.

It is a pretty good indication of the ineffectiveness of our agricultural policy when we must recognize that the Farm Credit Corporation, which was originally set up to assist farmers to develop and grow, has become an agency of survival, and it is not doing too well at that. When you look at the bankruptcy rates and the number of liquidations, you can see that the corporation is not doing particularly well in helping farmers to survive. We now have a situation where the corporation which was set up for development has become the corporation to which farmers look to survive.

During the last week a group of Ontario farmers visited Ottawa. I am sure many members here met with them. They call themselves the Canadian Farmers' Survival Association. That group indicated that thousands of farmers will not survive the next couple of months.

Yesterday my colleague from Humboldt-Lake Centre (Mr. Althouse) read into the record the recommendations which that group made when they were here. Ideally, if farmers generally are given the kind of policy and security they should have, we would not have to be looking at amendments to the Farm Credit Act. There would be no increase in debt. As it is, their indebtedness is steadily increasing. I again refer to my

colleague's speech where he indicated the level in the change of debt over the past ten years.

In considering the need for farm credit, we should examine the capacity of the farm community to borrow. Canadian farmers have been a very good bet for the lending agencies. The repayment rates under various federal programs are invariably outstanding. The records of the Farm Credit Corporation and the Canadian Wheat Board will attest to that. Further, Canadian farmers are not over their heads as far as the total debt carried is concerned.

A 1981 farm survey conducted by the Farm Credit Corporation showed that Canadian farmers had 85 per cent equity on average net assets of something over $400,000. This indicates that farmers have the capacity to carry farm credit if it is available for long terms and at interest rates that are less than usurious.

Until a few years ago, any rate over 6 per cent was considered usury. It then went to 12 per cent and more recently operating loans for farmers have been at 23 per cent. As interest rates tripled between 1977 and 1981, one need hardly ask why a credit-intensive industry such as farming has got into so much difficulty. Clearly the difficulty in the farming community is related not to the ability to produce but to borrowing capacity.

Since the Government of Canada is supposed to be the lender of last resort, when talking about the problems of lending we must talk about the problems of the Government of Canada. In many discussions on farm credit, myths have been propounded by people who should know better. One myth has been the criticism of the banks which say that a shortage of money is not the problem but rather poor farming practices. That criticism of farmers by the lending institutions is a myth.

Every Member of Parliament who lives in an agricultural riding knows it is not correct. Case after case is brought to our attention by sound applicants who have been turned down by the banks or discouraged from applying for small business bonds. They have been turned down for a limited amount of farm credit by the Farm Credit Corporation emergency fund. They are seeking any kind of financing just to be able to keep on farming.

• (1610)

The actual number of farm bankruptcies filed in the bankruptcy branch of the Department of Consumer and Corporate Affairs in 1979 was 125. That number is fairly small, given that there are more than 300,000 farmers in Canada. Yet the year to year increase in bankruptcies is significant, and the percentage increases are staggering. In 1979 there were 125. In 1980 there were 222, an increase of 77.6 per cent. In 1981 there were 261, an increase of 17.6 per cent. We recently received a report on the first two months of 1982, and according to that report the total for those two months was 63, an increase of 54 per cent over the same two months in 1981. Clearly the increase in farm bankruptcies has not stopped, regardless of what the bankers of Canada say or what little the Minister of Agriculture (Mr. Whelan) does.

The second myth about farmers is that they are all rich and do not need increased farm credit. A recent study by George L. Brinkman for the Economic Council of Canada entitled "Farm Income in Canada" tried to show the profitability of Canadian farms. The study pointed out that if capital appreciation is taken into account, farms have profitability similar to businesses of a similar size. Yet farmers know, as do most hon. members here this afternoon—it is too bad the economists do not know—that capital gain does not produce cash for expenses and credit for investment. Assets can be liquidated, but liquidation also means the viability of a farm is likely to be in question. Further, fixed assets on a farm are only valuable if someone wants to buy them, and that is not always the case in areas where agriculture may be a depressed industry.

The group which visited us last week, the Canadian Farmers' Survival Association, pointed out to us that in some areas of Ontario the price of land, which was running at $1,000 an acre last year or the year before, has dropped to $250 an acre, so even fixed assets become a liability.

Most of us who have examined Bill C-88 have come away with the feeling that it does not meet the major test for long-term credit legislation and that it does not provide reasonable amounts of money at reasonable cost repayable over a ten-year term or longer. Farm Credit Corporation money currently costs 16.75 per cent, and that level might be increased if what the Minister of Agriculture suggests should be the basis for borrowing is in effect. Yet within this bill there does not seem to be any guarantee that the Farm Credit Corporation will be able to borrow at the same rate as government bonds which, at the moment, is 1.25 per cent lower than the 16.75 per cent the Farm Credit Corporation is charging.

Historically the Farm Credit Corporation has always trailed the prime rate offered by the chartered banks. In the 1977-1981 period the gap was about 1.65 per cent. There does not appear to be any guarantee in this bill which would maintain the historical difference between Farm Credit Corporation and bank prime rates. Perhaps the minister should consider giving a guarantee that Farm Credit Corporation rates will continue to track below the prime rates charged by the banks or, because his policies have been so inadequate in the funding of farms in the past and in keeping the level of income high enough to survive, perhaps the minister should guarantee a level much lower than that. Perhaps he should guarantee a level of 3.5 per cent, which would be somewhat of a service rate in the lending of money to farmers who are having problems. In his speech yesterday the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) suggested that it might be possible to have a rate of one-half prime. Any of these proposals would be much better than what is in the bill now; the bill makes it possible for Farm Credit Corporation loans to cost more than bank loans in the future.

A second criticism many of us have raised concerns long-term credit in general. Is credit truly long term if the bank has the option of converting a loan into a demand note with a

floating rate? That does not seem to me to fill the requirement of long-term credit at a fixed rate.

I note in this Farm Credit Corporation bill that there is a bit of wandering about in relation to trying to establish ten years as a possible term for a fixed rate. It is striking to note that the government is considering getting out of the business of long-term loans to farmers. The Farm Credit Corporation was the traditional supplier of more than 70 per cent of long-term credit; now it supplies 20 per cent. The gap in the marketplace has been filled, of course, by the banks, but banks—particularly the Canadian chartered banks—do not enter the lending field without throwing their weight around.

We saw that most recently when the Canadian Farmers' Survival Association visited our caucus. In its five-point plan the association wanted the reinstatement of the Farmers' Creditors Arrangement Act of 1934. That request was a serious request. That legislation served the purpose of giving farmers economic security in return for the socially and economically desirable activity of providing food for Canadians. However, what was the response of the Minister of Agriculture? He said we cannot bring that law back because if we brought it back, that would frighten the banks out of agricultural lending. It is not good enough that farmers have shown outstanding ability to repay their loans; the banks still had to be able to foreclose, if they wished, before they would consider lending to farmers.

• (1620)

I am pleased that the survival association continues to help the farmers. I may not agree with its methods in every case but at least it is attempting to help. I commend its motto, "Never negotiate out of fear but never fear to negotiate," to the Minister of Agriculture.

In many ways it appears that partial privatization through the Farm Credit Corporation is the way the government wants agriculture to go today. The Farm Credit Corporation has been a rather underworked agency in recent years. In the peak lending years, 1965 to 1968, between 10,000 and 12,000 loans were granted, but in 1981 under 5,000 loans were granted. If the government can convince me that privatization will come close to meeting the demand and that it may have a case for taking this step—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted to him has expired. He may continue only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Hovdebo: Mr. Speaker, I wish to thank the House for its agreement. I have just another paragraph that I should like to put on the record.

The government does not claim that the privatization of the Farm Credit Corporation will solve the problem; rather, it claims that in time, as the mechanisms for borrowing are put in place and the corporation establishes itself in the financial markets, a progressively larger portion of its funds could be obtained directly from that source. The government is suggesting that it is going to get out of this entirely and that this action will therefore force the corporation to become a private organization lending money at the going rate. This kind of luxury would be a disaster for many Canadian farmers. It does them little good, as they are going under, to be told "hold your breath". The great fault of this bill is that it tells too many people to wait.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Saskatoon West (Mr. Hnatyshyn)—Emergency Measures—Query respecting introduction of legislation. (b) Request that order in council be rescinded; the hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—Emergency Measures—Criteria for release of criminals; the hon. member for Selkirk-Interlake (Mr. Sargeant)—Canadian Armed Forces—Provisions for single parent members. (b) Request that pay be increased.

GOVERNMENT ORDERS

[*English*]

FARM CREDIT ACT
FARM LOANS INTEREST REBATE ACT

MEASURE TO AMEND—MEASURE TO ESTABLISH

The House resumed consideration of Bill C-88, respecting loans to farmers, as reported (without amendment) from the Standing Committee on Agriculture; and Motion No. 1 (Mr. Hamilton, Qu'Appelle-Moose Mountain).

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I rise to speak on the amendment proposed by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). I think a number of different things should be dealt with as we debate the bill, which will be discussed further on third reading, and that a little bit of background would help put the whole bill, and specifically the amendment, in context. The amendment is the key to the whole bill. I will try to expand upon some of the points that have already been dealt with by the hon. member for Qu'Appelle-Moose Mountain in his remarks.

The first point I would raise is the terrific interest that the government shows in this legislation. I know it is not the decent thing to criticize the government, but I would like to honour those members of the opposition parties who have participated in the debate. They have brought forward important points and issues that affect agriculture today. I regret that those members of the government who represent rural ridings have not participated more actively.

People who are facing the loss of their jobs in the auto industry or those involved in business or some economic activity may be wondering whether farming deserves all the attention it gets and whether farmers are worse off than many other segments of the economy. It is important to point out, however, that this is a primary industry. Whatever happens in farming, as in forestry and mining, for instance, has significant repercussions throughout the economy. The multiplier effect—whether that would be seven or any other figure—generates wealth in the economy. It has been a traditional base in Canada. We are in danger of losing a significant portion of that base, Mr. Speaker.

We have learned that Canadians are paying more in taxes than they are for food or shelter. At the very least, that raises the question of the level of taxation, whether on oil, gas or fuels, that is required for agricultural production and whether the return to the farmer at the farm gate is adequate. Interest rates are a significant factor in the cost of production today. This view is supported by many farm groups.

The question of interest rates has traditionally been dealt with by the Farm Credit Corporation. In the last ten years the interest portion of agricultural production has increased by approximately 645 per cent. That is a fantastic increase, Mr. Speaker. If the farmer or the consumer compares the actual return on a pound of beef or a bushel of corn at the farm gate ten years ago with the price received today, it is evident that there has not been a six times increase in price. The increase in the interest cost is the most important single issue and the one that we have to deal with effectively and quickly if we are to maintain that base in agriculture.

The most important part of the bill appears on page 4 in Clause 13(1) which reads as follows:

> The corporation may, with the approval of the Minister of Finance, borrow money by any means, including issuing and selling bonds, debentures, notes and other evidences of indebtedness of the corporation.

The key word and the one that the amendment makes reference to is "bond". The amendment offered by the hon. member for Qu'Appelle-Moose Mountain reads as follows:

> That Bill C-88, an act respecting loans to farmers, be amended in Clause 8 by adding immediately after line 31 at page 4 the following:
>
> "(1.1) For greater certainty, the expression 'bonds' referred to in subsection (1) includes 'small business development bond'."

Members of the New Democratic Party have suggested that this measure could be more appropriately dealt with by the taxation department, and perhaps that is so. But the point is that the concept be understood and accepted by the lawyers acting for the Minister of Agriculture (Mr. Whelan) on this amendment—and he had a little trouble with that yesterday—and that the concept of the bond be understood, de facto, to be a part of the new legislation as it affects farm credit.

• (1630)

When we consider that different people look at the question in different ways, we must remember the bottom line. Whether it is individual lenders to the Farm Credit Corporation or lending institutions that lend money to individual farmers, they use the principle where, through taxation devices, there is an opportunity for borrowers to have effective rates of interest which are considerably lower than those prevailing through the monetary policy of the Bank of Canada, as described and in fact dictated by government policy.

The situation now, whether interest rates are 10 per cent or 25 per cent, as they have been, is that we cannot afford at the agricultural level to continue paying those costs and expect agriculture to survive. If we look at Japan and a number of other countries, we see that they are able with a number of devices to take advantage of significantly lower rates. We are forced in world markets, and even in domestic ones, to compete with those different producers. Perhaps the United States is the best example of a country which is able to produce with the advantage of low interest rates as part of its cost of production.

Other amendments have been proposed. The one proposed by the Canadian Federation of Agriculture is in part the same idea as the amendment about which we are talking now. I should like to quote from the presentation of Mr. Kirk on behalf of the Canadian Federation of Agriculture, wherein he said that the federation would like an amendment to change the title of the act from:

> —an act to provide for the extension of long-term mortgages to farmers to an act to extend short-intermediate and long-term credit services to the farmers.

The bond principle can be applied in a number of ways. It could be a short-term bond. In fact, the legislation could be drafted in many ways. Recently I talked with representatives of the Bank of Montreal who indicated that they have bonds which they are turning into ten-year time frames because they know producers cannot carry repayments on principal and interest over normal five-year periods. The bond principle can be adjusted to any number of periods of time, but the bottom line is lower interest rates if we are to achieve the goals which in fact are necessary at this time.

The key point made by the Canadian Federation of Agriculture was that indeed the situation was very difficult because long-term capital had not been provided at reasonable interest rates. There is an immediate problem today, not tomorrow. Over the past several months a problem has been brought into sharper focus, and perhaps will be brought to an unfortunate climax within the next several months, and that is that farmers need more capital, particularly operating capital, for planting. Spring planting is coming and there are a number of farmers who are now technically bankrupt. There are farmers who will not be able to borrow enough money to provide seed and fertilizer to work the land. This will have repercussions—if they do not plant, they cannot harvest. The only cash flow to

which some producers can look now is from cash crop. The short-term problem must be addressed immediately.

There has been the extraordinary appearance on the farm scene of different groups. Some are concerned farm women who are trying to address the problem and have met with both provincial and federal ministers of agriculture in Ontario. Also the Canadian Farmers' Survival Association met with Members of Parliament from all parties to bring forward its specific suggestions and concerns. No matter what is the mechanism, there is a general consensus among all farm organizations and all actively participating farmers that there must be a short-term solution with lower interest rates.

I should like to follow my specific comments with a problem which I have experienced in the past two or three months with the Minister of Agriculture concerning the bill. This specifically refers to the amendment so I think it is quite appropriate. The minister has made a number of comments. Last Friday I looked through some of the commentaries which have been made on the agricultural scene. "Phooey on Bouey" is one quote of the Minister of Agriculture. This quotation appeared in an article by Roy MacGregor in *Today*. The article went on:

—"MacEachen said he was going to make the banks bleed. Hell, he gave them a transfusion".

Those comments of the Minister of Agriculture are very appealing to people who are in distress in the agricultural community, people who are facing foreclosures or receiverships, people who see interest rates continuing to climb because there is no resolution of the problem. But indeed they create confusion and should raise some serious question, if not a question of privilege in so far as the Minister of Agriculture is concerned. The minister talked about raising additional funds through private borrowing. He went so far as to say in February of this year that he would have an extra $1 billion for farmers to borrow through the Farm Credit Corporation. He commented upon this in such a manner that we should question what kind of a game he is playing with the agricultural community.

We have awaited this legislation for several years. We heard about it all last summer as the minister talked with different farm groups that were facing difficult problems. Now we have this promise finally coming off with new legislation, and we have the Minister of Agriculture talking about providing an extra $1 billion from private funding. The situation is that he is out in the country saying "Phooey on Bouey" and "MacEachen has given the banks a transfusion", which are in direct contradiction to stated cabinet policy.

The Prime Minister (Mr. Trudeau) suggested that he should have resignations from people within cabinet if they do not support or choose to criticize cabinet solidarity and cabinet policy. Yet the Minister of Agriculture is out in the country doing precisely that, I hope honestly to tell the farm community what he thinks. I would be more concerned that he is doing it to placate or hoodwink them a little at the same time, because he stands up in the House and votes for the budget and the principles involved in the budget. We must take it that at least in the House he is supporting the Minister of Finance (Mr. MacEachen) and the high interest rate policies of the government. He cannot have it both ways. He is a pretty capable fellow at speaking out of both sides of his mouth at the same time. This is something which should be seriously questioned by the House, because I think there is a serious question of conflict. I do not know what is his ultimate purpose in doing that, but I think it does not serve any good purpose for the agricultural community or the country to be getting a number of mixed signals. I really question how honest it was for him to do it.

My final point in speaking to the amendment concerns optimism. We all know what agriculture in Canada can do. We all know that it can produce more and that there will be world markets for agricultural products. We all know that there will be large numbers of people who will have to be fed. But this optimism and indeed the hope for economic recovery and the required renewal, if we are to achieve our potential not only in agriculture but in other areas, are seriously questioned by the whole country.

• (1640)

I think the specific point we come down to is whether or not the Minister of Agriculture can come up with $1 billion in the short term, whether the interest rate will be satisfactory, so that farmers and capable producers will be able to survive in the long term. It is a question of whether the Minister of Agriculture will be able to get from Treasury Board the additional $26 million on top of the $14 million that has already been asked for, making the capital base sufficient to allow him to borrow that extra $1 billion. That is a serious question. From all indications we now have a situation where the Minister of Agriculture has demonstrated that he is really impotent in being able to bring forward agricultural problems to cabinet productively.

The total contribution which the federal government has made to those segments of the agricultural community that are in distress now is $5 million, and that is for the whole country. The rest is money borrowed from the Consolidated Revenue Fund which provided a program for about 135 farmers. That program finished three months ago, but that money has to be repaid. The only contribution that has been made is $5 million. The minister has said publicly that there is no way there can be any kind of stabilization for the year 1981. He is now coming up with a supply management program which may or may not be what agriculture wants. But he has been unable to bring forward the kind of support that agriculture needs at this time from cabinet.

I look forward to speaking on third reading of this bill if I have the opportunity.

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I will speak very briefly at report stage. I will speak specifically to the amendment moved by my colleague, the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton).

In my opinion, this amendment is very straightforward and very worth while. For the life of me I cannot understand why the government does not accept it and be proud that we have someone in the House who can move an amendment which makes as much sense as this one.

What the amendment seeks to do is to make it easier for the Farm Credit Corporation to make use of the small business bond principle. That is a very simple and straightforward principle. It would aid farmers in terms of making financing available to them at a lower rate of interest. We know that interest rates are the biggest problem that faces our farmers this spring as they go to the fields to put crops in the ground enabling them to harvest this fall.

The hon. member for Bruce-Grey (Mr. Gurbin) who just spoke pointed out that if you do not seed, you do not harvest. That should be obvious even to the Minister of Finance (Mr. MacEachen). Yet if farmers are not able to get enough financing to seed, there will be no harvest. Among other things this amendment seeks to make it easier for farmers to finance their spring operations.

What does the Minister of Agriculture tell us in response to the amendment? Last night, as reported in *Hansard* at page 15930, the Minister of Agriculture said:

> However, because Section 13(1) does not exclude what the hon. member is suggesting, the amendment as suggested is not necessary, again according to my legal advisers. In either case, the concept of the small business bond would require complementary amendments, I am told, of the Income Tax Act,—

My response to that is, so what? If it requires an amendment to the Income Tax Act, let us amend it. Let us not give the income tax people a chance to say that they cannot bring forward that kind of an incentive to farmers because we did not do it on this side of the House, because we did not do it with the bill in front of us. That is absolute nonsense. I think it is totally irresponsible for the Minister of Agriculture to put up that kind of what I call stupid argument against the amendment, because that is exactly what it is.

Just to emphasize what the hon. member for Bruce-Grey said, I revert to what the Minister of Agriculture said before Christmas. He said farmers are gutless, they are not doing anything. If there is ever an example of a gutless farm leader, it is the Minister of Agriculture. We have a very simple, straightforward amendment to put through but he does not even have the guts to stand up to his department. If that is the case, why have a minister of agriculture? All he has to do is say, "I am sorry, don't bother driving me around in my car, it will save the taxpayers some expense; I will just do what the department tells me to do." Why have a minister of agriculture? I think a lot of farmers are beginning to ask that question.

The minister talked about the banks. I do not know whether I can quote him exactly, but I can paraphrase him. The minister referred to the banks and some of their lending practices as being scandalous and fraudulent. You would think from that statement that if the minister had a chance to do something in terms of lowering interest rates paid to banks he would do something about it. That is what the amendment is designed to do. Specifically, Section 13(1) will read:

> The corporation may, with the approval of the Minister of Finance, borrow money by any means,—

And the amendment is there to make sure that "by any means" specifically includes the small business development bond concept. Again, you would think that a minister who would want to accuse the banking system in this country of being fraudulent and scandalous in some of their lending practices would have enough courage himself to follow through on some of the things he is saying. This goes back to what went on during the period when the bells rang some two weeks ago. We talked about Parliament and the way it was supposed to work. If it is going to work, then it seems to me that the government should be willing to accept amendments that are not all-encompassing. This amendment does not change the intention of the act. The Speaker did not rule this amendment out of order. It is simply there to define further how the act is supposed to work. If we are to have a parliamentary system, it seems to me that there should be no reason why this kind of amendment is not accepted and accepted gladly by the government.

The Minister of Finance says that the banks should bleed a little bit. One of the ways to make the banks bleed a little bit is to have things set up so that we pay a little less interest when borrowing money. When I say "we", I am talking about the farmers. I am a farmer. But what does the government do? It does not want to accept the amendment because it has some hot shot advisers in the department of whom the minister is afraid. We pay their salaries and the minister is responsible for them, but he is afraid to go against their advice. That is some minister of agriculture.

Again, the ultimate in hypocrisy is when the Minister of Finance supports the Governor of the Bank of Canada. Obviously the Minister of Agriculture supports that. But what does he do when it comes time to do something about things? It is easy to say "Phooey on Bouey." Instead of making the banks bleed, we give them a transfusion. But when it comes time to accept a very simple, straightforward amendment in terms of clarifying how a particular section of the act should work, we do not do so.

Very briefly, I find it most unfortunate that I have to rise and use my time this afternoon to point out how inadequate and foolish are some of the statements which the Minister of Agriculture made yesterday when he talked about this very important bill. It is a very important bill, at least it can be in the way farmers are able to finance their operations.

I hope that at third reading I will be able to outline why I think this bill can be very significant in terms of agricultural finance. Let me close simply by saying that I think it most unfortunate that the government did not see fit to accept this simple, straightforward and very helpful amendment. It would have improved the act. If it were an improved act, it would better serve the farming community, and if the community is better served then everyone in this country is better served.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: All those in favour of the motion please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

Motion (Mr. Hamilton, Qu'Appelle-Moose Mountain) negatived.

• (1650)

Miss Bégin (for the Minister of Agriculture) moved that the bill be concurred in.

Motion agreed to.

Miss Bégin moved that the bill be read the third time and do pass.

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, this is a very important bill with respect to agricultural finance. Perhaps I should qualify that and say it has the potential to become a very important bill. Without being too facetious and without being too disrespectful of the minister, I wonder if he really understands how significant this bill can be. Farmers make up a very small percentage of the population and do not account for very much in terms of political significance or importance. However, they are very important because they produce the most basic commodity of all: food. They have done a very good job of producing high quality food for the Canadian consumer. Not only that, but they have increased production to the extent that agricultural exports account for a significant part of our total exports.

Even though we import a lot of off-season fruits and vegetables, peanuts and other things we cannot grow because of our climate, we still have a significant trade surplus in food. By that I mean that when you add up all of our food exports and subtract our food imports, we still have a significant surplus. The larger the surplus, the easier it is for our dollar and interest rates; the easier it is for interest rates, the better it is for everyone in the country. A lot of people like to buy Japanese cars, and we have a problem in that we have too many of them here. We know that is causing problems for jobs in the automotive industry. However, we are a lot better off trading grain for Japanese cars or cameras than we are simply sending them our dollars. So the production and export of food is very important to this country.

It is also important—I have said this before many times and I like to say it every time I get the chance—because the less money the consumer spends on food, the more he has left over to spend on other things, which by and large means a higher standard of living for the country.

Probably the main reason why agriculture has been so productive is that we have made use of more capital. We now have to invest a tremendous amount of dollars to create a job in agriculture. Recent figures indicate that it takes more dollars to create a job in agriculture than it does in most manufacturing industries. That gives an idea of how capital-intensive farmers have become. The more that is so, the more problems we have when interest rates fluctuate. As interest rates go up, the farmer operating on borrowed money has to pay more interest. That causes problems, and that is why this bill is important.

Now, Mr. Speaker, the main reason I think this bill has the potential to be very significant to Canadian agriculture, one which could be used in the small business community because the same principle applies, is because of Section 13, which provides:

> The corporation may, with the approval of the Minister of Finance, borrow money by any means, including issuing and selling bonds, debentures, notes and other evidences of indebtedness of the corporation.

Let me tell the House why that is important. I grew up in the middle of Saskatchewan. I see everyone in the House is overjoyed at that, really sitting on the edge of their chairs!

Some hon. Members: Hear, hear!

Mr. Mayer: At any rate, there are some things which need to be said from a western perspective, and I sometimes think we do not say them often enough. We should say them more often, is perhaps a better way of phrasing it. In the early days of western agriculture we had a branch banking system, which still exists. That sytem works in such a way that there is a central bank with several small branches throughout the country. In the early days in Saskatchewan, at least where I grew up, many of those branches were net deposit banks in the fall of the year. By that I mean that when a farmer sold his grain, he put his money in the bank in the fall and the head office of the bank decided where the money would be invested. In almost all cases the money was taken out of the small community and sent to the larger centres to be used to develop areas away from where it was generated.

I can remember my father telling me a story, and I hope he is watching this afternoon. He went into a sub-branch of a branch bank, if you can follow that, Mr. Speaker, and they refused to cash a grain cheque for him. That is how short of cash some of those banks were many years ago. That did nothing to help the immediate area, and that is what has happened in many cases now.

The farmer's pension plan is his land. Economists call this forced savings. Farmers do not have any choice, they do not have a lot of spare cash to spend on recreational activities; they try to pay for their land. They do that because land is very important to people who earn their living from it, and also because it is, in effect, their pension fund. So they are forced to pay for the land. However, when they sell out they take the proceeds and in many cases deposit it in trust accounts, in banks or invest it in stocks and bonds. The situation is still the same in most cases; the money leaves the immediate area of where it was generated. So it is then unavailable to farmers for use in agriculture. This act, however, could mean that they

would be able to tap that source of funds. In other words, the money generated from agriculture can stay in the industry to assist younger farmers in becoming established.

There is another reason why I think this bill can be very important. Any small business, including a farm, a machinery dealership or any other business run by one man or a family, will try to generate the capital to pay for that business within the lifetime of the operator. In other words, if the farmer wants to own his land, he has to do it in his lifetime. He borrows the money; he pays it back.

• (1700)

That is not the case in terms of larger corporations which can go to the market and issue equity shares. If one buys a share from General Motors, General Motors is not obligated to pay back the value of the share. It is obligated to pay back some kind of dividend on that investment. That simply means that a large corporation is able to obtain equity financing. General Motors, or any of the companies listed on the stock market, is not obligated to repay the value of the share. All it is obligated to pay is some kind of dividend on the share. That is not the case with most small businesses. Any small business must regenerate its capital every time there is a new generation of owners. This is also true with regard to farms. That is why it is once again important that we try to establish some means of keeping the money generated in agriculture working in agriculture.

This bill is very significant, it seems to me, because of Clause 13. If the Minister of Agriculture (Mr. Whelan) can make the Minister of Finance (Mr. MacEachen) understand my two areas of concern, I am sure the Minister of Finance will agree to go along with some of the suggestions which have been made concerning Clause 13 of this bill.

As I said, this bill is also very important in terms of assisting farmers to finance their operations because of the increased capital farmers need. My guess is that as recently as 20 years ago, a farmer could have taken somewhere between $50,000 and $75,000, and set himself up in a mixed farming operation. Right now, a farmer could easily spend that kind of money on one ordinary tractor, and could spend considerably more than that to purchase a larger four-wheel-drive tractor. Twenty years ago a farm could be completely equipped with the money that one spends today on one tractor. A farmer could have purchased a section of land, livestock and machinery and still have had operating capital left over. That is an indication of the amount of money farmers need today to operate their farms on a yearly basis. It is increasingly important that we recognize the demands farmers are placing on the capital market in order to continue operations.

However, even though all of my dreams would come true in terms of how Clause 13 would work, that is not the total answer as far as farm financing is concerned. Surely the government has an obligation to see that farm incomes at least keep pace with inflation. I believe it was the hon. member for Red Deer (Mr. Towers) who accurately pointed out that prices of all commodities have drastically dropped over the last couple of years while input costs have risen. Fuel prices have risen largely because of taxation by the federal government. The costs of fertilizer, repairs and machinery have risen. Interest rates have risen, as have taxes. Virtually every farm operating cost is up, yet the prices of most farm commodities are down. I do not expect there will be any increases in the prices of farm commodities this coming year. The government has a role to play in attempting to see that prices are adequate, because if they are adequate there is less demand for financing. Farmers who earn an adequate income can get by with borrowing less.

There are areas that this government could pursue in connection with the Americans in order to increase prices of feed and cereal grains in world markets. I am not so sure that it is doing enough in that respect. There has been a great deal of comment recently to the effect that the federal government has been reneging on its responsibility toward a nationally coordinated and at least partially funded stabilization program for both beef and hogs, yet we see nothing on the horizon in this context. I wish there were some evidence of leadership, genuine interest and care. I am sure there are some avenues that the federal government and the Minister of Agriculture could pursue to ensure that the members of the farming community receive better incomes, and then the necessity for borrowing would be less.

The capital gains issue is another problem for farmers. If there were a different system of capital gains where a farmer paid less in capital gains when he disposed of his farm after working for many years to pay for it, the need for farm financing would also be less. Some people simply ask, "Well, why would that be?" That is because a farmer considers his piece of land to be his retirement fund. He pays for it over his productive lifetime. He decides how much money he will need to live on for the rest of his life. That is one of the determining factors in the price he asks for his land. However, if he must deduct a big chunk of capital gains tax from that price, then he must ask for more money for his land. That drives up the price of land, and that is what is happening. Therefore, if we had a more sensible approach to capital gains, the need for farm financing would considerably decrease.

I do not think I need relate the problems the last budget has caused by the removal of the IAAC provisions and their replacement with forward averaging. That is really a system whereby the federal government has a bigger tax grab on income farmers and businessmen derive from the sale of capital assets upon retirement or at any other time when capital assets are sold.

Again referring back to the amendment proposed by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), it is clearly evident that the small business bond concept introduced in the November 12 budget is just not working. In fact, I do not know of one small business bond which has been granted since November 12. I do not understand why the government does not admit that this type of bond is not working. We must at least give the government credit for caring or seeing the situation clearly enough to realize that

there is a need, and for attempting to address it with a small business bond. However, it should now be evident to the government, approximately four months after the introduction of the budget, that the small business bond concept is not working and that prior to the budget the Small Business Development Bond concept was working. I believe many people who are knowledgeable in this area would agree that if the government is serious about meeting that need, it should return to the provisions of the Small Business Development Bond. That would make a lot of sense to a lot of people.

I do not believe farm financing should be considered to be the total solution to any of the problems. In fact, the real solution is to do something about farm income so that farmers will be in a position to generate as much of their capital requirements as possible from their own operations without having to go to the government or to the banks. I hope this bill will allow the Farm Credit Corporation to begin expanding its loans so that it can meet the needs of a higher percentage of farmers who have come to rely upon it.

The first loan I ever took out was a Farm Credit Corporation loan. I remember it well. In fact, I still have the piece of equipment I bought with that original loan. Your Honour is nodding. You must think I am pretty old and that it must have been a good piece of equipment. It was a good piece of equipment. It just goes to show that the Farm Credit Corporation has well served many people in this country. However, in the last number of years it has been unable to meet the need because it has been strapped for funds. Therefore, if this bill allows, the Farm Credit Corporation to go to the market to obtain additional funds, the corporation will be back in the position where it can once again meet the needs of the farming community.

I would like to stress that it would be helpful if farmers were given an opportunity to lend money through a small business bond, an agribond or some other concept which could come into play as a result of this bill. If farmers were given a chance to lend money to the Farm Credit Corporation, I believe many would choose to do so, even at a lower interest rate. I believe many farmers would be willing to accept somewhat less of a return on their money if they knew that it was staying in their own communities to help young farmers. Presently they are not getting that opportunity. We really will not know whether my thinking and my suggestion on this matter is correct until it is tried.

• (1710)

Let me give an example. Many people who grow up in a community have a sense of identity with that community. They have lived there for 30, 40 or 50 years, they choose to retire and they feel that they have been well served by their community. They would like to put something back into that area. If they are given an opportunity, through some kind of an agribond concept that would bear less interest, they would be willing to accept that if they knew that the money they were lending to the Farm Credit Corporation was going to help their community.

I could give many examples showing how that system has worked across the United States, where they have a unit banking system. Banks there are owned, by and large, in small communities in the same way as a grocery store. The first line of thinking of any of those local banks is that their community should survive, since that in itself means the survival of the community. We could make use some of the pride that individuals have in their communities, in agriculture, in small towns, if we would offer agribonds at a lower rate of interest, provided the people offering that money to the Farm Credit Corporation know where that money is going.

I could touch on many other areas of farm financing. As I have said, this can be a significant bill. The Minister of Agriculture will get my support and the support of my colleagues if he attempts to get the Minister of Finance to let the Farm Credit Corporation borrow money, by any means, in order that that corporation may be in a better position to fulfil its mandate of providing adequate financing for the farmers. If we can do that we will be serving the farming community, we will serve the consumers and also serve the whole country.

Again, I have to congratulate the minister for this bill, or at least for this one clause, because it can be a very significant bill as a result of the inclusion of Section 13.

Some hon. Members: Hear, hear!

Mr. Murray Cardiff (Huron-Bruce): When I spoke on this bill at second reading, Mr. Speaker, I noted that there were a couple of difficulties which would need to be addressed at the committee stage. For example, I was told a year ago by Farm Credit Corporation officials that they would like to see a clear legislative guideline allowing them to treat a farmer's spouse as an equal partner, so that in a case where both the husband and the wife run and operate a farm, each would qualify for farm credit funding.

The present bill contains no such spelled-out provision, so I raised the matter in committee again. The matter has been discussed and the Farm Credit Corporation was given a clear indication that both spouses actively engaged in farming could receive farm credit funding.

I suppose they will run into the difficulty of a farm wife who has a job as a schoolteacher or who works in the nursing profession or is doing some office work, but we would certainly expect to see her taking her place beside her spouse operating that farm actively and helping in its operation, and that should be recognized as a partnership and should qualify for that type of funding.

I accept these assurances from the Farm Credit Corporation, but I know that other members also will want to monitor the situation as time passes to ensure that the policy works in practice. Otherwise we shall know that we need to give legislative expression to the equality between men and women which we on all sides of the House recognize as essential to the Constitution of our country.

The Minister of Agriculture (Mr. Whelan) appears to believe that no legislative mechanism needs to be provided to

ensure fair treatment for partners who happen also to be married. I for one am going to give the minister the opportunity to prove himself right, now that his officials have indicated the intention to deal equitably with spouses in this regard.

On second reading also I noted that while we were increasing the potential of farm credit lending by $1.875 billion, we were not automatically ensuring that the corporation would have access to the funds, allowing the lending of anything like that amount. Each year the corporation receives only a fraction of its authorized capital and is accordingly enabled to borrow 25 times that capital addition. We in this party have been arguing that the Farm Credit Corporation has been given too little funding for some years back to allow it to meet the needs of agriculture.

The present bill giving the Farm Credit Corporation access to privately borrowed funds should provide the flexibility to permit the annual authorization of capital to match the perceived need for funding for land acquisition. Treasury Board should no longer need to keep its eyes so much on the need to lend the Farm Credit Corporation 25 times the amount of capital it authorizes each year, since a part of what the corporation borrows can now come from sources other than the Consolidated Revenue Fund. For this reason, the bill is an improvement on the present situation. Yet it is worth noting that during the period since the present minister first took charge of the agriculture portfolio, the percentage of long-term credit provided to agriculture by the Farm Credit Corporation has fallen from some 70 per cent to a mere 25 per cent. In other words, there has been a very significant erosion of the Farm Credit Corporation's role.

It is no use blaming the banks for the failure to keep the corporation supplied with funds. This legislation is overdue as a means of ensuring that the farmers are not forced into the hands of the banks for land purchases. We will have to ensure that the corporation is enabled by this bill to move back in the direction of a greater rate of participation in farm financing.

Bear in mind, Mr. Speaker, that farmers are not to blame for the high cost of land or for the ridiculously high cost of financing high-cost land. This is the fault of a high-spending government with too little concern for the role of investment in creating wealth, one that is responsible for putting us as a country in the position of having to pay unsupportable costs for investment in land or in any other kind of capital business plant. This bill helps to repair the damage caused farmers by government policies over some years that have made land very high in price and land financing next to impossible.

This leads me to a point I wish to emphasize strongly, Mr. Speaker. In my part of Ontario we have reached the point where the high cost of land and land financing is leading to a steady erosion of Canadian ownership of Canada's farm land. Among those who have stayed on the land, while many of their fellows have moved into our cities, there is a very strong commitment to retain the tradition of family-owned and operated farms. Canadians as a whole benefit enormously from the commitment of these people to a life of hard work, to tremendous productivity, and to producing very high quality and inexpensive food.

The measure of the success of our farmers is that Canadians take their farming industry almost for granted. Indeed, Canadian farming is so efficient and productive that it could almost be taken for granted, if it were not for the tremendous burdens imposed on farmers in financing their operations.

It is so much in the interests of Canada to ensure that family farms survive, and that this pool of dedicated and productive talent is not dissipated, that we should make every effort possible to ensure that public policy does not undermine the family farm. And yet, that is what the policy of high interest rates is doing. In the past two years, when even the best and most well-established farmers have lost a good deal of the equity they had built up in their operations over a lifetime, our farmers have, in effect, been subsidizing the consumer.

It could be argued that farmers have to compete for a market like other businessmen, and most farmers do not object to the principle of a competitive market for many of their products. My point is that farmers are willing to compete to sell their product to the Canadian consumer, but the high cost of financing their operations reduces their capacity to compete.

It is not inefficiency in their production but inefficiency in this government's policy that has pushed farmers into the position of seeing their investment erode. For many of them, this erosion to date has simply meant that they own less of their operation than they did two years ago. For an increasing number, however, it means that they no longer own anything. The alarming bankruptcy figures are only the tip of the iceberg. Many who have not gone bankrupt have been forced to sell out just short of bankruptcy; otherwise, the bankruptcy figures would be far worse. Even as they are, the bankruptcy figures are a national shame and disgrace. They are evidence of a bankruptcy of policy, a bankruptcy that is made doubly evident by the attempt of last November's budget to take away the retirement funds which many of our farmers have been building toward, throughout their working careers, by scrimping, saving, making do with small disposable incomes so that they would have capital with which to retire. They do not have indexed pensions. Most of them do not even own a home when they leave the farm. All their retirement needs must be supplied from the sale of their farming operation. The government has shown its insensitivity toward this fact by regarding farmers as though they were profiteers.

• (1720)

As for young farmers, those who must supply the next generation of food producers, the government's policy has made it more and more difficult for the young to enter a farming career. Land costs are very high. I do not for a moment suggest that this government is solely responsible for the increase in the value of land during the past decade or more, but if land costs reflect the value of land directly, they are high because there is a high market value for land.

Given the demonstrated capacity of our farmers to use land efficiently, young or beginning farmers do not so much regret the high value of the land they wish to purchase, but they regret the high financing costs. Farm credit helps in many cases to make the difference between allowing a young farmer to make a career in farming or not. That is why this bill is a valuable piece of legislation in so far as it will make that difference, I hope, to a great many young farmers.

As I say, for two years there has been a growing apprehension in my part of Canada that our farm financing policy is not working well enough. Foreign ownership of our land has become more than a threat. It is an alarming and growing reality. In the community I represent, and very close to my own home, there are numbers of farms that have been bought by numbered companies. Certainly we are very suspicious that those numbered companies have been established for the sole purpose of buying agricultural land, particularly in the area that I represent. We know that is a fact that we can substantiate. It is becoming more evident all the time.

The reasons are not hard to see. Our young potential farmers have to borrow to buy land. They have to borrow at upwards of 16 per cent and often at a great deal more than that. Foreign capital looking for a safe haven is attracted to Canada's farm land for two reasons. One is that investment in land in a country with a peaceful constitutional history is a safe place to store wealth. Another is that our farm land is still a relatively good value compared to land in many European countries where urban sprawl has eaten up a good deal of the available land and where the demand for food by consumers is high because of the dense urban population.

What makes the purchase of our farm land particularly attractive to foreigners is that the high cost of farm financing here inevitably has a depressive effect upon the demand for land by Canadian purchasers. In Germany, for example, mortgage rates for house purchases are low, presently no more than about 10 per cent. Since there are no exchange controls preventing a German house owner from mortgaging his house and investing the proceeds here, it is clear that a German investor of ordinary means can compete for Canadian farm land at a rate of interest well below anything a young Canadian farmer could hope to get. I say this not by any means to criticize the German policy by which such low interest rates are maintained, but rather to point out at what a disadvantage our high interest rates place Canadians who wish to buy and farm our land.

What is true in the case of Germany is true in the case of other European countries as well. Perhaps the only thing that has kept back an even greater flood of foreign investment capital to buy our available land is that many foreigners have too little confidence in the ability of this government to maintain the value of our currency, to feel secure in investing here.

Paradoxically, then, we are vulnerable to foreign speculation in our land, but protected from even greater vulnerability by the perceived economic incompetence of this government. This is poor comfort to our young farmers.

To put this problem of increasing foreign purchases of our land in perspective, let me mention the situation in a township which I know very well. In that township during the past year, foreign land ownership, according to reliable figures prepared by the Federation of Agriculture, have increased from 320 acres to more than 2,300 acres. In the adjoining township it has gone from zero to 1,100 acres. I think the latest statistics would even show an increase from that.

A little farther north in Bruce County, near the growing community that surrounds the Bruce nuclear power development, recent figures have shown that 2,000 acres in a single part of one township have recently been purchased by foreign investors. No one can blame farmers who sell to foreign investors. They are the customers who are able to meet the costs of the purchase. No one can blame young Canadian farmers either for not meeting the price; they are caught by the high interest rate policy of the government.

The vast majority of those who have land to sell would like to see their land pass into the hands of owners who live on the land and farm it. They do not care whether the owner is Canadian-born or a recent immigrant who intends to farm it and live on it; what they do care about is seeing the family farm survive. Heaven knows, we are all immigrants if we go back just a few generations. What farmers in this part of Canada, and I suspect elsewhere throughout Canada, do not want to see is absentee ownership. Neither do the municipal governments in the rural areas want to see an erosion of the social character of their township.

We found many townships and communities that had greater amounts of foreign ownership dominating those areas. Often the new buyers come in and remove the existing buildings, which results in a lower assessment value. There is not as good a tax structure base. There is also a problem when putting in field tile in municipal ditches, which we have to do in that part of Ontario. It is often difficult to find the proper owner to get permission. Co-operation has always existed in the communities throughout Ontario, and I am sure throughout Canada where the farmers have worked together. All of a sudden there are new problems to face. Everyone worked on line fences or property fences. This is something that is disappearing. We have had many families living on the farms helping to shape the local society ever since the land was settled. We hate to see that disappear as well.

Because this problem of foreign ownership has sprung up only within the past two or three years, it is apparent that the policy of high interest rates and inadequate funding for the Farm Credit Corporation is involved. It may well be that we should be looking now, not when the dikes have burst, at the radically harmful social and economic effects to Canada of a policy that allows our excellent and highly developed farm land to pass into foreign hands while the generation of Canadians who would become our food producers and would maintain a competitive efficiency we have come to take for granted are driven away from agriculture.

I should also mention that in some of our deliberations in committee I raised the matter of transferring existing farm

credit mortgages. Section 16(f) of the act states that the mortgage given to secure the loan shall contain a covenant by the borrower that he will not use the proceeds for any purposes except those approved by the act, and that he will not dispose of the property without the consent of the corporation.

Clause 11(4) of Bill C-88 states that if the borrower sells the land without FCC permission, the loan becomes due immediately. This clause may make it easier for the Farm Credit Corporation to refuse to allow farm takeovers by foreigners, but it does not prohibit them from allowing foreigners to take over the existing Farm Credit Corporation mortgages. That is solely at the discretion of the Farm Credit Corporation. I would have felt more comfortable if it had been written into the act that the legislation would disallow the transfer of that mortgage. It is something we have to watch closely and give support to Farm Credit Corporation officials in cases of transfers of mortgages such as that. We in Parliament should labour to ensure that it never becomes the norm of Canadian agriculture, because if it does, our days of cheap, domestically-produced food are gone forever.

In saying that, I support this present bill. I want to note that the bill arrives on a scene that is rapidly changing. We can be glad that the Farm Credit Corporation is able to do the job it does, and we hope it will recover some of the ground it has lost through the underfunding to which I referred earlier.

• (1730)

But already, as we pass this bill into law, it is apparent that we have not solved the embarrassing problem of farm financing. A warning is being sounded daily by our farmers that we are not doing enough to ensure the continuance of the family farm in Canada and that we are permitting this most vital of all sectors to fall into the hands of those who do not have the same vital interest in feeding Canadians efficiently and cheaply as do those Canadians living on the land. It is not just young farmers who want to buy land who are sounding this warning. It is also being sounded by retiring farmers who are ready to sell their land, as well as municipal councillors who are watchful of the social character of the communities they serve. In accepting the present bill we should listen to the warning they are giving and recognize that the bill has not made us secure in the agricultural sector, but has merely made us less insecure.

The means of producing our food should never pass from the hands of Canadians into the hands of foreigners, or even of absentee owners. If this happened, there could come a day when it would be more expedient for foreign owners to withdraw our land from production than to keep it in production. Erosion of the family farm is an invitation to further land exchanges which lead to corporate farming. These are matters Parliament should address.

In welcoming this bill, as far as it goes, I look forward to seeing legislation along the lines we have suggested earlier, which even the Minister of Agriculture seemed to regard with approval when he said, earlier in debate, that in the future consideration could be given to providing special tax concessions on bonds sold by the Farm Credit Corporation or on registered retirement saving funds placed with the corporation by retiring farmers.

We are in agreement, then, that what we have here is welcome legislation, but it is not enough. Let us hope that while the Farm Credit Corporation makes good use of the provisions in this bill, for the sake of Canadian agriculture the minister will concern himself with preparing further measures to ensure that agriculture for which he has responsibility remains Canadian agriculture.

In conclusion, I would just like to add that this bill is something long overdue. Agriculture needs this measure very badly. I have said before that agriculture needs the proper tools with which to work. Financing is one of those tools. Financing is like farm equipment. It does not matter what part of the country; we know that if machinery is not kept up to date, crops cannot be grown. I strongly believe that farm credit can and will be an important tool. We look forward to seeing this legislation in place very quickly and working for farmers.

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, I am pleased to be able to take part in the debate today and to associate myself with the comments of my colleagues who have spoken earlier in the debate. Clearly, the legislation we are dealing with today will be of benefit to Canadian farmers. It is not our intention to delay passage of the bill, but I think it is important that we put some remarks on the record with regard to the crisis in Canadian agriculture today, and with regard to the fact that this bill and other measures which have been proposed by the government will not do enough to deal with the urgent situation confronting Canadian farmers.

As someone keenly interested in the problems of Canadian farmers, Mr. Speaker, I know you will appreciate the fact that a story that is told in my neck of the woods perhaps describes the situation of Canadian farmers today as graphically as anything else I could tell the House. They tell a story about two farmers in my constituency who live near each other. They bought tickets on a lottery and were hoping that one of them would have the good fortune to win a million dollars. One farmer turned to his neighbour and asked: "If you win the million dollars on the lottery, how do you intend to spend it? What will you do with it?" His neighbour's comment was: "Well, what I would do is sell my farm and move to Florida. I would put all the money in the bank and simply live on the interest and have happy days for the rest of my life." He turned to his friend and said, "Now, if you win the million dollars, what would you do?" His friend said: "Well, I kind of like farming. I think I would stay in farming until the million was gone." I do not think there is any more accurate way of describing the plight of Canadian farmers today than to repeat that story because notwithstanding repeated commitments by the government, and particularly by the Minister of Agriculture (Mr. Whelan), record numbers of Canadian farmers are being driven off the land.

Bill C-88 before us today will be helpful in terms of increasing the amount of capital available to Canadian farmers.

There is no opposition on this side of the House to the bill. It is a bill that we believe is necessary and should have been passed long ago. Indeed, the bill was in the works during the time of the Clark government, and the real question is why it has taken the Minister of Agriculture so long. He was restored to his office as Minister of Agriculture over two years ago, and the question Canadian farmers should be asking him is why he has been so slow in taking the step he is taking in the House today.

The most important element of the bill is that it would enable the Farm Credit Corporation to go outside the Consolidated Revenue Fund—outside the government—and seek funds in the private market in the hope of raising enough capital to enable it to lend money to a larger number of Canadian farmers.

No doubt the most critical issue facing Canadian agriculture today is the question of low returns for farmers and ever-escalating prices as they attempt to do their job. Certainly the most important component of those ever-increasing costs is the cost of financing. I do not think anyone who has attended a meeting of his local federation of agriculture or of any commodity group would be unaware of the fact that farmers in all parts of the country find themselves in a very serious cash bind. They find that even if they are capable of getting loans from their local banks or from some government agency, it is very difficult, no matter what commodity a farmer is in today, to even be able to pay the carrying charges on loans. This is why it is essential that instead of simply applying band aids to the problems facing Canadian farmers, the Minister of Agriculture should be interceding with his colleague, the Minister of Finance (Mr. MacEachen), to address the critical problem of interest rates in Canada.

What has been done by this government since the election in 1980 to bring down interest rates? What we have seen, what Canadian farmers have seen, what business people have seen and what home owners have seen is successive increases in interest rates and very little action taken by the government to insulate the weakest and poorest members of our society from the tremendous burden which has been inflicted on them by the government. This is why it is essential that the Minister of Agriculture, if he is to do his duty on behalf of Canadian farmers from one coast to the other, stops simply talking about the banks, trying to shift the blame on them and trying to blame other people for the government's high interest rate policy and, instead, deals directly with the Minister of Finance and insists that the Minister of Finance change policies which have been disastrous for Canadian farmers, just as they have been disastrous for home owners and small business people in this country. Until the government is prepared to come to grips with the consequences of its economic scorched-earth policies which are putting such an unfair burden on ordinary Canadians, there is no way this measure or other measures currently before the House will ensure that Canadian agriculture remains viable for the future.

The simple fact is that the true minister of agriculture in Canada is not the gentleman who often wears a green hat and who attends meetings of federations of agriculture around the country. The true minister of agriculture in Canada today is the Minister of Finance. He is the one who decides what the policies are which will directly affect Canadian farmers. He is the one who decides how much money will be allocated to the Farm Credit Corporation as authorized lending capital. He is the one who is responsible for interest rates in Canada. He is the one who makes decisions which affect the day to day lives of Canadian farmers, just as he is the one whose decisions affect the day to day lives of other Canadians in other sectors. I think Canadian farmers are beginning to weary of hearing the Minister of Agriculture attempt to shift the blame. The fact is that he is part of a cabinet which has consciously adopted a policy of high interest rates and is consciously attempting, by putting a burden on ordinary Canadians, to squeeze them very seriously.

Mr. Tousignant: Mr. Speaker, I rise on a point of order. The hon. member is complaining about interest rates. Can he give us a solution? He is blaming the government for interest rates. What can he offer?

Mr. Beatty: Mr. Speaker, I noticed you did not rule on whether that is a point of order. Clearly it is not, but I am delighted to respond to my colleague's question because there is a number of things which could be done by the government. No effort has been made by the government, particularly during the big-spending sixties and seventies, to control the federal deficit. A major component in the inflation we have today is a direct result of this government's high spending programs. If, as the Minister of Finance says, the reason for high interest rates today is that inflation is running at a record level—and it is, as a result of the minister's policies—then the most significant thing the government could have done was to get some control of its spending and bring the deficit under control. Instead, it has moved consistently in the other direction.

• (1740)

It was the Progressive Conservative government that proposed the concept of the small business development bond which was designed to give some relief to Canadian farmers and small business people so they would have a buffer to ease the burden of high interest rates. In the budget of the Minister of Finance, brought down the day after Remembrance Day last November, we find that he is actually counting on the fact that the Small Business Development Bond will cost the Canadian government less money this year than last year. In other words, the terms for lending are more restrictive this year than they were last year. An applicant will have to demonstrate that he is virtually insolvent before he is eligible for financing under the program. I will admit that the Minister of Agriculture, the Minister of Finance and their Liberal colleagues are doing everything they can to ensure that small business people and farmers are virtually insolvent. But that is not the way to deal with their problems, Mr. Speaker.

I have illustrated two ways in which the government could have acted, Mr. Speaker. Unless it is prepared to come to grips

with the whole question of the government deficit and inflation, which is caused by federal government spending, there is no way that adequate relief will be found for farmers, particularly with the palliatives that have been put before parliament today. Bill C-88 will not provide the required relief. I suggest that no member on the government side could in honesty claim that this bill will bring an end to farm bankruptcies.

Last year alone there were 261 farm bankruptcies in the country, 140 of them in the province of Ontario. Anyone who has had the opportunity of meeting with farmers in any part of the country knows that under the tenure of the government, since the last election, the problems facing them have become more and more acute. The threats of bankruptcies have increased dramatically. The problems that young farmers face who are trying to get into farming and continue with the family farm, become more and more insurmountable as each day passes.

For the government to try to shift the blame to someone else by saying that it is held hostage to international events and that it has nothing to do with the inflation rate in Canada which is higher than that in the United States, or that it has nothing to do with the interest rates it is directly responsible for, is doing a disservice to Canadians.

If we are to attack the economic problems facing farmers or any other Canadian, the first thing we must do is deal honestly with the situation and admit that the federal government's policies have been wrong-headed. A policy designed to reduce inflation by jacking up interest rates, is contradictory.

When the cost of inventory for a business increases, do we seriously, expect that business to sell its goods for less this year than it did last year? Naturally, whenever possible, it will attempt to increase the selling price in order to cover cost. And if the costs to working people increase, do we expect unions to settle for less money next year than they do this year? Clearly the incentive will be for them to increase their demands.

Far from being a cure for inflation in Canada today, high interest rates are a serious contributing factor and are a tremendous burden on ordinary Canadians.

On February 23, 1982, the *Kitchener-Waterloo Record* ran an article on the front page with the heading "Whelan vows $1 billion in aid—" This occurred at the closed meeting with Canadian farmers. The second paragraph of the article reads as follows:

> But Whelan reportedly also told the farm leaders that if they quoted him to the press, he will deny it.

Indeed he has, Mr. Speaker. It is not good enough for the Minister of Agriculture to go around the country saying one thing to farmers and then come back here and support the government's high interest rate policies. It is not good enough for him to continue to tell one story to Canadian farmers and support policies which have been very damaging to farmers and which affect their ability to stay in business.

When my friend across the way bootlegged in a question under the guise of a point of order he asked me what could be done by the government or if anything could be done to provide relief to Canadian farmers. I have mentioned one thing, Mr. Speaker. We have to get inflation under control. Interest rates must be brought down. The government washes its hands of responsibility but it is directly reponsible, Mr. Speaker, and must be held accountable for the consequences of its policies.

There is the matter of the small business bond. The government policies in this respect are far too restrictive. Each member can ask how many farmers he knows who have been able to qualify for the bond or how many small businessmen have been able to qualify for it this year. The government is tightening up on eligibility. People now have to carry a much heavier burden and they are doing so without the assistance they so desperately need.

Another element of the budget which is obviously affecting farmers is the IAAC, the Income Averaging Annuity Contract. For the family farmer, his pension is in the land. But the Minister of Finance abolished the IAAC provision for some unspecified income-averaging provision which has still to be spelled out. There are serious doubts about the tax treatment of the farmer who is forced to sell the family farm.

There is the matter of capital gains tax on the family farm. In its budget the Progressive Conservative government provided for capital gains tax relief for family farmers. What happened to that since the 1980 election? Have members of the Liberal caucus tried to stress to the Minister of Finance—the real minister of agriculture today—that it is time some relief was given to bona fide family farmers?

All Canadians are desperately affected by the health and vitality of Canadian agriculture, Mr. Speaker. I cannot walk through any community in my constituency without recognizing that when farmers are doing well, people in the towns are also doing well. If we are serious about redressing our trade imbalance, if we are serious about ensuring that we are not held hostage in the future with food the way we have been with oil in the past, then it is essential that the family farm be kept alive. To do that we must ensure fair prices for the farmer. We must ensure that the price he has to pay for goods and services needed to conduct his business, is fair. We have to ensure that interest rates do not become a crushing burden which makes it impossible for him to carry on. We must provide incentives to the Canadian family farmer to keep him on the land and for young farmers to come back to the business and remain in it.

There seems to be a philosophy within the Department of Finance that all they need to do in times of high inflation is to turn the screws on ordinary Canadians—to slow down the economy, put a few thousand people out of jobs, and that as time improves they can turn the screw the other way. People will then be happy, businesses will be open, productivity will increase and we will be back where we were before. That simply is not the case, Mr. Speaker.

If a family farmer of 45 years of age who has experience in farming, knows his business and is at the peak of his productivity, is forced off the land today and into the city to seek a job, does the government really seriously believe that even if

the economy recovers within two or three years, he is going to move back to the farm and start all over again? Surely anyone concerned with the problems facing agriculture today must admit that the philosophy that seems to be present in the Department of Finance is not very sound in reality. It would be helpful if the bureaucrats who devise the policies that farmers have to live with could spend some time in rural Canada and have the opportunity to talk to people there about the effect of those policies. Ordinary Canadians are suffering at the hands of people who simply do not understand their problems or are indifferent to the consequences of the policies they promote.

We support this measure, Mr. Speaker, because any relief for Canadian farmers and anything that can be done to increase the amount of capital available from the Farm Credit Corporation, is a positive move. But let us not kid ourselves. This measure is only a first step. It will help to relieve some of the burden created by government policy, but it does not address the root cause of the problems. Until the Minister of Finance is prepared to recognize that the policies he has been following have been dangerous to ordinary Canadians, until he is prepared to change those policies and to provide some relief for ordinary people who are carrying a burden too heavy for many of them to bear, these problems will continue for farmers and for people in other areas.

• (1750)

I call upon the Minister of Agriculture to do his duty on behalf of Canadian farmers by going to the Minister of Finance and saying that it is time for those policies to be changed. If he would do that, the Minister of Agriculture would serve Canadian farmers better than anything else he has done to date.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I want to say a few words about this bill. The government has put some good things and some bad things in the bill. I want to compare it with a road. Let us assume that the government is trying to build a good road. We will call it the "agricultural road", a road which will encourage farmers to produce, to invest their moneys, to remain on farms, to expand and to pass on the assets to their children. This would be an excellent agricultural road.

I would like to deal with some of the good things in the bill and then deal with some of the government roadblocks which are hurting the farmers of the country and undoing many of the good things it is trying to do. When we talk about checks and balances, we must remember that in any particular way of life they are important, but if they do not give something that is equal or good, if one is far heavier than the other, we end up with a very bad picture. I see in front of us a road which is badly filled with roadblocks.

An hon. Member: What about potholes?

Mr. Taylor: "Potholes" is not a strong enough word. Some of them are almost wells. Vehicles will almost disappear if they are driven on this road. It is similar to removing a bridge with the vehicles going right into the ravine.

One good thing in the bill is that the government is providing the Farm Credit Corporation with the ability to borrow money. The FCC has built up a very credible group of men and women. I do not know any of the women, but I know the men are very credible, and if there are women working in the FCC I assume they are credible as well. They have built up experience and are highly respected in the communities in which they are working. The move in the bill to give the corporation authority to borrow from other sources, not simply depend upon taxation or government grants to do its job, is a real advance. A similar board in the United States has had such authority for quite a long time. It has built up expertise and has been able to borrow and lend at very reasonable rates. This is one good thing about the bill, but there is a little roadblock.

Just when one starts to become enthusiastic about the borrowing, one finds that it must be approved by the minister of Finance (Mr. MacEachen). Will the operations of these credible people, who find that they are able to borrow, be nullified by the Minister of Agriculture (Mr. Whelan)? The Minister of Agriculture is in one place, boards are all over the country. I question this roadblock; that any borrowing is subject to the approval of the minister. It may well be that this will undo all the good the borrowing will do.

A five-member board to work out FCC policy is reasonable. It will now be increased in size to seven members. Why must all boards in the country be enlarged? No wonder people talk about bureaucrats. Is there any reason that a five-member board could not carry out the same work as would a seven-member board? This is simply another method of providing more jobs and less work, and this is what many people on the land think. Farmers who work the land are not able to hire people whenever they feel like it. They must look at their income and expenditures. They have to do a lot of extra work themselves.

How different it is when we talk about boards, particularly those of the federal government. We see this in almost every department—enlarging boards all the time with more bureaucrats. There is no increase in the amount of work which is ongoing. The board is not doing any more work today than it did last year, and tomorrow it will not do any more than today. Even if it is, its members should be able to expand and increase their capacity to do more work, rather than simply hiring more people every time a little more work comes along. The increase in the membership of the board is another roadblock.

There are other severe roadblocks the government is putting in the way of farmers. The hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) mentioned some of them. For example, he mentioned capital gains. A few weeks ago there was a debate in the House during which we requested the government to give consideration to eliminating capital gains on cultivated land to keep down the price of food, but the government refused. Rather than eliminating capital gains tax on farm land, it increased this tax and made it more burdensome.

The first appearance of the budget indicated that if a farmer sold land on an instalment basis for $200,000 and he only collected $25,000, he would pay capital gains on the whole $200,000. How ridiculous can this be! How could the Minister of Finance or the Minister of Agriculture bring in a proposition which means farmers must pay capital gains on money they have not even received or may never receive? They are expected to go out and borrow money at today's rate of interest to pay capital gains on land, because they are selling it, yet only collecting part of the capital. I want to expand further on this matter at eight o'clock.

[*Translation*]

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Ethier): Order, please. When the House rose at six o'clock the hon. member for Bow River (Mr. Taylor) had the floor.

Mr. Taylor: Mr. Speaker, at the six o'clock adjournment I had just started to speak about capital gains taxes as they affect our farmers. In my view, capital gains tax is very unfair. A farmer or a businessman whose only pension is his land or his business, pays taxes on his land or his business all his life. When a farmer or a businessman reaches retirement age and wants to use his pension—his land or business which is his nest egg—what does the government do? It takes another chunk of it in capital gains tax. This form of taxation is one of the grievances that many farmers have. Farmers are not in favour of capital gains taxes. The capital gains taxes that are levied now by government are more unfair than they have been for a number of years. When a farmer comes to receive his pension—his land—often he is only able to sell it on the instalment plan no matter whether he sells his farm to a son, to a daughter, or to someone outside the family. Seldom can a farmer sell a family farm to a large corporation, and farmers do not want to do this because they want to retain their family farms. Consequently, most often a farmer has to sell his farm on the instalment plan.

Take for instance a farm that has been brought up to a value of $200,000. Selling that farm on an instalment plan means that the farmer accepts a very small amount of that sum over a period of years. Perhaps he is given a down payment of $10,000 but the original budget said he would have to pay capital gains tax on the full $200,000. That is a most unfair proposition. After some discussion and representations against this proposition, the minister told us in December that if the farm was being sold to the farmer's family the payments could be spread over ten years, but if the farm was sold to an outsider, the payments would be spread over five years. But the plan is still most unfair. It takes the pension right out of the farmer's pocket. That was the pension he built up in order to have a decent standard of living for the rest of his life and to have enough money to look after his family. Instead, what we are doing is saying to the farmer, "You have been working building up a nest egg but now the government will grab up a chunk of it." That means that many of our farmers have been unable to complete the deal they started prior to November 12. They cannot live on the balance that would be left. Would any hon. member here upon retirement like it if the government suddenly were to tax a big chunk of his or her pension? If that were done it would put many people in this House in a precarious financial position.

But how much more does this measure affect our farmers and our businessmen whose only pension and only hope of retirement is his land or business? I suggest that we do unto others as we would like others do unto us. We are not doing that in this bill. Our farmers are agonizing over this situation and are being aggravated by it. I have received letters expressing this agony and letters that would make you cry. Farmers are saying that this budget has ruined their hopes. The things they have worked for for 50 years have now gone down the drain. Their wives and family are going to suffer as well as themselves. Others have said: now I cannot sell my land, or expand my business, because of these capital gains taxes. But this government still clings to capital gains tax. Not only that, it has even done away with the once in a lifetime exemption. The government wants every cent it can get, regardless of whether that drives our farmers and businessmen to the poorhouse. It is not fair, and I tell the people it is not fair. The people across this country will support the fact that the farmer's pension is his land. We are now digging into those pensions and interfering with their retirement.

• (2010)

The hon. member for Témiscamingue (Mr. Tousignant) asked the minister before the adjournment how he would lower interest rates. Well, I do not think it is so difficult. We now have an interest rate of 16.75 per cent. That is better than 24 per cent or 25 per cent, certainly, but it is still too high. I want to suggest that the practice of the Farm Credit Corporation making money on farm loans is not fair. When you make a loan to a business, it adds the cost to its product and the consumer pays. When you make a loan to a farmer, the farmer cannot add the cost to his product. It has to come out of his margin of profit and that margin is sometimes pretty low or non-existent. That is why there has been so many farm bankruptcies. We keep taking and taking from the farmer and it is getting to the point where there is just nothing left. He cannot pass these costs on like other people and for that reason the government would be justified in having a different policy on loans to farmers.

Some hon. Members: Hear, hear!

Mr. Taylor: It could very well say it does not have to make money in this way. This money belongs to the taxpayer, and

certainly the taxpayer will get the benefit if we keep the rate reasonably low so that the cost of food will remain stable.

The hon. member for Lethbridge-Foothills (Mr. Thacker) urged the government a few months ago not to apply capital gains tax to cultivated land, but the government said there was no difference. There is a difference and it should be recognized. The Alberta government recognized it. It cut the rate for farm loans to 12 per cent, and 6 per cent for new farmers. If the Alberta government can do it, why can the federal government not do it? If the federal government can make low interest or no-interest loans to countries all over the world; if it can write off millions of dollars in such loans, surely it can help Canadian farmers produce food at a reasonable price.

Some hon. Members: Hear, hear!

Mr. Taylor: That is something members opposite better take cognizance of, because farmers are getting angry and they are not going to stand for this kind of thing very much longer.

This government has heaped abuse and abuse on farmers. Most farmers require their guns to protect their livestock, their chickens, their turkeys. Some of them have guns for enjoyment; they work long hours and need some relaxation. But our gun laws today are aggravating farmers. No one objects to gun laws if they are going to stop criminals, but our gun laws are not doing that. A lot of murders today are commited with the use of knives, hatchets and clubs. We do not put up any laws against them, but we say you cannot have guns, or you have to register them. If you have a revolver you cannot take it in your vehicle to go to target practice without written permission from the RCMP.

The administration of these gun laws has become a millstone around the necks of the RCMP and those who want to use guns for recreation purposes. It is time the government started to look at the use of guns. The bill introduced by the hon. member for Notre-Dame-De-Grace-Lachine East (Mr. Allmand) is a bad bill. Even though it is not as bad as some articles have said, it is still bad when you start putting more and more restrictions on the proper use of firearms. That is another grievance hanging around the necks of farmers, and they are getting fed up with it.

Another grievance relates to metrication. We have made our farmers foreigners in their own country. The hon. members can smile if they like; go out and visit some farm homes and find out for yourselves. There was no need to apply metrication to farm produce. For years the Canadian Wheat Board did the conversion when necessary right at the port. There was no difficulty. The farmers knew what they were selling, how much of it and what they should get for it. Then we introduced a new language, which they do not understand, and which made them, as one farmer said to me, foreigners in their own country. He was born here, lived here all his life, and now he is a foreigner. He cannot understand the weights and measures, the temperatures, and does not know whether he is being paid properly or not.

Mr. Baker (Nepean-Carleton): Even the cows are confused.

Mr. Taylor: This government, without the consent of Parliament, has gone ahead and imposed metric on the people of Canada. This is another totalitarian act which the farmers and a lot of other people do not appreciate. The government would be very wise to abolish metric and say to people, you can use metric if you want to, or you can use the imperial measurement. It should not tell them what they have to do. The government is spending thousands, perhaps millions, to tell people what is good for them, why they should use metric. Every time people see that on television they feel like kicking the TV out of the house. They are so angry with this government—

Mr. Baker (Nepean-Carleton): Even the cows are angry.

Mr. Taylor: You are building up anger across the country item by item. When you do that, you will eventually reach the boiling point, and this government had better be watching for that boiling point.

With regard to language, why must we have packages marked in two languages in western Canada? There is no reason at all. The people from Quebec will understand how the people of Alsace-Lorraine felt when the Germans marched in. I remember as a young boy reading that story over and over and almost weeping for those people because they were having their last lesson in their own language. Well, we better watch that in this country, too. Let us have freedom of choice. Let us encourage the use of both languages, but let us stop imposing it on people.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member, but the Chair wishes to be clear. Are we discussing Bill C-88, an act respecting loans to farmers? That is what I thought was before the House.

Mr. Baker (Nepean-Carleton): He was just clearing his throat.

The Acting Speaker (Mr. Ethier): I would like the hon. member to tell me how his remarks relate to the matter under discussion.

Mr. Taylor: Mr. Speaker, I am speaking on this bill, and if you would visit some farms you would know how close this is to the hearts of farmers. One of the reasons they have to pay more taxes and borrow more money is because of these other programs this government imposes on them.

Some hon. Members: Hear, hear!

Mr. Taylor: The farmers are reaching a point where they are getting pretty fed up with the things this government is doing. Just consider the IAACs. For years farmers were able to sell their land on the instalment plan, and then invest the money in IACCs and live off the interest. The purchaser was happy because he paid by instalments. The farmer and his wife were happy because they could live decently on the pension they had built up over the years, and then this government says, do away with IAACs.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member but his alloted time has expired.

Mr. Taylor: Mr. Speaker, on a point of order. I started at 5.50 p.m.; that is only 30 minutes.

The Acting Speaker (Mr. Ethier): I can recognize the hon. member on a point on order, but if it is to debate the time allotted to him, his allotted time has expired according to the rules. The hon. member for Brant.

• (2020)

Mr. Taylor: On a point of order, Mr. Speaker, I wanted to say that I started at ten minutes to six, and have only spoken for 30 minutes.

The Acting Speaker (Mr. Ethier): The hon. member was entitled to 20 minutes. He spoke for ten minutes before the supper break and ten minutes after the supper break, which is a total of 20 minutes. As a matter of fact, the Chair gave the hon. member an extra two minutes. The hon. member for Brant.

Mr. Taylor: On a point of order. Look up your rules.

The Acting Speaker (Mr. Ethier): Order. At the request of the hon. member, I will read Standing Order 75(9), which states:

When debate is permitted, no member shall speak more than once or longer than 20 minutes during proceedings on any amendment at that stage, except that the Prime Minister, the Leader of the Opposition, a minister of the Crown or other member sponsoring a bill and the member proposing an amendment, may speak for not more than 40 minutes.

I did not hear the hon. member proposing an amendment. The hon. member is not the Prime Minister, is not the Leader of the Opposition and is not a minister of the Crown. The hon. member was allotted 20 minutes.

The hon. member for Brant.

Mr. Taylor: On a point of order, Mr. Speaker. You are reading the Standing Order concerning the report stage. We are at third reading of this bill.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Taylor: Ask the Table officer. Forty minutes are allotted on third reading.

The Acting Speaker (Mr. Ethier): Order, please. We are at third reading, and there is no debate on this here. I think the hon. member is again debating. I have just read. Standing Order 75(9), which very clearly states that hon. members are allotted 20 minutes to participate in debate with the exception of those I have mentioned.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I was wondering whether we could consult with the Table. I did, and I believe I heard correctly that we are at third reading. I believe the clerk at the table did indicate that. If that is the case, then the hon. member's time has not expired.

Mr. Taylor: We are on third reading of the bill.

The Acting Speaker (Mr. Ethier): We always stand to be corrected and I have been corrected at this time. I sought information before, I received information and we were referring to Standing Order 75(9). However, we are on third reading and the hon. member is allowed 40 minutes. I hope he will pardon me for interrupting and I would confirm he has eight minutes left.

Some hon. Members: Hear, hear!

Mr. Taylor: Mr. Speaker, I was referring to the elimination of IAACs, something which the farmers used for many years. They would sell their land, which they had built up over many years, by the instalment plan and live off the interest of the IAACs. What did this government do? It eliminated the IAACs. The farmers cannot use this benefit any longer. This is another grievance they have.

Why is this government so deliberately trying to hurt the farmers of this country, not only the western farmers, but also the Ontario, maritime and Quebec farmers? They are all being hurt by this type of legislation. The farmers want to put their investments into RRSPs, but the government even cuts that down and tells them to put their investments into forward averaging. Forward averaging is not at all satisfactory. In the first place, the farmers must put in the whole sum. Second, they may never get it back. They may live long enough, but they may not. The government offers them something as if it were something, but it is not a substitute for the IAACs and RRSPs.

The government has made a mess of the Small Business Development Bond. By the way, when it first came out it was a help to people. It enabled people to get financing at a reasonable rate. However, farmers and businessmen were doing too well on that, so what did the government do? It said they could not have it unless they were down and out, completely broke, and then they could apply for the Small Business Development Bond.

We could go on and on concerning the burdens the government has built up and heaped upon the shoulders of the farmers and businessmen. It is certainly a burden on the farmers who work the land. We should look at capital cost allowance, recognized for years as an expense of business. What did the government do? It said, no, they may only claim half the first year. Has any hon. member opposite ever had to buy a combine? One does not buy a combine in January, February or May of any year. One buys a combine in the fall when it is needed to cut the wheat. The government cuts the allowance in half and says the farmer has only had it for three months that year. Where is the ordinary common sense of this government? One buys a combine in the fall because it is used in the fall. Then it sits there for several months. The government has said that the farmers and businessmen may only have half the capital cost allowance. Let me tell hon. members that this not only hurts the farmers, it also hurts the industries in Ontario and Quebec. I can name—

Mr. Baker (Nepean-Carleton): And New Brunswick.

Mr. Taylor: —a number of dealers who cancelled their orders for farm equipment this last fall after the budget came down. The farmers are not going to buy this plan. They will put up with the old equipment. It will be more costly, perhaps, and they will not be able to do as much work. The government is imposing that penalty on them because it cuts the capital cost allowance in half.

The government is so money-hungry it is taking money out of the pockets of the farmers, the businessmen and the old age pensioners. The government tells the pensioners that it will give them extra money through the supplementary allowance, but it takes three times as much away in the cost of fuel and energy.

This government is making a complete mess of this country. It is affecting not only the farmers but also the businessmen. The government has no common sense about what is good. It is not trying to reflect the thinking of the people. All it is doing is governing, governing, governing, and grabbing, grabbing, grabbing! The government wants every cent it can get. It does not matter how much it hurts the people who are paying the money. It will have its pound of flesh. The government might learn, as Shakespeare mentioned, that when one takes that pound of flesh, one may also be taking the blood of the country. That is exactly what the government is doing today. It is time it awakened and started to use some common sense in some of these programs. The farmers are becoming more and more angry. I tell hon. members that it will reach the boiling point if this government does not wake up pretty soon.

Some hon. Members: Hear, hear!

Mr. Derek Blackburn (Brant): Mr. Speaker, I usually say it is a pleasure for me to speak on any particular bill in this House. However, when it comes to a bill such as Bill C-88, which deals with loans to farmers, I cannot honestly say it is a pleasure, because what we are really referring to in this bill is a pretty sad story right across our country. It refers to a virtually neglected group within our society. I am not saying that in any cheap way to gain sympathy outside this chamber or among the farmers in my constituency.

I can recall when I first moved to Brant county in 1959 that there were approximately 2,300 farmers. Today we have about 800. Admittedly, back in the 1960s there were some farmers who either did not have the gumption or the intelligence, perhaps, or the will, or the money, or the inclination to hang in, hold on, expand, modernize and so on in order to keep up with changing conditions. Therefore, it was natural that some would fall by the wayside. It was natural that some would give up in the early sixties and the mid-sixties. It was natural that some farmers' sons and daughters would move off the farms. When there is such a reduction in the total number of farmers in one relatively small but very rich farming area of southern Ontario, a reduction from 2,300 to approximately 800 farmers, it obviously must mean something other than just a lack of will or determination.

When we speak about Bill C-88, we are speaking about the plight of many farmers today. In effect, the only problem facing them today is the problem of financing their operation because of the lack of sufficient cash flow.

• (2030)

There is an even worse situation or even worse problem today when it is virtually impossible for many farmers to get credit at all. They simply cannot afford to borrow any more. The cash flow, in other words, has become virtually a trickle and in many cases has dried up.

At the same time, Mr. Speaker, we have a situation in which their operating costs are soaring, due to increased energy costs, such as gasoline and diesel fuel, heating costs, drying costs, the cost of fertilizer, and the rising cost of farm machinery. They cannot borrow money; they cannot afford the carrying charges.

Because they cannot afford farm machinery, this is having a very serious adverse effect on the agricultural implement industry, whose Canadian centre, one might say, is also in my constituency in the city of Brantford. Massey-Ferguson and White Farm are both experiencing difficulty in selling their products. The reason they cannot sell combines, at $120,000 or $130,000, is that farmers cannot afford to buy on borrowed money. That is another major problem.

In addition, Mr. Speaker, beef producers, hog producers, and cash croppers specifically, are all in trouble. Commodity prices are lower than they were two years ago. All of this is adding to their woes. Then we have Bill C-88 which is a bill to allow the Farm Credit Corporation to seek funding from sources in addition to the Consolidated Revenue Fund. I would not care, if this bill gave the Farm Credit Corporation the right to allow the corporation to use funds from every financial institution in the country—$100 million, $500 million, $1 billion, it makes no difference—the problem is that farmers cannot afford 16.75 per cent interest. Many farmers have had to borrow from banks at higher interest rates than that.

So we get back to the budget, we get back to the No. 1 problem of this country, high interest rates. You can put $100 million, $500 million or $1 billion into the fund, but as long as you are artificially forcing these rates higher and higher—16.75 per cent is about as high as farm credit has been, I believe, and it may go even higher—it is not going to help the farmer who is carrying charges or a debt load on an annual basis in my constituency that may go as high as $50,000 or $60,000 just to pay interest on money borrowed.

Last summer I visited several farmers, most of them young farmers, who back in the 1970s had been encouraged by both government and the banks to go out and borrow, borrow, borrow in order to expand and modernize. I suppose it makes sense. In order to keep up with technological change in the farming industry, farmers had to spend more money and to spend more money they had to borrow. The banks were throwing it at them. Banks managers never went near the farm, never did profit appraisals. They said: "Here is the money at 8 per cent or 9 per cent, take $200,000, take

$300,000." Now, of course, with the interest rates the banks are charging, from 17 per cent to 19 per cent, the farmers, most of whom are young, ambitious and aggressive, are being forced out of business or forced into a nervous breakdown or a severe depression because they cannot see their way out of this tunnel.

One farmer not far from my city of Brantford told me that the Farm Credit Corporation officer told him: "Look, you have two farms, put the two together and sell them, they are worth about $1.2 million." The farmer said: "Fine, you get me a buyer and I will sell tomorrow." Who can buy a $1.2 million farm operation if, in addition to the amount of the market value of the farm, you are borrowing money at 16 per cent to 18 per cent interest?

Here we are, Mr. Speaker, in a very real dilemma. It does not matter how much money the Farm Credit Corporation can provide, if the interest rates are maintained at a very high level, farmers will not derive any benefit at all. They may keep the wolf from the door for a few more months, they may keep the bailiff away for a few more months, but in the long run the farmers are going deeper and deeper into debt.

Let us look at some of these statistics, Mr. Speaker, with respect to the financial crunch that farmers find themselves in. One could argue that most small businesses today are in trouble; but let us face it, the farmer cannot pass on those added costs as can most other businesses. Most farmers today operate under marketing boards and marketing agencies where prices are pretty well set well ahead, and it is pretty difficult to tack on the added costs of either a mortgage or simply a bank loan for machinery.

Let us look at some of the farm net incomes. In 1973 net farm income was $3.3 billion. In 1980 it was $3.25 billion but in 1973 dollars that was approximately $1.74 billion. In 1981 it was $4 billion net farm income. In 1982 the estimated farm income is going to drop to $3.4 billion. If we read that figure in terms of 1973 dollars the net farm income will be $3.3 billion. We had net farm income, taking into consideration the inflationary figure, of $1.45 billion in 1981. That is a pretty bad picture for the farm industry. The average farm income in 1973 was $12,692 per farm. In 1980, if we look at it in terms of 1973 figures, we get an average or net income per farm of $5,576 in 1973 dollars.

I do not know of any other industry in this country, Mr. Speaker, that is getting so far behind. On the one hand you have very high interest rates; then in the centre you have falling prices in beef, in hogs, in commodities, in most grains, and on the other hand, you have inflation eating away at what income a farmer can get. So, in an inflationary sense, you had an average farm income in 1980 of $5,576 per farm in terms of 1973 dollars.

I do not know how much longer the good farmers of this country, the aggressive farmers, the productive farmers, can tolerate this kind of adversity on a day to day basis. Farmers generally, by nature, are optimists. If they have a bad year as a result of the weather, they always say that the next year will be better, and they are always hoping. Governments successively have taken farmers for granted because they know farmers like the rural way of life, enjoy their work, hard as it is, with long hours, and, nonetheless, still prefer it to working in a factory, running a business in a city, being a professional or living in a large metropolis. Successive governments have assumed that no matter how bad conditions were on the back concession, the people would stay. You cannot live on love. You cannot live in the past. You cannot remain a farmer simply because you like the fresh air on the back concession. We have reached the point where it is financially impossible for a growing number of farmers to remain on the farm. The banks are either foreclosing or putting such pressure on the farmers as to make their lives miserable. Many are going bankrupt.

• (2040)

Ontario, for example, has been hard hit. Last year in the province of Ontario there were 27 farmers who went out of business. That may not sound like a lot when looking at the total number, but 27 farms going belly-up represents millions of dollars. More than that, it represents back-breaking years of hard work and sweat, all for a dream, an ideal; not a rich life but a comfortable one. Those hopes and dreams are down the tube, not because the farmers were lazy or inefficient, it is not because there is not a market out there. It is because the government has deliberately, through the Governor of the Bank of Canada, set interest rates at such a high level they cannot borrow. There are no further extensions on their line of credit and their cash flow is drying up. This is indeed a very serious matter.

Farm incomes in 1982 are projected to decline by 21 per cent over 1981. Interest charges have tripled since 1977. In 1981, farmers paid out more in interest charges than their projected income for 1982. Credit is now almost as big an item of overhead as feed. The feed goes for a useful purpose. The credit goes for two-legged hogs—the bankers.

My party does not see this bill as something to pin our hopes on. The private money market is very high at present. The minister has not brought in any changes to the Bank Act or Income Tax Act that would allow the Farm Credit Corporation to offer a tax break to people investing in FCC/agri-bonds. However, I would urge him to press the cabinet for such a change because agriculture desperately needs more low-cost credit.

This government doled out a paltry $45 million in low-interest loans through the Farm Credit Corporation. Part of this bill is to authorize those loans. It was a good idea, but much more money is needed if we are to rescue the many deserving young farmers who invested money in good faith and now see those investments going down the drain. We need these farmers desperately. The workers in my riding who produce farm machinery need these farmers. The many hungry people around the world need these farmers.

It has always bothered me when we discuss major farm problems that one third of the world population goes to bed hungry. Indeed, one third of the world population is starving.

This country has fantastic resources. Farming is certainly one of them. We have the expertise, the know-how and the land. We know how to look after that land and make it produce. We have a farm force in this country second to none in the world in intelligence, integrity, education, skills, know-how and determination. We can manufacture all the farm implements we need right here, yet last year we had a net imbalance in agricultural products to the tune of $1.34 billion. That is another mess which the Liberal government has thrown at us.

We have a small population. We can produce far more than we do. We could export far more. We could even give away a great deal of our farm produce if the government paid the farmers a decent price for their investment, hard work and expertise.

What is the government doing? It is doing everything it can to dissuade young people from farming. The government is doing everything it can to depress not only economically, but emotionally those farmers who are struggling to keep their heads above water. Through its high interest rate policy, the government is doing everything it can to make farming almost an impossibility.

What young person today 18 or 19 years of age who was born on a farm would think of buying out his father for half a million or a million dollars when he knows he can work his whole lifetime and never own that property, unlike his father and grandfather who had that sense of accomplishment after years of hard work? Then we have the problem of farmers who at the end of their working life, because of the changes in the budget with respect to the IAACs, are not able to retire as comfortably as they would like.

Farmers do not want charity. They do not want any special treatment. What they want from this government is some consideration for the very severe economic squeeze in which they now find themselves. They are asking for decent prices and interest rates. In fact, the entire country is in trouble as a result of the high interest rate policy which is driving farmers off the land.

At the present time, beef and pork producers are in the most trouble with cash crop farmers not far behind. We have heard a lot of talk from the minister about having a new hog stabilization plan in place by April 1. What do we see? We see nothing, and April 1 is just 48 hours away.

We have heard a lot of talk from the minister about a new plan for beef producers and maybe a new marketing board system. What are the results so far—nothing. We are watching an entire industry in deep trouble and here we are debating a bill that will help just a little when a lot of help is required. The over-all interest rate policy of the government must be changed, but the Minister of Agriculture (Mr. Whelan) must do more to provide the tools to agriculture so that farmers can help themselves.

I would like to quote a few more statistics. Let us look at the return on labour, management and equity as a percentage of equity. We have to look at farms today as a small business or industry. In 1971, the percentage was 6.5 per cent. It rose to an all-time high of 10.9 per cent in 1974. In 1980 it had fallen to 4 per cent. This is one of the few, if not the major industry in this country that is going down successively year by year. It is not even holding its own.

Let us look at realized net income as a percentage of total cash receipts. In 1971 it was 28 per cent. In 1974 it rose to 40 per cent. In 1981 it was down to 22 per cent, and the projection for 1982 is 18 per cent. We can see that the battle farmers are fighting is downhill all the way.

• (2050)

Is it any wonder that many are voluntarily giving up farming? Is it any wonder that there are more and more bankruptcies every year? Is it any wonder that farmers' young sons and daughters do not want anything to do with farming? They would rather go to the city where hopefully they can find steady jobs. What will happen to our rural way of life? Just because the banks, thanks to this government, want to gouge farmers and take the last pound of flesh and the last drop of blood from them, will we lose a whole way of life? Will we lose half of those 250,000 farmers?

I started my speech by saying that when I moved to Brant county in southern Ontario in 1959, there were 2,300 farmers. That is not bush country. That is some of the finest farming country in Canada. Today there are 800 farmers. How much longer will this continue? Will it continue until there are only 100,000 farmers in the entire country. What is the bottom line of Governor Bouey and the Minister of Finance (Mr. MacEachen)? Is the bottom line a thousand farm bankruptcies a year— two thousand? What is the bottom line when it comes to broken dreams and lost hope? Those are the questions the governor of the Bank of Canada, in his so-called valiant effort to fight inflation, should keep in mind.

Many economists love to juggle figures, percentages and decimal points, but every time we look at these figures we should remember that they represent human beings, most of whom are part of a long tradition of a rural way of life and farming. They are proud to be farmers. They are proud to be producing products the country and the world desperately need, yet they are being kicked around on almost every side. They are being kicked around by banks, the Farm Credit Corporation itself, the government and the Bank of Canada. I do not know how much longer they can take it.

I have sent several appeals to the Minister of Agriculture from farmers in my riding who are financially on their last legs. Most of them were turned down at the agency level of the Farm Credit Corporation. One or two got as far as the appeal board. I appealed to the minister on their behalf, and to the best of my knowledge tonight not one of them was given a break. The old argument was that the FCC cannot be overruled and that the appeal board cannot be overruled. These are not fly-by-night farmers, they are well-established farmers who are lacking in only one thing. They are not lacking in determination, ambition or desire to work, but in cash flow. Surely to God the Minister of Agriculture can come up with something better than another $45 million in loans and an

interest rate of 16.75 per cent, which is three times what it was five years ago.

I have spoken about farmers in my own county, but in so doing I hope it will be understood that I have spoken on behalf of farmers across Canada who find themselves in dire straits. I sincerely hope the Minister of Agriculture, the Minister of Finance, the cabinet and the Governor of the Bank of Canada will finally concede that their tight monetary policy which they first introduced in 1975 is not working in this country. I do not care about the United States, I do not care about England—it is not working here.

One of the main reasons it is not working here—and this relates to this bill and the farm industry—is that we have such a tremendous outflow of money as a result of our net deficit in trade in manufactured goods. It was $21 billion in 1980. If it were not for our raw materials and our farm exports, the overall net imbalance or deficit in trade would be horrendous. Why are we punishing primary producers who sell wheat around the world to help with our balance of payments? Why are we penalizing them? Why are we hurting them? Why are we making it almost impossible for them to go on or even to keep their heads above water? This is one of the most crucial sectors in our entire economy.

It seems to me that the Minister of Agriculture has lost his clout in the cabinet. About a year ago he had many brave words to say to farm groups about the banks. He said he would do what he could. He said he would tell the bankers to smarten up and to put some heart into their transactions. I do not think he has done much. If he has tried, I do not think he has succeeded. Otherwise, why would he bring in a piece of legislation in which he demands 16.75 per cent on these government-guaranteed FCC loans?

There is something else that makes me angry. The banks are damned careful about lending other people's money. That is really what it amounts to. Every cent they lend through the FCC to a farmer is guaranteed by the government. The banks will not lose. Mr. Speaker, you know and I know that the banks never lose, but in this case many farmers will. They will lose their livelihood, unless the Minister of Agriculture improves upon Bill C-88.

I hope in the next year or so I will not have to stand here and tell this House that the number of farmers in Brant country has shrunk from 800 to only 600. I do not know what will happen to the farm economy, the rural way of life and the farm industry itself if we do not get things turned around, if we do not put a little humanity back into our planning and our legislation and if we do not let farmers get on with the job they like most. They do not do it just to make money, but they want to keep their heads above water. They want to work and produce and have a reasonable return on their investment and hard work.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, normally I am able to say it is a pleasure to rise and speak about a bill, but such is not the case tonight. We are at the third reading stage of this bill. It was given first reading and we had a full debate at second reading on the principle of the bill. Hon. members on this side of the House and, indeed, some government backbenchers, speaking about the principle of the bill generally, agreed that farmers need more assistance. Hon. members on all sides of the House then suggested in committee a large number of improvements to the bill in an effort to demonstrate that bills emanating from this House genuinely reflect the work, skills, efforts and knowledge of individual members. Unfortunately, those ideas were not accepted by the government and the minister responsible, and now we find that the bill is back in its original form, as it came to us from the bureaucracy through the cabinet. To my mind that is regrettable because this has often been the case. This indicates to me that this Parliament is not playing the role it should. Our collective wisdom should be brought to bear on problems or situations in such a way as to improve our country.

Perhaps you were in the chair this afternoon, Mr. Speaker, when an amendment from this side was rejected. It was a perfectly sound and logical amendment which would have improved the bill and the condition of farmers in this country, yet it was rejected. I really wonder why it has to be that way. Why is it that a government in power does not accept good amendments or suggestions from members of the House of whatever party? I believe hon. members in the back benches opposite have to take more individual responsibility for representing the genuine interest of their constituencies.

• (2100)

I doubt that this FCC bill even qualifies as a band-aid measure because the amounts of money involved are so small. The FCC has done a lot of good things for the farmers of this country and could do much more if it had the financial wherewithal; and it could have the financial wherewithal, Mr. Speaker.

Government expenses this year will increase by 22 per cent but its revenue sources have also increased enormously. Revenues from oil are coming in by the trainload and buildings to store the money cannot be put up fast enough. The government is taking all the new sources of sales tax but nothing is available for the farm community. Being of a socialist turn of mind the government wants to get into all sorts of new ventures rather than keeping the existing areas strong. This can be seen in the estimates as they relate to established programs financing, health care and post-secondary education. The blue book shows a cut of some $469 million in these areas. After the government had expanded into these programs and got the provinces involved it decided to pull out, leaving the burden on the provinces. Some of them cannot pick up the difference, Mr. Speaker. Seven provinces east of Sasksatchewan have enormous deficits and for the federal government to unload this extra burden on them is unfair.

When you contrast the band-aid measure this bill offers with the incredible harm the government has wreaked on the farm community with its budget measures, its energy security bill, the economic policy including high interest rates and deficits, you will see just how shameful it is, Mr. Speaker. If I

were a government backbencher I would be ashamed to go into my riding and tell people that this is what we are doing for farmers. The farmers I represent would not tolerate it, Mr. Speaker. They would probably beat me up and kick me out of the riding and, quite properly so. That does not seem to happen to government backbenchers. They seem to be able to go into their ridings and get away with this. That is just amazing, because it is clear that they are not representing their constituents' interests.

I believe we should always start out with the thought of what Canada would be and remember what Canada was in 1968. We were a unified nation then, with Expo 67 just behind us. We had an incredible sense of what it was to be Canadian. We had a new, fresh Prime Minister (Mr. Trudeau) and a new, fresh government. People were expecting great things. We had balanced budgets and the national debt was almost non-existent. We had a first rate health insurance plan, a medicare plan and post-secondary education. Because of low tuition fees tens of thousands of students from modest-income families had the benefit of university education and were able to go out and develop exciting careers for themselves. Farmers were healthy and wealthy; they were prosperous. As a nation we were growing. There was a sense that the country was charging ahead and starting to fulfil its real role in the world as a peace-keeper and supplier of food.

Where are we today? There is a separatist government in the province of Quebec. There is incredible disunity between Anglophone Canadians and Francophone Canadians. There is incredible disunity between rural Canadians and urban Canadians. The first separatist member has been elected to a legislature in the west. We have a national deficit of over $14 billion per year and the accumulated national deficit is over $100 billion. The cost of interest to service that debt amounts to some $17 billion. That $17 billion is not spread evenly over the population, Mr. Speaker, but is concentrated in the hands of people with wealth. This means we are developing a class society.

If you had possessed $1 million at the beginning of the year what would you have done with it, Mr. Speaker? Would you have put it in a business to develop jobs and a future for young people? Of course not, because the risks are just enormous. You would have loaned it to your government at 19.5 per cent interest and at the end of the year you would have had $195,000 in your pocket, having taken no risk at all.

This government is creating a class society of very, very rich and very, very poor. That is exactly what is happening in many Third World countries today as a result of totalitarian government where there is a concentration of power in a monarch, a dictator or, in a socialist nation, where all decisions are made by a small group of men and women in a cabinet and in a bureaucracy. No country that has permitted power to be concentrated in a small group has been successful.

The only way to success is when the capital of a nation is divided into millions and millions of decisions—farmers making decisions with respect to their small amount of capital, for instance. An hon. member who spoke earlier told us that at one time there had been 2,300 farmers in his riding and that now there are only 800. That was 2,300 people making decisions on their portion of the national income, Mr. Speaker.

What is happening at the federal level. There are now over 400 Crown corporations, and all of them have special taxing provisions and therefore are not carrying their fair share of the tax load. The tax base is being eroded and as a result the rest of us pay more taxes but we do not have a proportionate say in the decisions made about the income of this nation. That is being drained into the central government where 36 men and women in the cabinet and a bureaucracy make the decision about how our wealth should be spent.

The hon. member for York-Peel (Mr. Stevens) has often said that we all know what a slave is; it is simply someone whose human rights have been taken away completely and all decisions with respect to that person are made by the master. The slave in an economic sense is someone who is taxed 100 per cent and all the economic rent from that person and all the decisions respecting that rent are made by other people.

In this nation, when we add up the taxes paid to all levels of government, we find that 55 per cent of our individual economic rent goes to government. That means that somebody else makes the decisions about how it is spent, so we are 55 per cent slaves. And as the hon. member asks, how long do we permit this to go on—until we are 70 per cent, 80 per cent, or 100 per cent slaves, as is the case in so many other nations? We have to draw the line, Mr. Speaker. I believe that if the backbenchers opposite were to reflect the true interests of their constituents they would put a stop to this.

I have pointed out that in 1968 when the Liberal government came to power there was a tremendous feeling of national unity in the country and we were all climbing the mountain, so to speak, as a nation. As a result of $469 million coming out of the estimates for the Secretary of State (Mr. Regan), concerning post-secondary education, and for the Minister of National Health and Welfare (Miss Bégin), concerning our health system, these programs are now in disarray. Farmers are dropping like flies. The government has dissipated the trust that people put in it when it was first elected, and it has been elected continuously but it has not been honouring that trust. The Prime Minister has an obligation to think of all regions of the country and to make a genuine effort to ensure that they feel comfortable in the nation. He has failed in that fundamental trust, that fiduciary relationship.

Mackenzie King understood that and had members in all regions of the country. He had powerful members and ministers in every region. Prime Minister St. Laurent and Prime Minister Diefenbaker would never have done to the nation what this Prime Minister has done. As a result we have an elected separatist government in Quebec and an elected separatist member in the west. We also have an incredible alienation which saddens me as a Canadian. No longer are we charging up the mountain to conquer the world and be a powerful nation in support of peace, security and decency in the world. We cannot represent that to the world because we

are not unified within ourselves. This goes back to the man at the top and the men and women around him.

Back in 1974-76 the government felt it could make decisions with a small cabinet and bureaucracy rather than take advantage of millions and millions of individual decisions. At that time there was a surplus of grain which could not be sold, and we were at the peak of our beef production cycle. What did the government do in its wisdom? It collected statistics and had people sitting at desks in Ottawa making decisions. Rather than trusting farmers, it establised the LIFT program and threw open the borders to the importation of more beef, with the result that we were swamped with beef. It destroyed the cattle market. We paid farmers to sow their land into pasture. As a result there was a dramatic increase in beef production and the bottom fell out of the beef market. We lost thousands and thousands of beef men in the country. At the same time grain had suddenly disappeared.

Had there been proper marketing there would not have been a grain surplus, and there was a crying need for food in the world. The previous speaker gave statistics as to the number of people who go to bed hungry every night. We should never cut back production in the farm community. We should be doing everything possible to enhance more production. I wanted to give another example of government believing it could do better, and I have more examples which I will give later. Every farmer who voted for the Liberal Party in 1980 has been betrayed; they have been genuinely stabbed in the back.

I should like now to deal with capital gains tax. Canada was developed by poor people who came from other lands because there was no chance in the social or economic structures of their countries to get ahead. This started in the early 1600s with French Canadian farmers along the St. Lawrence as well as those who settled in Nova Scotia. Then there were the United Empire Loyalists after the American war of independence. Next we developed the west. Millions of our ancestors came from every country in the world to obtain land. They knew that if they obtained a piece of this territory they could make decisions for themselves. They were prepared to work hard, to live and to die young, because it was tough on the western plains. As a result, we have all had a chance and are surely better off for it.

Not once was there a tax upon the capital of those farms. It was believed then that people had a right to work hard, to amass a bit of capital and to make decisions. Millions of those decisions led to a wise over-all result. The situation was different than it was in the socialist and totalitarian states from where they came where all decision-making on the capital and wealth of the nation was in the hands of a small group.

I recall a debate in the House some time ago when the Minister of Energy, Mines and Resources (Mr. Lalonde) indicated that his family was on the same parcel of land in the province of Quebec for nine generations. That will never happen again. The Lalonde family will not be on that land nine generations from now. It will probably be there for one more generation, or perhaps two at the most. The capital gains tax is such that the land cannot be passed on to the next generation which usually has only one member who wants to be a farmer. The other members of the family usually leave the farm to become doctors, lawyers or teachers. Because of the enormous increase in the value of land due to inflation, land cannot be transferred to a member of the next generation. Farmers cannot do justice to the other members of the family because values have risen so much that they do not have adequate cash to leave land to one member of the family and cash to the others. It is impossible for the person taking over the farm to assume an equal burden and pay off the other sons and daughters. This has virtually become impossible, with the result that farmers are leaving.

As the last speaker indicated, farmers in his area have dropped from 2,300 to 800. Some of them were sold to existing farmers, often corporations. They will continue to concentrate and become bigger and bigger. Then we will find big industry becoming involved in farm production, which will want a rate of return of 20 per cent, like the oil industry. Canadians will be worse off and paying through the nose. Indeed, I expect Canadians will be lined up for food, as is the case in Poland, before they realize it.

It is a shame that the government never directs its attention to the fact that we are an enormous food importer. Despite the fact that we have a small population, some of the best farm land in the entire world, and a skilled and dedicated farming community which is determined to make the country work, we are enormous importers of food. We are not self-sufficient in many items but we could be; it is a shame.

The role of government has increased enormously. In the energy area we see a government which believes it can operate the entire oil industry with Crown corporations. It is in for the lesson of its life. Regretfully the people who pay for those lessons are the taxpayers of the nation. We poured $2 billion into Petro-Canada for the government to have a "window" on the oil industry. Now that it has a window on the oil industry, is the industry any better for it? Is there more oil in the country? Is the price of gasoline at the pump any cheaper? It is not one cent cheaper, and it will not be.

Before the government became involved, the oil industry was the most regulated industry in the country. The provinces decided whether leases would be granted and where. The provinces decided all environmental considerations and the costs. The provinces decided the rate of production from the well based upon conservation measures. The federal government decided the price of the oil and whether any would be exported. When governments control where they drill, how fast they produce, the price, and whether it is exported, what is the oil industry? It is a utility.

We were really paying multinational corporations a fee for the cost of their money. They had the front-end load to buy leases from the provinces, to pay the Canadian service industry, to conduct seismic studies, to drill wells, to do the mudding, the cementing, the steelwork and the production, to build pipelines, to do the refining, to build further pipelines and to pay truckers and retailers. All this part of the industry was

Canadian-owned. We were just getting the capital to develop from multinationals, and the cost of the capital was between 3 per cent and 5 per cent.

The government came along, believing it needed a window on the industry, and converted equity, which was costing 3 per cent to 5 per cent, to debt. We borrowed $2 billion from people with money, and we are paying 19.5 per cent interest on it. We bought shares. We had to borrow that money in other countries, therefore the flow of money out of Canada today is 19.5 per cent as compared with 3 per cent to 5 per cent for equity.

• (2120)

This is totally absurd because we went through this during the 1920s and 1930s. The bulk of the capital in this country was then in the form of debt. Most of it came from Britain. In those bad years capital flowed out of the country because of the interest rate. All the bright intellectuals, the Liberal reformers, the CCFers at that time and the intellectuals who were speaking from the universities, all said, we have to stop that. We have to convert it to equity because then the flow of money out of the country will be in the form of dividends. If there is a good year, there is a dividend. If there is a bad year, no money leaves the country. The great debate occurred and the solution was to change that debt to equity which is precisely what happened. But this government comes along and reverses the policy, and it is costing Canadians very dearly.

No doubt you read a few days ago, Mr. Speaker, that some $10 billion has flowed out of this country as a result of the National Energy Program. This has dramatically affected our farmers, as I will point out to you in a moment. That money did not produce any new wells. It was used to buy back equity in the form of shares. Statistics Canada reported that an additional $8 billion has moved out of Canada. The government knows the money has gone but it does not know where it has gone. I can tell you where that money has gone. It came from the pockets of our own citizens, modest income citizens and our Canadian businesses, particularly those in the oil and gas industry and it has been invested in the United States.

If you visit Denver today, it is just like Calgary was before the National Energy Program came into being. In Denver there is a dynamic climate of expansion with people investing money to find oil. Some lose a lot, but they find a little. But they are finding almost enough now to make the United States oil self-sufficient.

At one time the United States was importing over eight million barrels of oil a day. Now the United States imports only four million barrels of oil a day. The United States will become oil self-sufficient. The irony of that is, the United States is achieving that goal with our money. In the meantime, Canada still imports 450,000 barrels of oil a day. The goal of self-sufficiency has been lost.

Some of our western oil wells are being shut down because the government has made a decision to continue importing oil. All that money, $3 billion or $4 billion a year, creates jobs in Saudi Arabia, Mexico, Nigeria and Venezuela. This defies rational understanding, and it makes me wonder what is going on over on the government side.

People are taking money out of Canada because of the business climate here. Our ancestors came here to get a chunk of capital, a chance to build a future for themselves, their children and their grandchildren. As a result of the government nationalizing everything, concentrating decision-making power in the cabinet and a small bureaucracy, people are losing confidence, which they should. People are taking their money elsewhere. These are the same people who built this country. They now feel jeopardized living here. I can give you the names and addresses and introduce you to several leading farmers and ranchers in my riding, Mr. Speaker. They have come to me in all honesty and sincerity. Already three or four of them have sold their Canadian assets, taken the money and moved to the United States.

The Liberal government is doing to this country what previous politicians have done to countries around the world, forcing their citizens to uproot themselves, go to a strange land where a strange language is spoken. Yet people who came here were prepared to endure that pain for a generation so their children, their grandchildren and their great-grandchildren would have the opportunity to succeed. People are leaving Canada now because of the uncertainty.

I have talked to many farmers about the Farm Credit Corporation bill and the budget. Farmers know what the problem is. We learned the lesson in the west in the last generation. It is a shame that we have to repeat it. The existing government is made up mostly of academics who have never met a payroll in their lives, have never operated a farm, and have no idea what it is like to produce something new. You can almost guess their past when you see them. They have been to the finest schools, the finest universities, often ending up at the London School of Economics. In the end they came out totally imbued with the idea that a small group of people can make decisions affecting this huge country of ours.

The government decided to get into deficit financing. This government took over at a time when there was a very low national debt. The budgets were balanced yearly. It decided it could offer people all sorts of programs with a low capital tax and borrow the difference. The first year everything was great. We went from 1969 right through to 1978. This government was able to buy people with their own money. But the interest to service the debt was rising. Members on this side were sounding the alarm, saying, look, folks, it cannot go on. We have been through this. But the government was able to buy people with their own money. The government got away with it.

But now the government must stop. Even the socialist Liberal government recognizes it has to stop. We are now seeing socialist taxes to match socialist programs. But what happened in the meantime? People had borrowed money for house mortgages, perhaps for houses which were too big. When we had all the programs and low tax, people had extra money. People paid too much for land, too much for businesses and too much for their homes. When there are deficits too

much money chases too few goods, driving up the value of those goods. We call it inflation. The situation has to stop. It is to be stopped with high interest rates.

The Governor of the Bank of Canada said, as he has warned for years, "If you, the government, will not exercise fiscal responsibility, I will exercise my duty as the Governor of the Bank of Canada and I will put up the rates. That will hurt people. It will cause unemployment." The real fault does not lie with the Governor of the Bank of Canada, it lies at the feet of this government. During all of those years it got people to believe in deficit government financing. The government did not heed the calls from this side or the calls from responsible economists. Canadians are now having to pay for it. They are dropping like flies, particularly in the farming community.

Farmers cannot tolerate high interest rates. They have a front-end load. Farmers have to borrow money in the spring to buy seed, fertilizer and enormous quantities of fuel to get the crops seeded. They have to summerfallow. They have to spray chemicals to kill weeds. They have to spray to control pests. Then in the fall they harvest the crops. Farmers have an enormous front-end load, and high interest rates simply destroy them.

Other societies have learned this fact. The admonition in the Bible about usurious interest rates is not in the Bible because of some religious doctrine, it is there as a result of a society's practical experience, having endured high interest rates. It failed because of high interest rates. That is what is happening to Canada today. High interest rates so demoralize people that they drop like flies and then society turns to all sorts of radical political solutions. This happened in the west in earlier generations. That is why we had the Social Credit Party and the United Farmers' Party. The CCF grew out of those economic dislocations of governments taking people into deficit financing.

Farmers have the extra burden of high energy costs, for which this bill does nothing. When our government was in power there was a special tax credit for farmers to help them with their high energy costs. Farmers are enormous consumers of energy. The present Liberal government threw out that rebate. Instead, it imposed a series of taxes. I saw the figures for the province of Alberta. A litre of gasoline in Alberta is 33 cents. There are six individual taxes imposed by the federal government on that litre of gasoline. The Alberta government has one charge, the ownership royalty, which goes to the citizens as owners. When you get to the bottom of these figures you find the federal government collects 42 per cent of the value of that 33-cent litre. Just think about the fact that 42 per cent of the value goes to the federal government through six taxes. Twenty per cent of the value of a litre of gasoline goes to the people of Alberta as owners and the remaining percentage value goes to the industry for producing, refining and selling the gasoline to us.

• (2130)

The farmers bear a triple load. They not only pay on the fuel they use in their cars, but they have to buy chemicals, fertilizer and extra quantities of fuel to produce food. Why, as a wise Parliament, should we not give them special rebates? If we on this side formed the government we would, because the Progressive Conservative Party understand the special plight of farmers. Unfortunately, the Liberal government does not.

Another thing happening is that high inflation is leading us into a situation where we will soon become a society of landlords and serfs. According to statistics, the number of owner farmers is dropping dramatically while the number of tenant farmers is increasing. That is a quantum leap backwards some 900 years in history, Mr. Speaker, to feudal times. The government ridiculed Khomeini for taking Iran back some 1,300 years in terms of religious doctrine. This government is taking Canada back 900 years to feudal times. Serfs have no security of tenancy, so someone who wants to be a farmer has no guarantee that his children or grandchildren can be farmers. That is exactly what kings did in feudal times. They would give a farm to a man because he was a good soldier and had served the monarch well, but at the end of his life the land came back to the king and he gave it to someone else. That is exactly what is going to happen in Canada as a result of these deficits which are leading us to a class society.

The cheap food policy, Mr. Speaker, which even Liberal members now admit we have, was a concious policy of this government. In 1968 we were charging up the mountain, we were excited about being Canadians, we were unified and our governments were pulling together in a co-operative form of federalism. Canadians were enjoying a rising level of wealth, they had more cash in their pockets, and this was a great opportunity for the government to oversee a distribution of wealth to the farmer in order to sustain their farms and permit the same number of farmers to continue. Canadians spend some 17 per cent of their income on food, and this cheap food policy has been borne primarily by the farmer.

Seventy-five years ago, when the land was first broken, the soil was almost 100 per cent fertile. Now, a relatively short time later, we are down to nearly 50 per cent. At the present rate of decline the soil will be sterile in another 50 years time, and that is a perfect recipe for another dust bowl.

The Roman empire fell because it did not look after its agriculture. There were other reasons, such as getting into deficits and the concentration of power. What is now the Sahara desert in Northern Africa was once the world's most fertile area. Government's throughout the Middle East had enormously productive land. The Cedars of Lebanon were destroyed by governments which did not pay attention to their farmers, their forests and their land. Members opposite may think we will not one day have food lines, and I hope we do not, but, I believe, at the rate of progression of these things we will.

The Minister of Agriculture (Mr. Whelan) should not be going across this land bragging that Canadians pay less for a basket of food than people in any other country in the world. He should be going into the cities and explaining to people why we need to spend more than 17 per cent of our income on food. It probably should be in the order of 23 per cent to 25 per cent

so that farmers can remain on the land and improve productivity. Only then will we have a future for our children and grandchildren. I just do not understand why members opposite do not have this feeling for the future that we certainly have on this side. They should adopt the tradition of the Iroquois nation which required band leaders, before making any decision, to think about the effect of those decisions seven generations later. As a result of that policy the Iroquois survived for many generations until we came along with our guns and alcohol.

In summary, Mr. Speaker, where are the members opposite when we speak of capital gains? They seem to be in favour of them. Where are they with respect to energy costs? They rejected an energy rebate for farmers, and, indeed, have added six separate taxes which increases the cost of production enormously. They do not speak out against deficits, therefore we can assume they are in favour of them. They must also be in favour of the inflation which flows out of deficits, and they must be in favour of high interest rates which ultimately flow from inflation.

Mr. Speaker, there is no need for all of this. Let us never forget what Canada was like in 1968. Government's can and do hurt people, Mr. Speaker, and the Liberal Party is a prime example of that. The government will be cited in the textbooks of future generations as a classic example of how a socialist party, trying to concentrate wealth, can take the energetic and dynamic young people climbing a mountain and destroy them.

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, as we near the end of this debate I would like to spend a few minutes recapping the arguments made in this discussion. First of all, the main thrust of the amendment is to increase the amount of capital which the Farm Credit Corporation has available to lend to farmers. The amendments will mean that the FCC is no longer restricted to the government as a source of funds. Possible sources of funds will be retiring farmers who have managed during good years to accumulate a bit of a surplus. We are also told that sources such as pension funds, foreign and domestic banks, and government bonds will also be available to the FCC. However, none of this is spelled out in the act and the minister was not very specific in committee as to just which source of funds the FCC would first be turning to.

It has been assumed, Mr. Speaker, that there would be some form of agribond or small business bond, call it what you will, the form of which would require changes in the Income Tax Act, and a definite policy from the Minister of Finance (Mr. MacEachen). Those changes have not been forthcoming. There has been no indication by the Minister that such changes will be made available so that these sources of funds can be utilized by the FCC.

• (2140)

I believe hon. members on all sides of this chamber have in mind a system of taxation which would defer tax on capital gains on the sale of farm properties, as long as the owner of the funds reinvested the money in an acceptable way so the money could be borrowed again by farmers who are continuing on in business. This would allow the Farm Credit Corporation or the credit unions out in the country to have access to this money. They would not have to pay the normal rate of interest because payment had not been made on the capital gains. Therefore, it is usually estimated that a compensatory rate would be approximately half of the current interest rate. The lending institution, whether the Farm Credit Corporation or the credit union, could relend that money to beginning or expanding farmers for about one per cent more than that. This would certainly maintain the refinancing of agriculture from one generation to the other at lower rates. This fits in with our concept in this party of attempting to make sectors of the economy more or less self-sufficient in terms of refinancing to ensure growth of that industry in future years.

There has also been some discussion during this debate about the farm income problem. Our party believes this is the main reason we have a shortage of farm credit. Our analysis is that the farm market prices have not been adequate. The government has not provided adequate marketing legislation and accompanying stabilization programs which would make it possible for farmers to recover their costs and a return on the efforts that they have put into their agricultural production. Because that has not occurred, farmers in this country have incurred an increasingly larger debt. We have outlined the magnitude of that debt, running from about $6 billion in 1974 to close to $22 billion at the present time. This debt has been incurred in the space of a mere eight years. Farmers are facing an annual shortfall of between $2 billion and $3 billion just to cover most of their costs. We have pointed out how the returns to agriculture have dropped to the point at which they are now approaching zero.

We have heard representations from various farm groups producing any number of commodities. They have told us a number of things about their particular sectors of agriculture. For instance, I note that grain producers in western Canada are now at the point at which most of them are no longer able to carry out continuous cropping. For those hon. members who have some doubt about my words, I would ask them to consult the latest issue of *Grainews*. An article by a producer of grain points out that for the size of farm he is operating, which is slightly larger than average, a very efficient-sized operation, the price of wheat at the farm must exceed $4.80 per bushel to enable him to continue buying the fertilizer and chemicals required to continuously crop his product. Instead, along with virtually 80 per cent of the grain farmers in western Canada, he will be taking another option starting this year. For some it will be the continuation of an option started years ago. He will be going back to a 50-50 summer fallow cropping practice.

For some hon. members who are not familiar with the prairies, let me say that about half the prairies do have enough rainfall to allow more concentrated cropping production. However, with the current price of wheat and barley, the most profitable option now is go back to a 50-50 summer fallow practice. Total production will be down, but the financial position on each of those farms will be better by switching back to that old practice.

We spoke to farmers from Ontario, some from Bruce and Grey counties. I understand that the hon. member for Bruce-Grey (Mr. Gurbin) will be speaking soon. I spoke to corn producers from eastern Ontario as well. They told us that even if they got their land for nothing, given the current cost of seeding and caring for an acre of corn, and given the current cost of fertilizer, chemicals, fuel and machinery, the return on that acre of corn will not pay its own way. We know that the same situation exists in the livestock industry. We hear many jokes around the auction markets. Farmers ask each other how things are going, and one will tell the other that things are going a little better this year as he will produce only 50 per cent or 25 per cent as many cattle as he did last year. Their objective is to lose less money.

I think, being realistic, we must recognize that this bill, granting a bit more capital to the Farm Credit Corporation, will do very little to solve the real problem in agriculture today. Another $45 million or $75 million is a drop in the bucket considering the $2 billion to $3 billion in losses that the farmers will have to put up with this year.

The government is not willing to infuse money into agriculture. It has not provided improvements to the marketing system, and it has not provided stabilization programs. We are one day away from a deadline imposed by the minister himself for a stabilization program for hogs. We will await with interest the coming of April 1. The amount of activity that has gone on between the provinces and the farm groups would indicate that the minister has not come up with an agreement on a stabilization program for hogs. There has been no talk of improved marketing and no serious talk of improved beef marketing. As a result, farmers are going out of business.

I recently attended the annual meeting of one of the major marketing boards. It was attended by the leaders of that industry, an industry which operates under a supply management system and a cost-of-production formula. A great many delegates are not too far from bankruptcy themselves, even with the cost-of-production formula. Of course, part of the reason is that the cost-of-production formula assumes that a good chunk of the money invested in those operations can be borrowed at a rate of 11 per cent. Of course, we cannot get money at 11 per cent interest. The difference between the interest rate of 18 per cent to 21 per cent, which money really costs, and the assumed rate of 11 per cent has created a deficit in most of these operations because they relied on the assumed rate.

We have heard about bankruptcies in this debate. However, for every bankruptcy there are probably five or six farmers who are voluntarily going out of business. In this country we know that for every farmer who goes out of business, three other workers in the economy lose jobs because the economy will no longer continue to support those jobs. At the moment, well in excess of one million workers are unemployed in this country. The fiscal and monetary policy of the government has been creating a lack of jobs for workers. It has been creating unemployment for workers and farmers. When a country has unemployment it does not have production.

I have outlined some of the things that those farmers who are still in existence will do to stay in business. They will cut back grain production. Lifestock producers are also going to cut back production because of bankruptcies and market conditions. Employers in other sectors are laying people off. We have this great country gradually winding down, producing less and less, and all of this, according to the Minister of Finance and the government, to fight inflation.

• (2150)

How can you fight inflation by reducing the amount of goods and services produced? The old economic axiom for inflation was too much money chasing too few goods, yet we are attempting to fight inflation by producing even fewer goods. It is a wrong-headed policy, and it went wrong with our agricultural policy. That is why this particular debate on agriculture and its importance to the economy in general has been an important one.

I regret that more funds were not made available to farmers, to agriculture in general, in an attempt to turn this situation around. However, I hope that some government members will at least have received the message, and they will take it to cabinet through the Minister of Finance and the Prime Minister (Mr. Trudeau), and that current policy will be reversed very soon so that this country's farmers, workers and the economy can once again go forward progressively.

Some hon. Members: Hear, hear!

Mr. G. M. Gurbin (Bruce-Grey): I rise with very little time remaining, Mr. Speaker, at the end of this debate on Bill C-88. It is a discussion that may not interest many people, because there is such a small number of people directly involved in agricultural production. However, many consumers, many people in Canada should have a feeling for the importance of this type of legislation, albeit legislation that falls far short of the mark we would have hoped to achieve with the changes in this bill.

This Farm Credit Corporation legislation has been ongoing now for approximately 20 years. Originally as intended it would have provided the kind of stable, secure financing that agriculture needs if it is to continue to provide the cheap food that this country is able to produce. While many people may not relate to the Farm Credit Corporation, they can certainly relate to the price of food in their baskets each week as they go to the supermarket, and in the long run it is those people we have to be concerned about.

We see a government at this point in time whose policies over the past in dealing with inflation, with interest rates and taxation policies, have put a terrific amount of pressure on consumers as well as on agriculture. At this point in time we see the agriculture community threatened with its very survival; and this survival, from the point of view of this change to the Farm Credit Corporation legislation is still not secure.

It is not secure because the capital that we are considering for the expansion of farms across the country is not necessarily

going to be provided on the basis that is required; that is to say, if we do get more capital we cannot be confident that this kind of legislation will provide interest rates that are affordable. That is the key factor, which has been pointed out by two county federations of agriculture we met with and talked with in the last few weeks. First on the list each time was the interest rate problem.

The government that was going to "wrestle inflation to the ground" now has been wrestling for long enough. They holler at Uncle Sam or they holler at somebody else when they get into trouble. It is really not the responsibility of anyone but this Liberal government to make sure that the productive sectors of the economy, whether it is agricultural or mineral areas or forestry, are able to survive and produce jobs for the country, because of the multiplier effects of this kind of production.

The changes we have in this bill are a start. They offer a potential for new sources of revenue apart from the Consolidated Revenue Fund so that the Farm Credit Corporation can expand from the limited amount of capital it has had available for agriculture.

The interest rate to be recommended we have yet to see, but the expansion of that capital will depend very much on the ability of the Minister of Agriculture (Mr. Whelan) to convince his cabinet colleagues, and with Treasury Board in particular, of the need to provide an additional amount. This will amount to $26 million in addition to the $14 million he is asking for now, in order to bring himself into a position where he can fulfil his promise of $1 billion in additional funding for the Farm Credit Corporation.

I doubt very much, Mr. Speaker, that most of the members opposite have an understanding of that problem. I suspect that the Minister of Agriculture knows his problem, but his influence with the cabinet and his impact has been so little lately, I would have very real concern that he will be successful in that endeavour.

As we approach the end of this debate, Mr. Speaker, the important thing I would like to add is, in addition to the difficulties that might present themselves for the resolution of these problems, there is the question of what is to be done in the short term. Even with these changes in the Farm Credit Corporation financing arrangement we still have a very real short-term problem. As mentioned before, the spring planting is going to bring this into sharper focus in the next several months, particularly if we are to allow farmers the ability to even maintain a cash flow for survival, in order that they can put their crops in the ground. We have a situation now where this ability is threatened for this large segment of the agricultural community.

We need to pay immediate attention to stabilization programs. The provinces have indicated their desire to co-operate with the federal government in stabilization programs in a number of commodity areas, particularly in beef and pork. We know, because of the number of representations we have had from the federation of agriculture nationally, and from different farm organizations, that we need a moratorium on any further bank foreclosures. We need to ensure that the Small Business Development Bond system will work effectively for agricultural producers. We know that we must have additional, significant discussions with the Minister of Agriculture federally, with a hopeful impact on the federal cabinet, so that there can be arrangements, through new legislation, the old Farmers' Creditors Arrangement Act, or through some new mechanism, so that some of these people, with interest mounting hour by hour, will be able to come to some better arrangements or terms with their creditors and continue in the actual farm practice.

The future we have in the agricultural community, Mr. Speaker, might reflect the future we have in all of Canada. I have real concern, and I think members from across the country have a feeling for the difficulties that we might face, if we are not able to address these difficulties effectively. We are facing the possibility of upheaval, not just in the agriculture community but in the entire social structure of the country. This is being felt most directly by agriculture; and certainly in areas where auto workers, and workers in a variety of industries are being severely impacted upon by the policy we have had in the last few years.

We have a real problem, and we are threatened with the lack of response from the government so far, and its inability to deal with these problems. We are threatened with changes in the social fabric that will threaten our future as a country. We have seen regional difficulties arise and a number of other problems. We have seen people lose interest in what the federal government is doing and in what political parties are doing. In the long run that is a very serious and very real threat that is destroying the kind of spirit, the kind of hope, the kind of future we would all love this country to enjoy. Thank you.

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

An hon. Member: On division.

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

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

Adjournment Debate

EMERGENCY MEASURES—QUERY RESPECTING INTRODUCTION OF LEGISLATION. (B) REQUEST THAT ORDER IN COUNCIL BE RESCINDED

Hon. Ray Hnatyshyn (Saskatoon West): I rise with respect to a question, Mr. Speaker, I put to the Prime Minister (Mr. Trudeau) on March 24. It had to do with promulgation of the emergency planning order by cabinet in May, 1981.

• (2200)

You will recall, Mr. Speaker, that I have been speaking out against this planning order for, I think, good and justifiable reasons. The planning order in question constitutes a very serious threat to the civil liberties of Canadians. It is one to which I have taken exception for a variety of reasons.

My question to the Prime Minister on March 24 was about the plans of the government to introduce emergencies legislation. I expressed concern at that time over the fact that the present War Measures Act, which is the only legislation we have on the books at the present time specifically dealing with emergency situations, does not embody Article 4 of the International Convenant on Civil and Political Rights.

I pointed out that the minister responsible for emergency planning, the President of the Privy Council (Mr. Pinard), has publicly acknowledged that an emergency situation would override those freedoms enunciated in the Charter of Rights and the War Measures Act. It simply does not provide the comprehensive legislative foundation to meet the broad range of peacetime, international and wartime contingencies.

Mr. Smith: When?

Mr. Hnatyshyn: The parliamentary secretary asks when the President of the Privy Council said this. It was in a speech he delivered to the conference on emergency planning and emergency arrangements. It was a federal-provincial conference reported in the July-September 1981 *Digest*. I will quote him specifically. The parliamentary secretary might take note of this. He said:

> First, I noted that Canadian emergencies legislation does not explicitly embody the human rights safeguards set out in Article 4 of the International Convenant on Civil and Political Rights—
>
> Like the International Convenant, the Canadian Charter of Rights and Freedoms recognizes that most human rights are not absolute and that certain limitations on them are inevitable.

He went on to say, relating to the inadequacy of the War Measures Act with respect to peacetime emergencies, as follows:

> But the events of October 1970 raised serious questions about relying on the War Measures Act for dealing with domestic and peacetime emergencies.

On March 24 I asked the Prime Minister when we might expect legislation with respect to peacetime emergencies and general emergencies legislation, and when we might expect the proposals to receive first reading. The Prime Minister neglected or refused to answer that question.

I subsequently received information, through a response to the President of the Privy Council to the Standing Joint Committee on Regulations and Other Statutory Instruments, that there is no immediate intention of introducing any emergencies legislation. What this government has done is come in by the back door. It has circumvented Parliament by the enactment of a massive emergency planning order by order in council rather than introducing emergencies legislation so that Parliament, the elected representatives of the people, has the opportunity of assessing and analysing the powers which the government intends to give itself in an extraordinary situation. I say to the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) that further in his response to the Senate and House of Commons Standing Joint Committee on Regulations and Other Statutory Instruments he said that the government will use the royal prerogative if a peacetime emergency arises and Parliament is dissolved or cannot otherwise be assembled. To quote him specifically, he said:

> If Parliament were dissolved, or if the pace of the crisis at hand did not allow the time to assemble Parliament, the government would be forced to act in reliance on the Crown prerogative—

What we have here is the worst of both worlds. We have the government enacting this massive planning which will allow mandarins, public servants of our country, to put into place the extraordinary powers in the hands of government ministers and of the cabinet of this country. What the President of the Privy Council tells us is that if an emergency now arises, the government will take its responsibility and move to deal with that emergency.

• (2205)

Having acted, as the President of the Privy Council said, extra-legally—which in simple terms means outside the law—the government would then conceivably come back to Parliament asking for indemnification for actions taken without proper legislative authority. That contravenes principles, which I thought existed in our country, of government under the rule of law. If the government has no immediate intentions of asking for enabling legislation, there will be an irresistible temptation on the part of the government at the time of any emergency to put into effect this massive—and expensive, I venture to say—planning order without any parliamentary approval whatsoever. Members of the House of Commons should have an opportunity to decide what kind of legislation we want to pass, if we should pass any at all, and whether we are prepared to deal by way of legislation with emergencies of an environmental or peacetime nature. These are very important questions.

The government acts outside Parliament to put in place a huge planning order which would have severe implications for the rights and freedoms of Canadian citizens, including a national information service put forward by the Prime Minister, a food rationing program put forward by the Minister of Agriculture (Mr. Whelan) with the capacity of the Minister of Communications (Mr. Fox) to take control over all of the telecommunication facilities in our country. That is not the kind of democracy of which I can be very proud. This is not the attitude of a government which is sensitive to liberties in our country.

I ask the parliamentary secretary to tell us when the elected representatives of the people of Canada will have an opportunity to debate this matter and when we will hear the proposals of the government.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, it is very unfortunate that the opposition has tried to exploit this issue politically. The hon. member for Saskatoon West (Mr. Hnatyshyn) said that the government has attempted to circumvent Parliament by giving itself a number of powers and enacting a massive planning order. What has to be understood by the Canadian public is that what the government did was bring up to date an emergency planning order which has been on the books for many, many years. I have traced the order back into the forties. It was most recently brought up to date in 1965.

The responsibility for drawing up certain plans, about which the opposition has made the most noise, is that given to the Solicitor General (Mr. Kaplan), and the hon. member knows exactly what I am talking about. Yesterday I read the 1965 order, and that phrase was there virtually verbatim. What I am saying to the hon. member is that that particular item was in an emergency planning order which was on the books the entire time the Clark government was in office and the hon. member was a minister. If it offended him, why did his government not rescind it? Did that government rescind it? Of course it did not rescind it. Why did that government not rescind it? The reason it did not rescind it is that obviously it is incumbent upon any responsible government to have in place certain plans to deal with emergencies which may arise. It is as simple as that.

Mr. Hnatyshyn: Why an order?

Mr. Smith: That order was issued under the royal prerogative. I think the hon. member is fully aware of that. It does not grant unto itself any powers, and the hon. member knows that. It has repeatedly been characterized by the Leader of the Opposition (Mr. Clark) as giving the government powers which it did not in fact previously have. That is not the case at all. What it does is allocate responsibility for preparing various plans.

The government does not have any plans to bring in legislative proposals in the immediate future. This is something the President of the Privy Council (Mr. Pinard) is considering quite seriously. He is discussing it with the provincial governments.

With respect to the point the hon. member raised, I have not had an opportunity to read that speech, but I can assure the hon. member that the President of the Privy Council has repeatedly said—I have heard him and discussed this with him, and I know the Prime Minister (Mr. Trudeau) has discussed it with him—that the Charter of Rights does apply. I will be happy to look at that speech and read it with an open mind, but there is certainly no doubt in my mind that the position of the President of the Privy Council is that the charter does apply. He and the Prime Minister are of the same mind on that issue.

• (2210)

EMERGENCY MEASURES—CRITERIA FOR RELEASE OF CRIMINALS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, last Wednesday I rose in the House to ask a question of the Solicitor General (Mr. Kaplan) about the provisions within orders in council that deal with emergency planning and the powers given to the Solicitor General to empty jails so that people who had not been convicted of a crime could be put in them and then they could be used as civilian internment camps. There are several things that disturb me about this whole issue of civilian internment camps and the so-called emergency planning orders, Mr. Speaker. What disturbs me most is the amount of deception in the ranks of government and the statements made by government members.

The first deception came when I first raised the question last October 29 in this House. At that time I put much the same kind of question to the Solicitor General. He replied, at page 12291 of *Hansard*, in part as follows:

> Madam Speaker, there are no such orders in council.

After that subject began to be ventilated properly he naturally admitted that there are such orders in council.

The other day, when I asked him about the efficacy of releasing people convicted of a criminal offence in order to make room for people who had not been charged with a criminal offence, he said, as reported at page 15766 of *Hansard*:

> Madam Speaker, the member can see from the question he has asked what difficult issues arise.

I think that qualifies as the greatest understatement of the year. Why bring in an order in council to deal with regulations in an emergency situation if there is no legislation in place that ought to limit those emergency powers? It seems to me that the correct approach is the customary one; bring in the legislation and then bring in the regulations.

I have heard the Prime Minister (Mr. Trudeau) say in the House several times in answer to questions that if there are people who are aggrieved by the process of emergency planning, if it should happen that people should be incarcerated without due process of law, as a result of the new Charter of Rights and Freedoms they will have recourse to the courts. I listened to that with interest, Mr. Speaker.

The Parliamentary Secretary to President of the Privy Council (Mr. Smith) ought to be an authority on the subject. On December 17, 1980, he spoke in this House in a debate I initiated for the production of papers. At page 14183 of *Hansard* he said:

> —I would hope that the following brief description of the anticipated procedures would help to alleviate the concerns about possible internment requirements that have been expressed by hon. members.

As he was the lead-off speaker for the government I take it he was its spokesman. I believe he spoke from a prepared text so

we have to assume that he was speaking on behalf of the government. He listed five different procedures that will be available to the citizens of Canada if they feel they have been aggrieved by the process initiated by the emergency planning orders. At page 14183 of *Hansard* he said:

First, it is and will continue to be a function of the security service—

We still do not know what was involved in the security service for Canada. He continued:

Second, as a safeguard against possible abuse, any intelligence to be used in support of this identification program must first be presented for examination to a review committee composed of senior officials of the security service—

Third, the review committee would examine the information presented to ensure that stringent guidelines protecting the rights and civil liberties of individuals are respected.

Fourth, only if the Parliament of Canada declared a national emergency in relation to war or public order and subject to the passage by this House of specific enabling legislation, could internment action actually be taken.—

• (2215)

Fifth, as a final safeguard against potential injustice, such legislation would guarantee a detainee the right to appeal his detention to an independent advisory committee appointed by the incumbent minister of justice—

It is important to point out that in those five steps which the Parliamentary Secretary to President of the Privy Council gave in the House on December 17 there was no mention of the judicial process or appeal to the courts. It was simply an in-house system of review committees which the government will set up.

I wonder how many Japanese during World War II found the courts available to them when they aggrieved. I wonder how many of the 465 members of the Quebec society in 1970, when they were interned without questioning, without habeas corpus, had the courts available to them for appeal. The minister has never answered the question. He needs to justify before the bar of this House the wide-sweeping powers given to him which permit him to release people convicted of criminal offences in order to make room for people who have never been charged or convicted of any crime.

[*Translation*]

Mr. Alain Tardif (Parliamentary Secretary to Solicitor General): Mr. Speaker, in answer to a question asked on March 24, 1982, by the member for Surrey-White Rock-North Delta (Mr. Friesen) concerning, and I quote:

[*English*]

—criteria to release convicted criminals in order to make room for people who have not been convicted of a crime.

Item 6 in column 1 of Part II of the schedule to order in council PC 1981-1305 of May 21, 1981, authorized the Solicitor General in the case of war to:

—facilitate the selective reduction and transfer of prison populations to provide for the establishment of civilian internment camps.

I should like to emphasize that the order makes clear that these proposed measures will only come into effect in the case of war. They are not available in the case of lesser emergencies. The Leader of the Opposition (Mr. Clark) has done a disservice to the cause of emergency planning by claiming falsely that the government has already established civilian internment camps. I should also like to point out that the present order in council provides for essentially the same measures which were contained in its predecessor, PC 1965-1041, published in *The Canada Gazette*, Part II, on June 23, 1965, assigning responsibility at the time to the Minister of Justice.

The tasks relating to internment in wartime, transferred from the Minister of Justice to the Solicitor General by order in council, have been public knowledge since 1965, and the opposition has nothing more to attack now than it had at any time since 1965.

[*Translation*]

As the minister indicated, Mr. Speaker, a responsible government should be prepared to protect Canadians in a wartime emergency, and that is the reason for this order in council, namely, to provide the authority for planning such measures. There is no question of their implementation.

[*English*]

I should also like to note that so far this matter has a low priority. I have not yet seen any options from my officials in this regard, and none are yet in preparation. Let me assure the hon. member, however, that any options developed, including an option reflecting Item 7 in Part II of the Schedule to PC 1981-1305, would be required to include all safeguards for civil liberties provided in the Canadian Charter of Rights and Freedoms and to ensure that the safety of the public would have the fullest consideration. The only regulations now in existence in this area are those which were used in World War II to incarcerate civilians. These regulations were a serious infringement of civil rights at the time and should not be the sole basis available on the shelf to turn to in the urgent event of a war crisis.

• (2220)

CANADIAN ARMED FORCES—PROVISIONS FOR SINGLE PARENT MEMBERS. (B) REQUEST THAT PAY BE INCREASED

Mr. Terry Sargeant (Selkirk-Interlake): Mr. Speaker, I would like to welcome the new Parliamentary Secretary to the Minister of National Defence (Mr. Henderson). This is the first opportunity I have had to deal with him in his new position as parliamentary secretary. I hope he proves to be more enlightened and enlightening than his predecessor and his minister in answering questions that I have put to them in this House.

I want to expand on my question of yesterday and address what the Department of National Defence refers to as "People and People Progress".

Yesterday, I directed a question to the Minister of National Defence (Mr. Lamontagne) about the salaries of low-ranked Armed Forces personnel. What prompted me to raise that question was the sad case of Rhonda Gordon, a private at CFB Winnipeg, and a single parent. Right now a private's salary is $705 per month or an annual gross of $8,460. For comparison, the poverty line according to Statistics Canada for a family of

two in a city the size of Winnipeg is $9,912. A private like Rhonda Gordon, struggling to raise her five-year-old daughter, falls almost $1,500 below the poverty line.

From her gross salary, deductions were taken for her quarters, which she shared with another woman in order to save money, and for her rations. That left her with a take-home pay of only $360 a month, which was not enough to feed her daughter and pay for daycare, which is not provided at the base. Instead she paid her parents living in Gimli, some 60 miles from CFB Winnipeg, $120 a month to care for her daughter.

I am sure members of this House can well understand that Rhonda Gordon wanted to be with her daughter. But when she approached one of her supervisors at CFB Winnipeg, he advised her to apply for welfare as a protest over the pay received by first-year privates. She was advised to apply for welfare. What kind of life is that? Our first-year privates live below the poverty line, and are then advised to apply for social assistance.

In the fall of 1979 the base social worker at CFB Calgary reported that 400 families there were eligible for welfare. You can be sure the slick recruitment ads for the Armed Forces do not mention anything about that. When I think of it, "There's no life like it" may be the safest and most accurate promise that can be made by our Armed Forces to new recruits.

What did Rhonda Gordon do? In her own words she pulled a "Klinger." Refusing to go on welfare and to live without her daughter, she feigned mental illness and was released. It should come as no surprise that Rhonda Gordon is not the first to leave the Armed Forces because the salaries at the bottom level are too low.

When rents at CFB Calgary began their 69 per cent increase in 1979, 57 service people left the forces because they could not afford to stay. The annual attrition rate at CFB Calgary is 25 per cent. One senior officer there complained that with the rent increases which bring base housing costs into line with regional Calgary costs, his troops were now among the working poor. That was in 1979. Now two and one half years later precious little has been done to remedy the situation.

What has been the response of the Department of National Defence? In 1980 when reports of military families being eligible for social assistance benefits were made public, an Armed Forces newsletter published in Ottawa attempted to minimize the importance of the problem. It claimed stories of military families being eligible for welfare were largely based on emotion and were supported only by hypothetical examples.

• (2225)

Let me refer to the Calgary cases, as reported in the Montreal *Gazette* on May 14, 1980. Let me quote briefly from the story, leaving out the names. Mrs. A.:

—is four months pregnant. She can't afford maternity clothes, eats a lot of macaronni and cheese and has only $4 to see her family through next week.

Mrs. B.:

— was surprised to find a welfare hamper on her doorstep last Christmas shortly after her husband applied for welfare but then decided not to accept it.

Mrs. C.:

Shortly after . . . had her first baby, her husband had to take a part-time job to help pay for medical expenses.

But money problems are not the only things these women have in common. They are all married to soldiers at the Canadian Forces Base in Calgary.

Those cannot be called hypothetical, Mr. Speaker.

On November 27 the Minister took the magnanimous step of increasing armed forces salaries by 3 per cent. Even after that Rhonda Gordon is still $1500 beneath the poverty line and unable to bring her daughter to live with her.

To deal with hardships brought about by rent increases the minister announced a special case allowance where rents are 12.5 per cent higher than the national average. However, that will hardly address the basic problem here: low pay for the lowest ranked Armed Forces people.

One woman at CFB Uplands in Ottawa summed it up as well as anyone:

The complaints are really complaints about salaries. Between rent increases and salary increases, some people have actually lost money.

I was surprised and a bit alarmed at the minister's response when I asked him yesterday about what provisions existed for single parents like Rhonda Gordon who cannot afford to have their children with them. Did he show any compassion for her or any of the other working poor in the Armed Forces? Not at all. He said:

In this unfortunate case the lady concerned knew very well the conditions of enlistment and the current pay levels, and whatever we could do for her child would be done through welfare. There is nothing I can do more than that, beyond telling her that she should have known all this before she enlisted in the Armed Forces.

It is distressing, Mr. Speaker, that the minister should be so uncaring.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Sargeant: Mr. Speaker, am I not allowed seven minutes?

Mr. George Henderson (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I would like to point out to the hon. member for Selkirk-Interlake (Mr. Sargeant) that the figures he quoted in his questions to the Minister of National Defence (Mr. Lamontagne) in the House yesterday are grossly inaccurate. I would suggest that if he is to take up the cause of one of his constituents he does it with a background of solid knowledge rather than on the basis of what may have been erroneously reported in the newspapers. I would also suggest that he acquaint himself with what is commonly referred to, and understood by most people, as "take-home pay".

I do not believe the hon. member is doing anyone any good by misrepresenting the facts as he did yesterday. The hon. member will understand that in dealing with the matter he brought to the House yesterday, we are not at liberty to

divulge the exact amount earned by any individual due to the provisions of the Canadian Human Rights Association. However, the rates of pay for members of the military are on public record and can serve to indicate the general range of salary with which we must concern ourselves.

With respect to the particular case in question, let us examine the pay levels. On enrolment in March 1981 the pay for a private recruit was $608 monthly. On April 1, 1981, the forces were granted a pay increase of some 12.31 per cent for enlisted personnel, and then on October 1, 1981, a further adjustment of 3 per cent was made. Therefore, by anyone's calculations this would amount to an annual pay increase of just under 16 per cent—not 3 per cent as erroneously stated by the hon. member yesterday.

Thus, as of the first of October, 1981, the minimum pay that a private soldier would have received after basic training amounted to $746 per month. Then after one year of service private soldiers receive a further pay increase commonly referred to as the first level of incentive pay, which raises their earnings to $956 monthly.

By anyone's calculations these figures show that a private who enrolled in March 1981 has seen his or her salary increase by over 55 per cent over a one-year period. I challenge the hon. member to offer other examples in the economy where an individual's salary increase over a one-year period would be so great.

If one is to subtract standard deductions for income tax, unemployment insurance, pension contributions and so on, plus accommodation—including utilities, incidentally—at $106 per month, one finds a disposable monthly income of some $543, or $271.50 every two weeks. I stress that this is disposable income, not take-home pay, as indicated by the hon. member. There is a substantial difference in the two terms and the amount is substantially more than the $180 quoted by the hon. member.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow afternoon at two o'clock.

At 10.30 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, March 31, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

INCOME TAX

INFORMATION NEEDED FOR FILING CLAIMS—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, the deadline for the filing of income tax forms is only weeks away, yet this year taxpayers and officials in the Department of National Revenue are caught in a horrible muddle. Officials are advising taxpayers to complete their forms as if proposed tax measures contained in the budget of last November were law, or face retroactive charges with interest penalties. Taxpayers following these instructions are also being told that no tax returns filled out according to the budget will be processed by the department until the measures in the budget become law. People claiming refunds could be waiting for their money for a long time. I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Minister of Finance immediately present his tax change measures to the House for debate; Canadian taxpayers must be able to file claims based on actual, not hypothetical legislation, and officials in the Department of National Revenue must have the authority to process these claims.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

COST OF GRADING LIVESTOCK PRODUCTS—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, the decision of the Department of Agriculture no longer to pay the cost of grading beef, pork, veal and lamb carcasses in abattoirs will have a spiralling effect upon the cost of meat to consumers because they will have to absorb these costs. Therefore I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the government reconsider this decision which will take added millions of dollars from consumers' pockets in even higher food costs in these already difficult times of high unemployment, high inflation, and poor economic conditions.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

COURSE IN ECONOMICS SUGGESTED PRIOR TO PREPARATION OF BUDGET—MOTION UNDER S.O. 43

Mr. Vince Dantzer (Okanagan North): Madam Speaker, the word is out that the Minister of Finance (Mr. MacEachen) is contemplating a new budget. Since we have been advised that the Minister of Employment and Immigration (Mr. Axworthy) has funds available for persons who need retraining, and since it is in the interest of Canadians to avoid another disastrous budget at all costs, I move, seconded by the hon. member for North Vancouver-Burnaby (Mr. Cook):

That this House instruct the Minister of Employment and Immigration to provide the Minister of Finance and his departmental bureaucrats with a short course in simple economics and the basics of the free enterprise system, to ensure that the new budget will assist and promote economic recovery in Canada rather than destroy it.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

REGISTRATION OF MICMAC INDIANS IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Since the 1950s the Micmac Indians of Newfoundland, instead of being registered as Indians under the Indian Act, have been administered by the province through a federal-provincial agreement, which therefore denies these Indians the right to entitlements under the Indian Act. Therefore I move, seconded by the hon. member for Cowichan-Malahat-The Islands (Mr. Manly):

S.O. 43

That this House direct the Minister of Indian Affairs and Northern Development to take immediate steps to finalize the registration of the Micmac Indians of Newfoundland under the Indian Act and to assume complete responsibility for funding as is done elsewhere in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR RELATIONS

BACK TO WORK LEGISLATION AFFECTING SASKATCHEWAN HOSPITAL WORKERS—MOTION UNDER S.O. 43

Mr. Maurice Harquail (Restigouche): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The NDP government of Saskatchewan last week legislated striking hospital workers in the province back to their jobs, even though they were on a legal strike. I am sure the House will agree that this was a remarkable political somersault by a party which has claimed sole possession of labour support. Therefore I move, seconded by the hon. member for Welland (Mr. Parent):

That the House condemns the national leader of the NDP and the president of the CLC for their hypocrisy and double standards in not speaking out publicly against this trampling on the rights of Canadian workers by their political colleagues in Saskatchewan.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN UNITY

THREAT OF SECESSION IN WESTERN CANADA—MOTION UNDER S.O. 43

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In western Canada the spectre of separation is a growing movement. One separatist was elected in Alberta, hundreds are turning out to meetings, and it appears the Western Canada Concept will run any number of candidates in the coming Saskatchewan provincial election. Therefore I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

• (1410)

That this House, rather than condemn the separatists, to form a special parliamentary task force to study the anger and frustration of western Canadians in order that remedial action may be taken by the government to end the threat of secession and keep this country together.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

IMMUNITY FROM PROSECUTION—REQUEST FOR REFERRAL TO STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, I rise to move a motion under Standing Order 43. Recent sworn allegations concerning admitted murderer Cecil Kirby raise important issues regarding the limits of acceptable conduct within our criminal justice system with respect to immunity from prosecution. Accordingly I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That this House recommends that the subject matter of immunity from prosecution be referred to our Standing Committee on Justice and Legal Affairs in future for a hearing of all points of view, including whether amendments should be made to the Criminal Code.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

CALL FOR RELEASE OF UKRAINIAN PRISONERS OF CONSCIENCE BY SOVIET UNION—MOTION UNDER S.O. 43

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Since Canada is a respected member of the international community for her role in promoting human rights and social justice in the world, and in view of the fact that Canada supports the Universal Declaration of Human Rights, and in view of the fact that the Government of the U.S.S.R. continues to persecute and imprison numerous Ukrainians for upholding their human rights, I move, seconded by the hon. member for Edmonton North (Mr. Paproski):

That this House urge the Government of the U.S.S.R. to take all the necessary steps to release from imprisonment and/or exile the following Ukrainian prisoners of conscience, all of whom were members of the Ukrainian Helsinki Monitoring Group: Yuriy Shukhevych, Lev Lukyanenko, Oksana Popovych, Mykola Rudenko, Ivan Hel, Ivan Kandyba and Rev. Vasyl Romanyuk.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

THE HONOURABLE MEMBER FOR WINNIPEG NORTH CENTRE

RETURN FOLLOWING ILLNESS

[*Editor's Note: And the hon. member for Winnipeg North Centre (Mr. Knowles) having entered the Chamber, the House rose and applauded.*]

Madam Speaker: I believe the House has said it all. I do want to wish the hon. member for Winnipeg North Centre (Mr. Knowles) our warmest welcome and to tell him how much we all love him.

Some hon. Members: Hear, hear!

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker and friends, I thank you indeed for your kindness and for welcoming me back here after these long six months. I am very grateful for this opportunity to say a few words of appreciation.

First, I want to say thanks to members of my family, to my friends from this House of Commons, and to others who have done so much for me during the past six months. Also, I want to say a word about the people in the hospitals where I spent considerable time. They are the most wonderful people. I refer to those at the hospital on Carling Avenue and to those at the hospital on Smyth Road. They have been just tremendous. The doctors, the nurses and the workers have been wonderful and they made me feel that there was a chance, despite my serious illness, that I might come back.

Some hon. Members: Hear, hear!

Mr. Knowles: I have here a piece of paper so I would be sure to get the right names. One of my problems, of course, with this illness is that I have a little trouble with my memory, but at any rate I am doing fine.

• (1415)

At the same time, Madam Speaker, having expressed my appreciation of so many people and so much help, and for the fact that what had seemed hopeless now seems to be coming along—at least I can get back here—there are two people in particular whom I would like to mention because of the special help they gave me. Those two people are Norman Smith of Ottawa and Jim Sinclair of Vancouver. About six years ago both of these friends of mine had an illness almost as serious as mine; not to the full extent, but it was the end of everything for them. Yet somehow the hospitals, doctors and other people helped them to try to make things better.

What did these two men do? One wrote me a letter from Vancouver, and the other came to see me in Ottawa. They did this because they wanted to encourage me to do my best to make it back. I have to say to my friends who know about it that that experience has meant a great deal to me, and I thank in particular Norman Smith and Jim Sinclair.

I thank everyone for the reception you have given me here today. I cannot be here every day because I have to go back to the hospital two days a week for therapy and so on, but I will get fully back as soon as I can. It means a great deal to me to have the kind of reception you have given me today. Thank you very much.

[*Whereupon the House rose a second time and applauded.*]

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I thought I might add a few words on behalf of members on this side to express our delight at seeing the hon. member back in his seat. The words he has just spoken are reassuring in many ways, but there are two questions which will remain unanswered until he deigns to answer them himself.

I remember as a young man I read a quotation from, I think it was Sir Thomas Browne, who was speculating on what song the Sirens sang, and what name Achilles assumed when he hid among women. There are now two further questions which historians will have to ask themselves: had the hon. member been here earlier this month—

Some hon. Members: Oh, oh!

Mr. Trudeau: —would it have happened, Madam Speaker? Or would some "Sermon from the Hill?" by the hon. member have prevented that from happening?

Some hon. Members: Oh, oh!

Mr. Trudeau: The second question which must remain unanswered is: in view of the fact that members of the Senate kept working whilst we here in this House had interrupted our labours, would those members of the Senate have the approval or the indignation of the hon. member?

Some hon. Members: Oh, oh!

Mr. Trudeau: In the quotation from Sir Thomas Browne that I have in mind he went on to say that although these are puzzling questions, they are not beyond all conjecture. Well, I hope the hon. member, with his regained health and obviously very lively wit and mind, will be able to help historians on their way. In the meantime, we are happy to see him here. I personally am encouraged to see that a man of 73 can maintain that vigour. It is an encouragement to myself and many others.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

• (1420)

ORAL QUESTION PERIOD

[*English*]

PIPELINES

ALASKA GAS PIPELINE—DELAY IN CONSTRUCTION

Hon. Bill Jarvis (Perth): Madam Speaker, in the absence of the Minister of Energy, Mines and Resources, I will direct my question to the right hon. Prime Minister. On August 4, 1977, in this House, the Minister of Finance, who was then the President of the Privy Council, told us that the Alaska natural gas pipeline would create, during its construction phase, 25,000 direct man-years of employment and 220,000 indirect man-years, mainly in the manufacturing sector in central Canada. These jobs were further confirmed by the Minister of Energy, Mines and Resources when he assured us that he had an ironclad guarantee that this pipeline would proceed.

In view of the continuing delay in the construction of the pipeline, I wonder if the Prime Minister can give this House and the jobless of Canada any ironclad guarantee that they will ultimately be the beneficiaries of the government's promises.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in so far as this government is concerned, I can give that guarantee. We have the evidence given by the government when it moved and permitted the pre-build, which was an indication of this government's commitment to that pipeline. In so far as being able to guarantee the performance of another government, we will do our best to ensure that the spirit with which that agreement was entered into by President Carter and myself will be respected by the present administration.

CONSTRUCTION OF ENERGY PROJECTS

Hon. Bill Jarvis (Perth): Through Your Honour, may I draw the Prime Minister's attention to the fact that every major energy project that his Minister of Energy, Mines and Resources has touched has been a disaster? Alsands and Cold Lake, the magaprojects, have been either delayed or cancelled. Two hundred and twenty-six conventional oil and gas drilling rigs have fled the country, and now the gas pipeline has been delayed yet another time. Can the Prime Minister name any significant energy-related project that will proceed? When will such project commence construction? As a result, how many jobless will be taken off the welfare and unemployment rolls and put to work where they belong and where they want to be?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the question seems somewhat rhetorical in character. I would point out to the hon. member that many energy-related projects have begun and are proceeding. The Q & M PipeLines is one example. The hon. member mentioned the tar sands. I think it is premature to say that that megaproject will not proceed. There was an agreement announced yesterday, I believe, between the Government of Alberta and the Government of Canada indicating that they were still seeking a solution. However, I would point out to the hon. member that as he knows, in this House, for the past 18 months, the federal Minister of Energy, Mines and Resources has been indicating government support and agreement to the terms requested by Alsands. He will recall that it was the Premier of Alberta who held up that project for the simple reason he gave, that he did not want the Alsands to proceed until the energy agreement was signed. I think, viewed with hindsight, that was a regrettable position taken by the Premier of Alberta.

Mr. Jarvis: Pass the buck.

* * *

EXPORT DEVELOPMENT CORPORATION

INVOLVEMENT IN GENERAL MOTORS CORPORATION DEAL WITH IRAQ

Mr. Otto Jelinek (Halton): Madam Speaker, my question is directed to the Minister of State for International Trade. As the minister knows, the automotive quota agreement with Japan expires today with no renewal arrangements in sight. To add insult to injury, the GM-Iraq deal for 12,500 Malibus has fallen through, even after the minister has bragged about that deal for over a year. Now we hear that there was no formal contract, yet 80 million tax dollars are at stake with the Export Development Corporation. Normal procedure or not, I, for one, along with my party and, more important, the taxpayer, find this to be totally unacceptable. Therefore I would like to ask the minister to tell this House how he and his bumbling colleagues in cabinet could endorse the Export Development Corporation's involvement in a deal where there was no formal agreement on this last 12,500 cars—even after the minister's numerous trips to Baghdad.

• (1425)

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, the hon. member has asked a multitude of questions in that one. First of all, it is normal international practice that the export supply agencies insure payment obligations by foreign customers to Canadian exporters, or exporters to a particular country.

In this particular case we have had no evidence that there is a bona fide contract, so at this point in time the Government of Canada and the people of Canada are not obligated for one single cent.

REQUEST FOR REFERRAL TO STANDING COMMITTEE

Mr. Otto Jelinek (Halton): Although the EDC agrees that it is normal practice, it will be reponsible for $80 million of the taxpayers' money in this regard. I am wondering whether the minister is saying that he expects the taxpayer to foot the bill for $80 million for these blunders. Is that what he is saying?

Surely he is irresponsible as an administrator for the government when he allows this deal to go through, patting himself on the back all the year round, without a formal ironclad contract being established. Therefore I want him to tell this House, first of all, was he aware that General Motors already filed a claim with the EDC on February 27 and secondly, what is he going to do to save the taxpayers from footing the bill for this $80 million for this funded program that he put together and that the minister has bragged about all the year. I suggest that he has no answers and, if he does not have the answers, could he bring the whole matter to the appropriate committee for proper consideration?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as I said earlier, at this point in time the people of Canada are not obligated for one single cent of this particular transaction. No bona fide contract has been put forward to the Export Development Corporation. Since 1944 the Export Development Corporation, and its predecessor, have insured contracts all around the world on behalf of Canadian exporters. Only once in one year during that whole period have they lost any money. As a matter of fact, 99.6 per cent of all contracts insured are paid for by the customers. The scare tactics used by the opposition, and by the hon. member, as usual are invalid.

FILING OF CLAIM BY GENERAL MOTORS CORPORATION

Mr. Otto Jelinek (Halton): Madam Speaker, I have one final supplementary. The minister did not respond to my question as to whether he is aware that General Motors in fact did put a claim in to the EDC on February 27. That is one question to which I wanted an answer. Second, if he is so sure of himself, can he guarantee to this House and the Canadian taxpayer that in fact the Canadian taxpayer through the EDC is not going to be responsible for one red cent for the blundering program that the minister introduced as far as this agreement or arrangement is concerned?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, first of all, if the hon. member checks the record, as he very seldom does, he would find that we made only one announcement, and that was with respect to the first 13,000 cars. No announcement has ever come forward from General Motors or from the Government of Canada, or from the Export Development Corporation, regarding the sale of the next 12,000 cars. I am aware that General Motors has put forth a claim but, as I said here on three previous occasions, I am advised that they have not forwarded any bona fide contracts and consequently, as far as the Government of Canada and the Export Development Corporation are concerned, at the present time there is no obligation on behalf of the people of Canada.

ENERGY

FUTURE OF ALSANDS PROJECT

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I regret the Minister of Energy, Mines and Resources is not in the House today. Perhaps I could direct my question to the Prime Minister. The Minister of Energy, Mines and Resources has repeatedly told this House that there is a limit to how much of the taxpayers' money is to be thrown into the Alsands project. Yesterday the government threw another $8 million into this project, a gift to the corporate oil fraternity, to keep them interested in the project for another month. Oil representatives are saying that because of the drop in world oil prices there is little chance that the oil project can be saved, in spite of the $8 million. I would like to ask the Prime Minister when is the government going to admit what appears obvious to everybody else, that unless tremendous and massive tax concessions are granted to the companies participating in the Alsands project, it is not going to go ahead.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it seems to me that that is the very subject which is, to the knowledge of the House, being discussed between the Minister of Energy, Mines and Resources and the persons involved in the Alsands project and the Government of Alberta.

• (1430)

The hon. member mentions the two governments putting money in to keep the project open for discussion one more month. He, of course, realizes that the two governments have a large equity position in Alsands. It is normal for them to want this matter to be resolved in the interests not only of the people of Alberta but of the people of Canada who, as the hon. member points out, include the consumers of energy. This also involves a very high number of jobs which would go with the proceeding of this project. That is the subject matter of the negotiations that are going on which have a deadline of less than a month from now, and which the Minister of Energy, Mines and Resources will report on when he is in the House.

QUERY RESPECTING ALTERNATIVE PROJECTS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I am certain that the public is particularly interested in the question of how much public funding, regardless of equity, the government is prepared to throw into this project, because Alsands looks risky both in terms of job creation and the per barrel price of oil. Has the government considered taking action on some alternative processes for the same money, such as enhanced recovery, which can produce oil at a lot cheaper per barrel price, and going further into the heavy oil instead of synthetic at Alsands?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on the price of oil, I think the hon. member would have a good point if he were certain that the price of world oil would forever and a day remain low and not return to the kind of escalation we have known since 1973. That is the basic

question on which everyone connected with the business will have to make up his mind. Do we want to become self-reliant in Canada with oil which might be higher priced than world oil, or will world oil go up higher than tar sands oil? Will we then be happy to have had even this high-priced oil produced in Canada? I repeat, the question is being debated now.

I find it a bit singular that the hon. member would suggest alternate uses for these funds. I remember I was making that argument about a year and a half ago before progress had been made with the Alsands, and pointing out that there were alternate sources, those that the hon. member mentions, the offshore oil around Hibernia, and the Beaufort Sea oil. There are many areas where we can go.

I point out to the hon. member that then it was his party, and more specifically the leader of his party, who was saying that if the private sector was not going ahead with Alsands, the people of Canada through the government should be financing and putting money into it. How can he reverse his position so easily with this kind of hindsight? He should consult with his leader who was telling us to put more money into Alsands. He is now telling us to put less.

Mr. Rose: As far as reversing positions is concerned, for the past 14 years I have been staring across at the Prime Minister. We have learned something about that. I do not agree that we have reversed our position at all.

REQUEST THAT ALSANDS BE MADE A PUBLIC UTILITY

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, despite the business of whether Alsands goes ahead or not, the Minister of Energy, Mines and Resources has been running around lately saying that Alsands proceeding was not crucial to self-sufficiency for Canadians by 1990. It seems to be a question of whether it really is necessary to proceed with Alsands. Instead of blindly bailing out the private sector all the time at the taxpayers' expense, will the Prime Minister consider setting up a special small parliamentary task force to examine the alternatives to Alsands and give the commitment that, if it is absolutely necessary for Alsands to proceed and the private sector continues to go on strike, Alsands will proceed as a public utility?

Right Hon. P. E. Trudeau (Prime Minister): Now, Madam Speaker, the hon. member is asking that Alsands proceed as a public utility. I once again suggest that the task force that the hon. member refers to should be set up within his own party so that they arrive at a position on this. When they have, we can perhaps begin rational debate.

* * *

TRADE

PROJECTS AFFECTING AUTOMOTIVE INDUSTRY

Mr. Scott Fennell (Ontario): Madam Speaker, I want to address my question to the Minister of State for International Trade. The minister has failed this country miserably and has done damage to jobs in the auto industry due to the lack of positive action. The minister is now a two-time loser. Will he advise the House what project he is working on to strike out for the third time?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, it is rather ironic that a year ago when we won a $100 million contract for the first time in our history with respect to the export of Canadian automobiles, not only did no one in the opposition acknowledge any action by the Government of Canada, but nor would one find any mention in the back classified pages; however, as soon as the contract is lost, all of a sudden it is front and centre with misleading questions. I cannot think of anything that has hurt the Canadian automobile industry more than some of the questions by opposition members that have been asked about the quality of these Canadian products.

EXPORTS OF MANUFACTURED GOODS

Mr. Scott Fennell (Ontario): Madam Speaker, a year ago it was different than it is today. Now there are 1,100,000 unemployed. We are talking about taking action to create jobs in an industry which employs one out of every six Canadians. Has the minister ever considered, instead of trading our raw materials for other people's finished products, trading somebody else's raw materials for our finished products? I suggest to him that perhaps he go back to the Iraqis and save us $80 million by offering to purchase petroleum from them in exchange for the cars that are sitting on the docks at Halifax.

Mr. Nielsen: Go back to Baghdad.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, the hon. member is obviously not aware of the fact that over 70 per cent of the goods exported by Canadians are either fully manufactured or in semi-processed form, and not all are in the raw material stage as the hon. member suggests. As the hon. member should know, that is all labour-intensive. The hon. member has obviously not paid attention to some of the success stories which the Canadian manufacturing sector has had internationally during the past two years. Half of the trade surplus last year in goods was in the finished form. The hon. member should do a little more research before he makes his statements.

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

QUEBEC—THE LAPRADE AFFAIR—DESIRABILITY OF SETTLEMENT WITH PROVINCIAL GOVERNMENT

Hon. Roch La Salle (Joliette): Madam Speaker, in the absence of the Minister of Energy, Mines and Resources, my question is directed to the minister responsible for Quebec affairs. The minister will probably remember what is now

referred to as the Laprade affair. Since the federal government was committed to paying to the Quebec government the sum of $200 million, provided certain conditions were met, and since the Minister of Energy, Mines and Resources—

Madam Speaker: Order, please! I think the hon. member should perhaps direct his question to a minister other than the minister responsible for Quebec affairs. I do not think the latter's function has been clearly defined as one on the basis of which questions may be asked in the House. The question itself is legitimate, but I think it should be directed to another minister.

Mr. La Salle: Madam Speaker, my question will be directed to the Prime Minister. Is Mr. Joyal the minister responsible for Quebec affairs?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker, he is as a matter of political convention but not according to the rules of the House, and I think that is what you must try to explain to hon. members.

REQUEST THAT GOVERNMENT REACH AGREEMENT WITH QUEBEC

Hon. Roch La Salle (Joliette): It is important for Quebecers to know exactly what the responsibilities are of the minister or member for Hochelaga-Maisonneuve.

In any case, the Prime Minister has heard my question about the Laprade affair and the $200 million the present government had promised to pay back to the Quebec government. Recently, the Minister of Energy, Mines and Resources said that he was prepared to settle the matter and it could, in fact, be settled in less than half a day. Would the Prime Minister, in the absence of the Minister of Energy, Mines and Resources, be prepared to give instructions to the minister responsible so that the case can finally be settled and Quebec, provided certain conditions are met, can reach some kind of agreement with the federal government on the $200 million?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I should be glad to accept on behalf of the minister the question and the suggestion made by the member for Joliette. Actually, we need this kind of support and the support of the party to which he belongs. We are going to spend the $200 million in Quebec, as much as possible in that particular area and for energy purposes. We need the support of the member's party because for a long time now, the minister has been meeting with his provincial counterpart to identify projects that would be supported by both the Quebec government and the federal government, and we have failed to do so. Since the hon. member is now suggesting that we act unilaterally and that his party supports this position, I am pleased to give him the assurance that we are going to proceed.

REQUEST THAT MINISTER BE CHARGED WITH SETTLEMENT OF DISPUTE

Hon. Roch La Salle (Joliette): Thank you very much, Madam Speaker. First of all, I want to make it clear that I never asked the Prime Minister to act unilaterally—

Madam Speaker: Order, please. The hon. member has the floor in order to ask a question.

Mr. La Salle: Madam Speaker, that being said, would the Prime Minister, who has shown that he wishes to settle this matter, inform the House whether and when he is going to instruct his minister to settle this matter with the government of Quebec?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, he has a mandate to do so. I shall repeat for the hon. member, if he has not understood, that the minister has met several times with his Quebec counterpart, that attempts have been made to identify projects worth $200 million, preferably in the energy sector and preferably in the region in question. These attempts have not been successful, and that is an understatement. The hon. member is now asking me to instruct my minister to proceed—

Mr. La Salle: —to open the discussion.

Mr. Chrétien: It has been going on for four years!

Mr. Trudeau: The discussion has indeed been going on for four years, since 1978—

Mr. La Salle: It takes two to tango.

Mr. Trudeau: Exactly, like the Constitution where it takes 11—

Mr. La Salle: Ten or 11.

Mr. Trudeau: If the hon. member will let me answer, I shall try to explain our position. From 1927 and up to 1981 we tried to get the support of the provinces, and we failed. Is the hon. member now asking us to do something with these $200 million or does he want us to wait a little longer until the PQ government—

Mr. La Salle: I am just asking you to negotiate with Quebec.

• (1440)

[*English*]

CRIMINAL CODE

QUERY RESPECTING GUN CONTROL LEGISLATION

Mr. Maurice Foster (Algoma): Madam Speaker, my question is directed to the Solicitor General. In view of the interest and concern generated by private member's Bill C-451 regarding gun control legislation, can the minister say if the government is planning any change to gun control legislation along the lines proposed in Bill C-451?

Some hon. Members: Oh, oh!

Hon. Bob Kaplan (Solicitor General): Madam Speaker, as the hon. member noted, that bill is a private member's bill.

Mr. Epp: By a former Solicitor General.

Mr. Kaplan: It proposes to tighten firearms legislation. I read the bill. I do not agree with it. It is not government policy. I have no intention of proposing changes to the present legislation.

Mr. Clark: Are you writing any form letters?

* * *

NORTHERN AFFAIRS

REQUEST THAT TASK FORCE STUDY TAXATION OF NORTHERN ALLOWANCES

Mr. Jim Fulton (Skeena): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. It arises from last November's budget. I think that the minister recognizes that the changes which have already taken place mean take-home pay of about $300 less per month to thousands of workers. It will mean that to tens of thousands of workers next January. I think that the minister knows that this kind of policy will discourage families in permanent resource oriented communities, whether it is Cassiar or Faro, or any of the isolated communities in Canada. Before we go back to the dark ages of fly-in labour camps, could the minister tell the House whether he would support, as he did last December 1, putting in place a task force to go to a sample of those communities and come back to the House with an informed policy on which we could make a decision?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I take it the hon. member is referring to what we are going to do in terms of the moratorium that extends into December. The situation is that the Minister of Finance did extend the moratorium until December 1. That is the second or third time it has been extended. This has been a positive response to the needs of northerners who made representations to this government that they had to have some relief in terms of a moratorium on the taxation of these benefits, many of which they won under collective agreements. It was as a positive response to those concerns that the moratorium has been granted.

Rather than the very misleading premise of the hon. member's question, I think perhaps some credit should go to the government for responding in this very positive way to the real needs of northerners. That should be acknowledged.

Mr. Murphy: Bullshit.

Mr. Munro (Hamilton East): The second thing I would indicate to the hon. member is that, yes, I have been delegated the task of bringing together some of the key ministers involved in the northern benefit package. I met with the leaders of the labour movement, yesterday, many of whom came from the north. I have heard their views and what they are asking is, in effect, would the government entertain an extension of the moratorium.

As far as those people who get no benefits are concerned—and they acknowledge that there is a real need there in terms of equity because many of them are in the small business community, employees who have no collective agreement—the moratorium means nothing.

Some hon. Members: Order.

Mr. Munro (Hamilton East): They would like us to develop a policy with respect to them. I indicated that we would look into it—

Mr. Lewis: Sit down.

Mr. Munro (Hamilton East): —and we hope to have a policy in place by the end of the year.

GOVERNMENT POLICY

Mr. Jim Fulton (Skeena): Madam Speaker, I think that the hon. member over here put it in a nutshell, describing that as bovine excrement. I think the policy the minister put forward for north of sixty, that is going to apply to everyone and will be income related, is something that this House would want to examine. There are 550 communities, 450 of them south of sixty. What members of the House want to know, and what the workers in Cassiar and all kinds of communities want to know, is what policies will the minister be bringing forward himself, as well as the Minister of Energy, Mines and Resources, and will he have a task force of all parties of this House travel north of sixty and south of sixty to a sampling of those communities so that we can come back to the House and make an informed decision before the House of Commons.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I have always regarded the hon. member as rather an expert on excrement, in view of some of the exchanges we have had in the past. I do not think he listened very attentively, and I will tell him again that we have already received many representations from the union movement and we have received many representations from the mining community. We have received much in the

way of well-thought-out documentation in terms of what should be done by members of the House. We are prepared to receive more. There is a task force which is now in place and we are considering having them visit interested parties in the north again prior to a decision being made at the end of the year.

* * *

FORESTRY

FEDERAL ASSISTANCE FOR SASKATCHEWAN

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, my question is for the Minister of Employment and Immigration. Can the minister tell us whether the province of Saskatchewan has applied to his department for assistance in employment in the forest industry under the program recently announced whereby unemployment insurance funds will be used for employment?

Hon. Lloyd Axworthy (Minister of Manpower and Immigration): Madam Speaker, unfortunately, I would have to say that we have not yet had a response from the province of Saskatchewan to our offer. However, our officials are meeting and discussing the matter on that particular level. We certainly would hope to enlist the assistance of the hon. member in trying to promote some action by the province of Saskatchewan and other provinces so that we can get people back to work in the forest industry.

FEDERAL-PROVINCIAL NEGOTIATIONS

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, since MacMillan Bloedel shut down last fall and Simpson Timber has announced that it will lay off within a week or so about 400, in a community of only 2,400, and peoples pulp, or Saskatchewan Forest Products, are stockpiled until they no longer have any more room in the yard, can the minister assure the House that he will help Premier Blakeney, who loves to spend federal money, expedite any negotiations to help save employed people and avoid unemployment, as well as the embarrassment of Premier Blakeney having a Crown corporation laying off workers during the provincial election campaign.

Hon. Lloyd Axworthy (Minister of Manpower and Immigration): As the hon. member pointed out, Premier Blakeney is otherwise occupied these days. He may not be applying his best efforts and talents to the question of how to employ people in the province of Saskatchewan. I would certainly be prepared to undertake these representations and see if we can get the Government of Saskatchewan to provide work under our new program. I hope that other provinces will also take up this offer. I think it is an important method of achieving something very valuable for Canadian workers.

• (1450)

EMERGENCY MEASURES

LIMITS OF CROWN PREROGATIVE

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Prime Minister. The heading on order in council No. 1305 indicates that it derives its authority from other than statutory authority, which must mean that it derives its authority from Crown prerogatives. I should like to ask the Prime Minister what the limits of Crown prerogatives are in this context. Does he have a legal opinion regarding the limits of this power under the new Constitution?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would have to look at the particular order and the particular prerogative that is involved. Certainly I am on sound ground in saying that any prerogative, royal or otherwise, can be limited by statute. That would be the position I would take.

AVENUES OF REDRESS

Mr. Benno Friesen (Surrey-White Rock-North Delta): I have a supplementary question, Madam Speaker. As the Prime Minister must know, there is no statute in place for this particular order in council, and it is the cause of some grave concern across Canada that there are no limitations on the regulations because there are no statutes.

The Prime Minister has also said in this House that if anyone is aggrieved as a result of regulations that have imposed hardship on them, for example the internment camp issue, they will always have recourse to the courts. In this Chamber on December 17 the Parliamentary Secretary to the President of the Privy Council enumerated five ways in which citizens could find redress, not one of which indicates that there is judicial recourse. All of them come by way of internal committees within the government. I should like the Prime Minister to explain that particular contradiction.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker I do not see any contradiction. I do not have in mind the five recourses mentioned by the parliamentary secretary but I would easily admit that they do exist, and that there are internal recourses and ways of redress which exist within the administration. Certainly above all that rests the Canadian Charter of Rights and Fundamental Freedoms which offers redress, which I myself have heard the President of the Privy Council say, and I approve, either by writ of prerogative, whether it be injunction, mandamus, prohibition, or even habeas corpus—all these writs lie under the Charter of Rights. There is also a provision for financial compensation, so all these redresses exist and are supplementary to, I suppose, the ones mentioned by the parliamentary secretary.

Oral Questions

FINANCE

THE BUDGET—CAPITAL COST ALLOWANCE PROVISIONS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce. Yesterday the Minister of Finance advised the House that after five months of public debate he was proposing the extraordinary measure of introducing draft legislation on the budget prior to referring the budget to the House of Commons in the normal legislative process. This obviously compounds the uncertainty that many Canadians feel about the effect of the changes of the budget and of the subsequent changes on December 18, when they are filing their 1981 income tax return.

Because of the importance of the capital cost allowance to job creation, would the minister advise the House whether he has seen this draft legislation and, if so, would he advise the House whether there are any substantive changes in the legislation compared to the budget or the December 18 changes?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I do not think it would be appropriate to discuss communications between ministers in question period. I am surprised that my hon. friend seems to oppose the efforts the Minister of Finance is making to have a more open budget process and to have a better input from the community at large.

Mr. Kempling: You do not even know if there is a budget, Herb.

Mr. Wilson: Madam Speaker, the whole point of the question is to try to open up this process so that people who are filling their income tax returns will know what they are dealing with. That is the whole point; people do not know what they are dealing with.

TAXATION OF HEALTH AND DENTAL BENEFITS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I have a supplementary question for the Minister of National Health and Welfare. Many Canadians are now paying actual taxes on health and dental plan benefits, and many have expressed to me their uncertainty about whether they should continue in the plans because these plans will now be taxed. Would the minister advise the House whether she has seen this draft legislation and, if so, if there are any changes in the legislation that relate to the December 18 changes and the November budget?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): I am sorry, Madam Speaker, I do not understand what the hon. member is talking about.

[*English*]

PREPARATION OF DRAFT BILLS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I would like to put a supplementary question to the Prime Minister. We are now some five months down the line from the introduction of this rapidly disappearing budget. Yesterday the Minister of Finance indicated, for what I believe is the first time in Canadian history, that instead of introducing budget legislation now, four months after the event, he is going to introduce draft budget bills to be discussed before he brings the budget before the House of Commons. Will the Prime Minister tell us if those draft bills are ready yet? Has he seen them? Have they been prepared?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I understood the Minister of Finance to indicate the contrary yesterday—that he was proceeding under the Ways and Means motion and that when he would produce a bill in the House it would be for debate, as all bills are. I suppose, without playing on words, that I would indicate my view that every bill is a draft bill until it becomes law.

Some hon. Members: Oh, oh!

Mr. Trudeau: I hear some doubts expressed over there, Madam Speaker. Let us try to get to the bottom of this one.

If a bill is presented for first reading, the House is seized of it; if it goes to second reading, the debate begins and it can be changed. That is what I understood the Minister of Finance to say—that all budget bills in the past were subject to this particular rule and when they came before the House they could be amended. In that sense I suppose you can say they are draft bills.

DISCUSSION OF DRAFT LEGISLATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, this is becoming "Pierre and Allan in Wonderland". It is becoming more and more absurd as we go on.

Some hon. Members: Hear, hear!

Mr. Clark: My question to the Minister of Finance yesterday, as shown at page 15954 of *Hansard,* was as follows:

> Will he tell the House whether he is considering publishing draft budget legislation before he introduces the budget bills—

The reply given by the minister was that "the answer to the . . . question is yes." That is what he said yesterday.

Today the Prime Minister is saying exactly the opposite. Will he tell the House whether the government, for the first time in Canadian history, is preparing draft budget bills instead of introducing real budget legislation? If so, will the Prime Minister, as the presumed head of this government, if anybody is, tell us whether he has seen this draft legislation, whether it is ready, whether it has been discussed by cabinet, or whether Canadians who are filling out their income tax

returns are simply going to have to wait and wait and wait to know what the law is?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not see why the Right Hon. Leader of the Opposition is getting excited about the question. He has some experience of sitting in the seat of the Prime Minister and I am sure he recalls how bills are put together by cabinet memorandum and by discussion in cabinet. I would be very surprised if he behaved differently from the way I do in this. The actual signature of the bills in bill form generally happens hours, or at most days, before the bills are given first reading. That is the way I have always proceeded and that is the way I am proceeding now. It does not mean that the subject matter of the bills and the precise intention of the minister or ministers are not known to cabinet before and are not debated as a result of memoranda being brought forward.

CABINET APPROVAL

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we have a wholly new practice here. Instead of proceeding with budget legislation the Minister of Finance, continuing his retreat, is introducing draft budget bills to Parliament. That must have been a government decision although the Prime Minister did not appear to know about it. It must have been a government decision.

Will the Prime Minister tell the House of Commons whether the cabinet of Canada has approved the policy announced yesterday by the Minister of Finance to present draft budget legislation rather than the real thing? If so, have those draft bills been prepared? First, did cabinet approve what the minister said yesterday and, second, have the draft bills been prepared?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in all honesty I can only give the same answer. I do not know if the bills have been physically printed out yet. Maybe the Queen's Printer does. I do not know, but I do know that the subject matter of the budget bills has been discussed repeatedly in cabinet between the Minister of Finance and myself. Naturally these discussions are privileged. I cannot say whether the bills are physically printed. I know that I will only see them for signature probably moments before they are tabled in the House.

• (1500)

GOVERNMENT POLICY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a very simple question. Did the cabinet of Canada approve the new procedure of having draft budget bills prepared five months after the presentation of the budget, in place of the submission of real budget bills to the House of Commons? Was that policy decision taken and approved by cabinet?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, obviously the decisions of the Minister of Finance have the support of cabinet. As to what was discussed in cabinet and what particular subject matter came up and when, I should like to read to the hon. member, because he seems to forget the rules which prevail as to what goes on in cabinet. They are called—

Some hon. Members: Oh, oh!

Mr. Trudeau: I will read them, Madam Speaker:

—you will keep close and secret all such matters as shall be treated, debated and resolved on in Privy Council—

That is the oath of members of the Privy Council which all members of cabinet must take before assuming office. Therefore I do not see any way in which the Leader of the Opposition can expect me to say what goes on in cabinet.

* * *

RAILWAYS

PLACING OF ORDERS FOR LRC TRAIN SETS

Mr. Les Benjamin (Regina West): Madam Speaker, I will not belabour the Chair by asking the same question three or four times in a row. My question is directed to the Minsiter of Transport. Last October 20 when I asked him about making an investment in 30 LRC train sets instead of ten, he said, "Agreed". When I asked when the order would be placed he said, "We will, in the fall". In view of the fact that there will be 300 indefinite lay-offs at the Bombardier plant in Quebec, will the minister arrange for the orders for these new LRC sets to be placed immediately? Is he aware of the fact that if they are not placed before April 8 the price of the train sets will increase?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am very much aware of that fact. In order to place the order I need two things. I need the money from Treasury Board—and this is before Treasury Board now in the capital budget of VIA—and I need a contract between VIA and Bombardier. As my hon. friend said, this is being negotiated now. I have excellent reason to believe that the two actions will come together rather soon.

PASSENGER EQUIPMENT AND HOPPER CARS

Mr. Les Benjamin (Regina West): Madam Speaker, last fall the Minister of Transport said that he would save $100 million by cancelling 21 VIA Rail routes, and VIA Rail is still being starved for cash. In agreeing that they should order 30 more LRC train sets, the minister said that they would be ordering new passenger equipment for transcontinental trains from Halifax to Vancouver. When does the minister intend to call for tenders for those orders to prevent further lay-offs at General Motors and Bombardier? Also, has he made up his mind yet as to when they will order those 1,300 hopper cars in Nova Scotia?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not think I ever said that I would order rolling stock for the transcontinental route; I do not think I did that. The present concentration, as is well known, is on intercity routes, and that is where our efforts will be made. On the subject of the purchase of hopper cars, the first purchase of 1,280 is a commitment of the government. We are working on it now in order to announce it as early as we can.

* * *

ADMINISTRATION OF JUSTICE

STATUS OF INDIAN RELEASED FROM PRISON IN NOVA SCOTIA

Miss Coline Campbell (South West Nova): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. It concerns the past incarceration of a native person in Nova Scotia who was recently released from prison and about which there now appears to be some question as to the guilt of the individual. Is the minister aware of the case and, if so, is he looking into the matter to see what assistance he may give to this individual?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Yes, Madam Speaker, I am. It is a very serious situation. The possibility exists of an Indian being incarcerated for 11 years, and now there is some real doubt as to whether or not he was guilty. I spoke to his father and his lawyer when I was in Cape Breton on Saturday. His lawyer is coming down to Ottawa. He asked that I make arrangements with the Minister of Justice. I have done so, and the Minister of Justice will see him on his arrival. Also I talked with the Solicitor General, who is responsible for the RCMP, who indicated that he is prepared to be, and has been, as helpful as possible.

* * *

PETITION

MR. FRIESEN—PAYMENT MADE TO CONVICTED MURDERER CLIFFORD OLSON

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and eighty-ninth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen) on Tuesday, March 30, 1982, and finds that the petition meets the requirements of the Standing Orders as to form.

POINT OF ORDER

MR. NIELSEN—REQUEST FOR TABLING OF DEFINITION OF THE RESPONSIBILITIES OF MINISTERS OF STATE

Hon. Erik Nielsen (Yukon): Madam Speaker, I rise on a very brief point of order while the government House leader is still in the House. A moment ago during question period Madam Speaker intervened in the questioning of the hon. member for Joliette (Mr. La Salle), having come to the conclusion that the Minister of State (Mr. Joyal) was not responsible in his portfolio for the subject matter which was being raised by the hon. member.

I have had newspaper accounts brought in announcing the appointment of the Minister of State. A Canadian Press release of today reads:

> Joyal, who now will share constitutional repsonsibility with Justice Minister Jean Chrétien—has also been given unspecified duties as cabinet spokesman on Quebec affairs.

The question which was being put exclusively involved a Quebec matter. In order that we do not meet this problem in the future, I wonder whether the government House leader would be good enough to table, as he does now with names of ministers, acting ministers and second acting ministers, a specific definition of the responsibilities of ministers of state so that we, as members who have responsibility for framing and posing questions, might determine the proper minister to whom to direct our questions.

Mr. Baker (Nepean-Carleton): The ministers might like to know, too.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I will take into consideration the suggestion of the hon. member and see whether we can further explain the law to his party. Ministers of state are appointed according to an existing statute. If it needs clarification, I would be glad to try to find some lawyers who will give me an opinion, which I would transmit to my colleague.

Mr. Nielsen: Madam Speaker, I am fully aware of how ministers of state are appointed; I need no instruction on that. What the government House leader may have missed, in my request for the sake of orderly conduct of our affairs here, was a request that a precise definition of the responsibilities of ministers of state be tabled. He knows as well as I that those duties and responsibilities are normally designated to ministers of state by the Prime Minister (Mr. Trudeau) merely by way of a letter; then we have second-hand information from news releases and news stories. It would certainly expedite our business if that definition were of a more formal nature and on the Table, in much the same fashion as he now tables information on ministers, acting ministers and second acting ministers.

Mr. Pinard: Madam Speaker, I understood very well the question asked by the hon. member, and that is why I answered it as I did. I do not have much to change, except to remind him that it is not the practice to table an explanation of regional responsibilities of any minister because—

Mr. Nielsen: I was not referring to regional responsibilities.

Mr. Pinard: —they cannot be asked questions in regard to their responsibilities as regional ministers. If the hon. member is talking about ministers who are responsible for a region which is called the province of Quebec, that is something else.

Mr. Nielsen: No.

Mr. Pinard: In any case, my first answer stands. If he needs clarification on the law, I will see that it is given to him.

Mr. Nielsen: Madam Speaker, every time the government House leader rises he throws more sand about. I am not asking about regional ministers and their responsibilities. I am asking about responsibilities which are imposed upon ministers of state by the Prime Minister. In this case, according to news reports, the Minister of State under discussion has two responsibilities. One responsibility is that he will "share constitutional responsibility with Justice Minister Mr. Chrétien". The other responsibility is that he has "been given unspecified duties as cabinet spokesman on Quebec affairs". That is only a news report. Surely as members we are entitled to know what defined responsibilities the Prime Minister has seen fit to impose upon the Minister of State.

• (1510)

Mr. Baker (Nepean-Carleton): If any responsibilities.

Mr. Nielsen: That is the information I am asking for.

Mr. Pinard: Madam Speaker, I have nothing else to add to the answer that I have given to the hon. member. If he wants clarification, I will see if some clarification can be given to him. Once again, with respect to regional responsibilities—

Mr. Nielsen: It is not regional.

Mr. Pinard: —hon. members cannot ask questions of a minister on his regional responsibilities.

Mr. Nielsen: No, it is not.

Mr. Pinard: In so far as the responsibilities of ministers of state are concerned, they are provided for by the law and the practice in this place. If my hon. colleague needs clarification, I will see that he gets clarification.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, on this very important point, will the government House leader or the Prime Minister (Mr. Trudeau), whom we see in the House, tell us whether there are any duties performed by the Minister of State (Mr. Joyal) for which he is answerable to the House of Commons and, if so, what are they?

Mr. Pinard: Madam Speaker, the minister to whom the hon. member refers has the same responsibility as any other minister of state appointed by the Right Hon. Prime Minister. I do not see why he asks this question. It seems to me that it is not the first time a minister of state has been appointed by the Right Hon. Prime Minister.

Point of Order—Mr. Nielsen

Mr. Clark: Madam Speaker, perhaps if it were allowed, we might ask the Minister of State what it is he does, for which he can answer to the House. The government House leader has just said the Minister of State in this case is in the same position as, say, the Minister of State for Multiculturalism, (Mr. Fleming) and, say, the minister responsible for the status of women. On those particular matters we know that we can direct questions relating to multiculturalism and relating to the status of women. But we have been precluded today from directing a question to the Minister of State responsible for Quebec affairs—I presume that is why he is there—on a matter that pertains exclusively to Quebec. The minister will not tell us what the duties of the Minister of State are. I repeat my question again, it is very simple: is there any duty possessed by the Minister of State, for which he is answerable to the House of Commons?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I apologize. I did not know that this point of order was on a question in which I was involved earlier. I have listened to the last answers given by the President of the Privy Council (Mr. Pinard). I have very little to add except to point out, in answer to that last question posed by the Right Hon. Leader of the Opposition (Mr. Clark) that there are cases where a minister of state is assigned specific duties under the Financial Administration Act or under order in council to assist a minister who has a portfolio under an act of Parliament. There are also ministers of state—they used to be called ministers without portfolio—who have no such responsibilities, Madam Speaker. They are there to assist from time to time in areas where the Prime Minister so designates them. These ministers without portfolio, under the rules, do not have to answer questions in the House.

The argument of the Leader of the Opposition to the effect that the minister of state responsible for Quebec would have to answer the question asked by the hon. member for Joliette (Mr. La Salle) would lead to the ridiculous conclusion that the minister of state, so-called responsible for Quebec, would have to answer every question which concerns Quebec. I think the Speaker quite properly redirected the question posed by the hon. member for Joliette to myself. Obviously, I have to answer for all ministers, and I have to answer in cases where the minister is absent and he is not replaced by an acting minister or by a parliamentary secretary. What is a minister without portfolio?

Mr. Nielsen: What does he do?

Mr. Trudeau: They have existed from time out of mind. I am now asked by the hon. member for the Yukon (Mr. Nielsen) what he does. He has a regional responsibility, much as regional ministers do.

Mr. Nielsen: That is fine.

Mr. Trudeau: The Minister of Energy, Mines and Resources (Mr. Lalonde) for instance, is a regional minister. He has the over-all responsibility for organizing the Quebec caucus of ministers, and so on. But he cannot be interrogated in that particular area. He can only be asked questions regarding his portfolio, the portfolio of energy. The minister without portfolio, the hon. member of whom we are talking, has no administrative responsibility under the law. He has a political responsibility, as is the case with ministers of portfolio named since the beginning of parliamentary times, both by Conservative and Liberal governments.

Mr. Clark: Madam Speaker, before the Prime Minister leaves the House, could he clarify the situation in which we seem to have a minister who is not only without portfolio but without any responsibility? Will he tell us—and he must know—what duties he has assigned, as Leader of the Government, to the minister of state for Quebec? Would he tell us, either today or in a written submission tomorrow, if he has to consult records, on what questions the minister of state for Quebec is accountable to the House? In what areas can questions be properly directed to that minister, or is he simply a silent minister—

[*Translation*]

One of the silent ministers, with a title that is silent as well.

[*English*]

Mr. Trudeau: Madam Speaker, I think the Leader of the Opposition is deliberately trying not to understand. The hon. member is a minister without portfolio. As I understand the rules of the House—maybe, Madam Speaker, you should be called upon—but no, I understand this is not a question of order, it seems to be just a political debate. The Minister of State (Mr. Joyal) does not have any administrative responsibilities under the laws of this Parliament or this government; he has political responsibilities. That is quite simple. I understand the Leader of the Opposition has some political responsibilities too, a few, and so do I, Madam Speaker. These political responsibilities, as I understand it, cannot be subject to questions in the House. The hon. member cannot ask me a question about how I am organizing the party in the west.

Mr. Nielsen: What party?

Mr. Trudeau: The western Canada party. It seems to be harming the Conservative Party out there a great deal.

Some hon. Members: Oh, oh!

Mr. Trudeau: This is the answer, Madam Speaker.

* * *

PRIVILEGE

MISS MacDONALD—ALLEGED MISLEADING STATEMENTS OF MISS BÉGIN

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise on a question of privilege, of which I have given you notice and which you indicated to me that you were prepared to hear under Standing Order 17(2). It concerns misleading statements made by the Minister of National Health and Welfare (Miss Bégin) as reported in *Hansard* on March 22, 1982, on which day she was allowed to answer three questions. These questions appear in *Hansard* at pages 15666, 15667 and 15671 and they dealt with the status of Indian women. In her replies to those questions, the Minister of National Health and Welfare indicated that no Indian woman had lost her status during her time in cabinet. Subsequent to that, the Minister of Indian Affairs and Northern Development (Mr. Munro) indicated through the press that the statement of the Minister of National Health and Welfare was incorrect. Indeed, 1,810 Indian women have lost their status between 1976 and 1980. In a press release, the minister commented that what Madam Bégin did was to equate enfranchisement—the right to vote—with status. I understand the minister was confused between enfranchisement—the right to vote—and the loss of status. That does indicate her confusion and the extent of it, because the loss of status is a much more serious question than the loss of the right to vote, serious as that right is. The loss of status means the loss of culture, the loss of identity and the loss of being as an Indian person. She indicated to the House that no such loss had occurred to any Indian woman during the time she had been a cabinet minister. I ask, Madam Speaker, that the minister rise in her place—and I quite understand her confusion—and correct her statements for the record in *Hansard*. She could have done that previously, but I would like her to do it now.

• (1520)

My question of privilege is that there has been a misleading statement made here in the House which we would like to see corrected. As long as it remains on the record of the House of Commons, it is indeed a question of privilege which concerns all Members of Parliament who have been misled by a minister of the Crown.

Mr. Doug Lewis (Simcoe North): Madam Speaker, I support what the hon. member for Kingston and the Islands (Miss MacDonald) has said. If you look at the remarks of the Minister of National Health and Welfare (Miss Bégin) as reported on page 15667 of *Hansard*, you will find seven instances of remarks which reflect upon the member asking the question, such as:

> The hon. member has made innuendoes that are not acceptable, beginning with a false quotation which I would like him to check and correct . . . the hon. member should state the complete situation . . . the hon. member's questions are among the most dangerous ones I have ever heard in the House—

We have waited, Madam Speaker, for the minister to come forward with the truth and set the record straight. If you do not allow this question to be put to the minister, then the record will stand as condemning members on this side with those words. The reason we ask that you allow this question to be put is to set the record straight. *Hansard* is the history of this House, and we do not want these remarks to remain on the record in their present form.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I have had an opportunity to examine the statements made with regard to this matter, and I think it is unfortunate that the question went as far as it did. In looking at your comments I see that you were trying to be generous because you were not at first clear as to whether or not the question did in fact fall under the jurisdiction of the minister. Beauchesne's states in Citation 359(10):

A question ought not to refer to a statement made outside the House by a minister.

That is the first point on which we seem to have got off the track. Citation 359 also says in part:

A brief question seeking information about an important matter of some urgency which falls within the administrative responsibility of the government or of the specific minister to whom it is addressed—

And then Citation 359(6) says:

The minister to whom the question is directed is responsible to the House for his present ministry—

On page 329 of the nineteenth edition of Erskine May it says:

Questions to ministers must relate to matters for which those ministers are officially responsible.

I suggest, Madam Speaker, that that ends the matter. I think you have disposed of this matter according to Beauchesne's, Erskine May and according to precedent. I see no other solution, unless we are to break with all tradition and precedent of parliamentary procedure.

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, you will recall that what gave rise to this question was a speech by the minister made in Vancouver where she said it was her responsibility and that of other female members of cabinet to approve certain orders in council which affect the status and rights of native women. It was on the basis of her responsibility that this question was asked, because in her speech she said no Indian person had lost her status in the time that she, the minister, had been discharging this responsibility in cabinet.

The minister explained to the audience in her speech, quoted in the House, what her direct responsibilities were. Obviously she was confused, and she should have the opportunity to clear up this matter on her own behalf and on behalf of native people.

Madam Speaker: I think I made it quite clear in my intervention the other day that I was in doubt about whether or not the question should be allowed, but I let it go because things do happen very quickly in question period. I now know for sure that the question should not have been allowed to be directed to that particular minister. It might have been allowed to another minister, but not to the Minister of National Health and Welfare (Miss Bégin) because it was not within the realm of her administrative responsibilities. I let it go and the procedure did suffer a bit because it ought not to have been allowed. I do regret that and ask the indulgence of the House.

There was a question posed, not repeated today, that since I had allowed those questions then, should I not allow the questions that were asked yesterday. The fact that there was a slip in procedure on one day of course does not mean that the rules of the House should be altered. Therefore, since I was very sure that the questions yesterday did not relate to the administrative responsibilities of the minister, I did now allow them. I repeat, the questions might have been directed to another minister whose responsibility it is to answer them.

As to the question of privilege put forward by the hon. member for Kingston and the Islands (Miss MacDonald), the fact that the statement might be judged to be misleading by a member of the House, of course, does not constitute the basis for a question of privilege. That is a matter of judgment. The hon. member might feel it is misleading, as is her right, but it is a matter of judgment and does not constitute the basis for a question of privilege. The only circumstances under which that might be considered to be the basis of a question of privilege is if the statement had been deliberately misleading, and that charge would have to be made.

The minister might want to make a statement—

Some hon. Members: Hear, hear!

Madam Speaker: —somewhere, either in this House or somewhere else, to clarify the statement, if she feels she should do so. However, that is her choice, and I have no authority to force the minister to make that statement.

Therefore, on those grounds, I cannot find a prima facie case of privilege in the question raised by the hon. member for Kingston and the Islands.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, you have just ruled, and the House naturally accepts your ruling. However, we have had a rather difficult situation created here. The Minister of National Health and Welfare (Miss Bégin), in responding to questions—indeed, as you read *Hansard* you will see that she asked that questions be directed to her. On page 15671 of *Hansard,* where I was directing a question to the appropriate minister, the Minister of National Health and Welfare is reported as saying:

Ask me.

In other words, she invited the House of Commons to direct those questions to her. That is very clearly on the record. Indeed, some of us are particularly concerned about the aspersions cast by the minister, in her response, upon hon. members on this side of the House. Her response was an illegitimate response under a strict rendering and reading of the rules. It is, nonetheless, on the record. It is, nonetheless, an aspersion cast upon hon. members on this side of the House which the facts do not merit.

• (1530)

The Minister of National Health and Welfare has it within her power, if she acts gracefully, to rectify the situation. When we were putting questions, she said to me, "Ask me the question". As one hon. member of this House to another, I

would now like to ask the Minister of National Health and Welfare to accept her responsibilities, to follow the courtesies of this House and to extend an apology to those hon. members whose names, perhaps inadvertently, she called into question.

Mr. Paproski: There is your chance, Monique.

Madam Speaker: The Right Hon. Leader of the Opposition (Mr. Clark) knows that this kind of language is constantly used in the House. It is not the first time, and it does not really constitute the basis of a question of privilege. This kind of language is used in debate, and as long as it does not go beyond what is considered to be parliamentary language, I cannot force the minister to withdraw any of those words. If the hon. minister feels that she should withdraw the words she may do so, but it is up to her. However, at this particular point I do not feel I can oblige the Leader of the Opposition. As a matter of fact, he did not ask me to do it. He was only addressing himself to the minister. However, I just want to correctly state for the record that there is no strict obligation for the minister to withdraw her remarks.

Mr. Clark: Perhaps this is a hypothetical question and, consequently, not one which can be dealt with. However, if the language used by the Minister of National Health and Welfare had been language which the House would normally hold to be unparliamentary, would the fact that she was answering in an illegitimate capacity preclude us from setting the record straight?

Madam Speaker: I would not think so, frankly. Unparliamentary language, as it is spoken, should be a matter for redress. Today, if the hon. minister has chosen to answer, for instance, some of the hon. members who intervened on a question of privilege, I could have allowed the hon. minister to reply. Now the problem has shifted to one of a question of privilege, and any hon. member of this House involved in a question of privilege is free to reply or not to reply.

Mr. Oberle: Madam Speaker, there is another dimension to this problem.

Madam Speaker: Is this a legitimate point of order or is the hon. member just continuing the debate on this particular question? I want the hon. member to really consider that before he rises again.

Mr. Oberle: It may be a new question of privilege. Madam Speaker, I really think there is a new dimension to this matter or another dimension which Your Honour has not considered.

Your Honour will recall that, following the exchange between the minister and my colleague, the hon. member for Cariboo-Chilcotin (Mr. Greenaway), I did address the same question to the appropriate minister. It is quite clear to everyone in the House that there is a requirement for an order in council before the status of an Indian person is denied or cancelled. I asked the minister responsible for native affairs in this country who it was that had signed the order in council to disenfranchise, to remove the status of 1,810 Indian women from 1976 to 1981. The Minister of National Health and Welfare (Miss Bégin) said she did not sign the order although she had been responsible all those years. That question has not been answered, and we have a right to know the answer.

Madam Speaker: That is debate. That does not enter into the realm of a question of privilege. The hon. member might ask questions in subsequent days at the time of the question period concerning these matters on which he wants to elicit information. However, this is not a question of privilege.

* * *

MESSAGE FROM THE SENATE

Madam Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the folloing bills, namely, Bill C-99, an act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1982; and Bill C-100, an act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1983.

* * *

THE ROYAL ASSENT

Madam Speaker: I have the honour to inform the House that a communication has been received as follows:

Rideau Hall Ottawa

March 31, 1982

Madam:

I have the honour to inform you that the Honourable Bertha Wilson, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 31st day of March, 1982, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be, Madam, Your obedient servant, Edmond Joly de Lotbinière

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. HEAP—TESTING OF CRUISE MISSILE IN CANADA

Mr. Dan Heap (Spadina): Madam Speaker, I have the honour to present a petition from approximately 170 citizens

of the City of Toronto who are in opposition to the proposed testing of the Cruise missile in Canada.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,448, 3,622, 3,688, 4,051 and 4,124.

[*Text*]

CANADIAN STUDIES BULLETIN

Question No. 3,448—**Mr. Herbert:**

Did the Department of the Secretary of State finance in whole or in part the publication of the November, 1981 "Canadian Studies Bulletin" and, if so (a) how many copies were printed and to whom were they distributed (b) what is the objective of the financing of this and similar publications?

Hon. Gerald Regan (Secretary of State): The November 1981 issue of the "Canadian Studies Bulletin" was financed by the Canadian Studies Office of the Association of Canadian Community Colleges. The office has received grants from the Secretary of State Department under the National Program of Support for Canadian Studies.

(a) Three thousand copies were printed and distributed, largely to faculty members in the colleges, institutes and CEGEP's of Canada. Each issue is also mailed to selected individuals in provincial ministries of education, universities, and to members of the federal Parliament. The publication is designed to address issues and areas of interest to educators in post-secondary non-degree-granting institutions.

(b) The department's objective in financing this kind of publication under its Canadian Studies Program is to disseminate and promote existing resources and information about Canadian materials, and to provide a pan-Canadian platform for the discussion of national issues which concern Canadian educators. More broadly, the program is designed to increase and disseminate knowleldge about Canada by supporting the efforts of organizations and individuals working with all levels of formal and continuing education.

STUDENT LOAN PROGRAM 1980-81

Question No. 3,622—**Mr. Herbert:**

1. In the fiscal year 1980-81, what amount was paid under the student loan program to (a) lending institutions (b) collection agencies?

2. Do the lending institutions and collection agencies record the student loans by home, province or university location of the student at the time of the making of the loan?

3. Did the answer to question No. 2,474 state "it is not possible to separate these budgetary allocations by province" and, if so, does the government take any additional steps to ensure reasonably equal accessibility to student loans on a regional basis?

4. In the fiscal year 1980-81, what was the estimated value of the tax points transferred to Quebec in connection with the program and does the $17,452,507 transferred in 1980-81 contain any equalization of the tax points transferred?

Hon. Gerald Regan (Secretary of State):

1. (a) $36,298,427.66
   (b) $ 3,224,927.70

2. Lending institutions record the home address of the borrower at the time of making the loan. Collection agencies record the address of the borrower at the time the debtor is contacted after defaulting on a loan.

3. Yes. Under the Canada Student Loans Act provinces are allocated a portion of the basic loan provision made under the act in the ratio that the 18-24-year-old population in the province concerned bears to the same population in Canada. In addition the act provides for supplementary allocation of 30 per cent of the basic loan provision from which allocations may be made to any province which may exceed its basic allocation due to regional factors and provided it has followed the agreed criteria for assessing applications. Financially needy students have, therefore, access to student loans.

4. The alternative payment to Quebec is calculated on the basis of the costs (interest charges, net loss claims, death claims, and amounts paid to lenders for collections) of operating the program in the preceding year. The actual payment is determined by applying the ratio of the 18-24-year-old population in Quebec to that age group in the rest of Canada. There is, therefore, no transfer of tax points to Quebec under this program.

PLANT CLOSING AT COTEAU-DU-LAC, QUEBEC

Question No. 3,688—**Mr. Herbert:**

Did the Department of (a) Employment and Immigration (b) Regional Economic Expansion (c) Industry, Trade and Commerce offer assistance to Du Pont of Canada Ltd. in an attempt to avoid the plant closing at Coteau-du-Lac, Quebec and, if so, what was the form of the assistance?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Canada Employment and Immigration Commission, the Department of Regional Economic Expansion and the Department of Industry, Trade and Commerce as follows:

(a) The commission has offered to establish a joint labour-management consultative committee under the sponsorship of the Manpower Consultative Service (MCS) to assist the workers affected by the closure of the plant at Coteau-du-Lac, Quebec. The MCS committee would attempt to find jobs for the workers and explore other labour adjustment measures, such as retraining and mobility assistance.

The company is presently considering this offer. In the meantime, counselling, job search assistance, training, mobility, unemployment insurance and other CEIC programs and services are available through the Canada Employment Centre (CEC) in Valleyfield, Quebec. The Valleyfield CEC is working closely with company representatives.

(b) No.

(c) No.

HOME SECURITY SURVEY

Question No. 4,051—**Mr. Crosby:**

1. Is there now or was there recently a Statistics Canada survey relating to home security in Halifax, Nova Scotia and, if so (a) what is or was its purpose (b) what questions are or were being asked?

2. Are or were questions involving salary and personal habits necessary for the survey and, if so, for what reason?

3. Who has or will have access to the information provided by the respondents?

4. How many persons in Halifax are being or will be asked the questions and how many persons responded to the questions?

5. Are or were the questions being asked in other cities or areas and, if so (a) which cities or areas (b) how many persons responded?

6. Are steps being taken or will steps be taken to ensure confidentiality of the responses and, if so, what are such steps?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports:

1. (a) Statistics Canada conducted a survey related to the effect of crime on the population (victimization) during the period January 14 to February 26, 1982. The survey included in its coverage Halifax and Dartmouth, Nova Scotia. It contained some questions concerning home security or crime prevention. The survey was conducted for the federal Department of the Solicitor General and its purpose was to obtain information on the frequency and distribution of certain crimes, their impact on victims' perceptions of their experience, their needs and concerns.

(b) The survey included questions about respondent characteristics (age, sex, marital status, income range, etc.) and questions on the respondents' perceptions of the prevalence of crime in their city and neighbourhood, on their attitudes toward the police, and on their use of crime prevention measures. If the respondent had been the victim of certain crimes during 1981, details were collected about each crime, including information on injuries, loss and damage.

2. The questions concerning personal habits, income and demographic information were necessary and important in identifying the risk of being the victim of a crime for various groups in the population. Previous research has shown that information on personal habits is closely related to the risk of crime.

3. Statistical information will be made available, in a form that guarantees the confidentiality of respondents, to the Department of the Solicitor General of Canada, to local police departments, and to any person or organization interested in the data.

4. In the Halifax-Dartmouth area approximately 10,000 households were contacted and although final information is not yet available the response rate is expected to be between 85 and 90 per cent.

5. (a) The survey was conducted in the greater Vancouver region, the cities of Edmonton and Winnipeg, metropolitan Toronto and Montreal, Halifax-Dartmouth and the city of St. John's.

(b) The number varies by city but in total approximately 70,000 households were contacted. Some 58,490 interviews were completed of which 8,800 approximately were from Halifax-Dartmouth.

6. The information is being collected under the authority of the Statistics Act which obliges Statistics Canada to safeguard the confidentiality of information provided by respondents. Survey data will be handled only by employees sworn to secrecy under the Statistics Act, and the data will be processed in such a manner that absolutely no information will be released which would allow individuals to be identified.

WHEAT FOR AFGHAN REFUGEES

Question No. 4,124—**Mr. Neil:**

Is $5 million in wheat being supplied through the Canadian International Development Agency to help feed Afghan refugees camped along the northwestern border of Pakistan and, if so, what was the price per bushel paid to the Canadian Wheat Board?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Yes. The price per bushel paid to the Canadian Wheat Board was $7.

[*English*]

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call notice of motion for the production of paper No. 49, standing in the name of the late hon. member for Leeds-Grenville (Mr. Cossitt).

[*Text*]

COPIES OF ALL COMMUNICATIONS BETWEEN MINISTER RESPONSIBLE FOR CBC AND SENIOR OFFICIALS OF CBC

Motion No. 49—**Mr. Cossitt:**

That an Order of the House do issue for copies of all correspondence, memoranda, records of telephone conversations, etc., between the minister responsible to Parliament for CBC and any senior officials of CBC for the years 1977 to 1980 inclusive.

[*English*]

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): The present Minister of Communications has the responsibility to produce information with regard to transactions conducted only during his term of office which started on March 3, 1980. However, included in the requested material are papers which relate to responsibilities of the government and the minister pursuant to Sections 41 and 44 of the Broadcasting Act, concerning the corporation's acquisition of real property and the making of its bylaws. Release and publication of such material would be inconsistent with the responsibilities given by Parliament to Crown corporations, in particular the CBC. Since the CBC's creation in 1936, Parliament has maintained a custom of not requiring a response to questions which pertain to the details of the corporation's internal management and administration. I would therefore ask that this motion be withdrawn.

Mr. Nielsen: Transfer for debate.

Madam Speaker: Transferred for debate.

Mr. Hal Herbert (Vaudreuil): Madam Speaker, if you will call all motions in my name Nos. 76, 86, 95, 96, 97 and 98, I will request that they be transferred for debate.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, notice of motion for the production of papers No. 97 in the name of the hon. member for Vaudreuil (Mr. Herbert) is acceptable to the government.

Mr. Paproski: What about the rest?

Mr. Smith: I ask, Madam Speaker, that the other notices of motion for the production of papers be allowed to stand.

Mr. Paproski: I believe the hon. member for Vaudreuil mentioned three or four notices of motions for the production of papers, not just one. Does the government accept all of them?

Mr. Smith: Well, the hon. member for Vaudreuil is free to request that those motions be transferred for debate if he so desires. That is a decision that he must make.

Mr. Nielsen: Madam Speaker, things have been going so fast here. Was the notice of motion standing in the name of the hon. member for Vaudreuil which has been accepted by the government one of those which the hon. member for Vaudreuil has requested be transferred for debate and which was the subject of the Chair's direction?

• (1540)

Mr. Herbert: As I understand it, Madam Speaker, after I requested this, the parliamentary secretary suggested that Motion No. 97 was acceptable to the government. I assume under those circumstances the motion will be accepted and that the other motions will be transferred.

Mr. Nielsen: I thought that was the state that we had reached, Madam Speaker. I am afraid the parliamentary secretary has hoisted the member for Vaudreuil (Mr. Herbert). The action had been taken by the House in transferring all the motions for debate. Then the parliamentary secretary comes along and wishes to produce. That is fine with us, but I think the appropriate time for it to happen would be when the motion comes up for debate. I suggested it cannot happen now. We would have no objection to the provision of the information to the member, but I do not think the precedent should be set at this time.

Mr. Smith: With respect to my hon. friend, the member for Yukon (Mr. Nielsen), I believe that he is making a mountain out of a molehill. I thought it was appropriate for the House to know that motion No. 97 in the name of the hon. member for Vaudreuil (Mr. Herbert) was acceptable to the government. If he prefers to have it transferred for debate, that is a decision which presumably he can make. He is capable of making that decision.

Madam Speaker: My understanding was that Motion No. 97 was accepted and that the other motions mentioned by the hon. member, namely, Nos. 76, 86, 95, 96, and 98 were transferred for debate. Is that correct?

Some hon. Members: Agreed.

[*Text*]

AMENDMENTS TO BOOK "PROJECT EVALUATION-PERSPECTIVE AND METHODOLOGY"

Motion No. 97—**Mr. Herbert:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this House a copy of all amendments since October 1977 to the book "Project Evaluation-Perspective and Methodology" of the Canadian International Development Agency.

Motion agreed to.

AGREEMENT BETWEEN GOVERNMENT AND PROVINCE OF QUEBEC CONCERNING CANADA PENSION PLAN

Motion No. 76—**Mr. Herbert:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this House a copy of the latest signed agreement between the government and the province of Quebec under the Canada Assistance Plan.

Transferred for debate.

STUDIES BY TREASURY BOARD CONCERNING DAY CARE CENTRES

Motion No. 86—**Mr. Herbert:**

That an order of the House do issue for copies of all questionnaires given to public servants and all studies made by the Treasury Board in 1980 and 1981 in connection with day care centres.

Transferred for debate.

Housing

COPIES OF REGULATIONS OF CANADA POST CORPORATION CONCERNING POSTAL DELIVERY

Motion No. 95—**Mr. Herbert:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all regulations of the Canada Post Corporation pertaining to the receipt of mail by persons living in towns who are not entitled to postal delivery at their residences.

Transferred for debate.

COMMUNICATIONS CONCERNING LANDING RIGHTS AND OTHER SERVICES AT DORVAL AND MIRABEL AIRPORTS

Motion No. 96—**Mr. Herbert:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all minutes of meetings, letters and other communications during the last year between the government and the representatives of airline companies in connection with the division of landing rights and other services between Dorval and Mirabel airports in Quebec.

Transferred for debate.

GOVERNMENT STUDIES CONCERNING USE OF GENERIC DRUGS

Motion No. 98—**Mr. Herbert:**

That an order of the House do issue for copies of all government studies completed in the past five years concerning the use of generic drugs.

Transferred for debate.

[*English*]

Madam Speaker: Is it agreed that the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, as reported (with amendments) from the Standing Committee on National Resources and Public Works—the Minister of Public Works (Mr. Cosgrove).

Madam Speaker: I have examined the motions in amendment to Bill C-89 and I would like to inform the House that Motions Nos. 1 and 2, standing in the name of the hon. member for Vancouver Centre (Miss Carney), should be grouped for debate but voted on separately.

Miss Pat Carney (Vancouver Centre) moved:

Motion No. 1

That Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be amended in Clause 1 by striking out line 20 at page 1 and substituting the following therefor:

"sisting of one or more houses or homes, one or".

Motion No. 2

That Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be amended in Clause 25 by striking out line 29 at page 17 and substituting the following therefor:

"sition of his home, including floating homes, for a term that has".

She said: Madam Speaker, I am happy to have the opportunity to draw to the attention of members of this House a housing need they have probably overlooked when dealing with Bill C-89, that is, the need for floating homes. Most members of the House are spared the ecstacies of west coast living, flowering Japanese plum blossoms and daffodils already in full bloom.

An hon. Member: And crocuses?

Miss Carney: There is also the ability to use the coastline and the sea as your marine lot.

In moving this amendment, Mr. Speaker, I would like to identify the objective of Motion No. 1 which is to make financing more easily available to residents of floating homes.

The objective of Motion No. 2 is to ensure that the residents of floating homes are eligible for assistance from the federal government in times of soaring interest rates, under the same conditions that all other home owners are eligible for assistance under Bill C-89. This would make this program more equitable.

I would like to point out that floating homes are indigenous to the east coast and the west coast and they are part of our Canadian lifestyle.

Floating homes are becoming increasingly popular as land prices rise and the supply of land dwindles. There are close to 1,000 houseboats and live-aboard boats in the lower mainland area, many of them in my riding of Vancouver Centre.

The major obstacle to the development of floating home communities is the expense of financing. Conventional mortgages are not available. Most people must take out shorter term chattel mortgages or consumer loans at interest rates as high as 21 per cent. This causes great hardship to many people.

I would like to refer to a letter written to me by one of my constituents who lives on a live-aboard boat, who wrote: "From the mouth of high-ranking Liberals I have heard that no Canadians would be forced to leave their homes because of exorbitant interest rates. I am about to lose my home for precisely that reason." This person goes on to detail the increase in mortgage rates from 11.5 per cent to 21 per cent and how even though she and her husband are in the high income group—they are both teachers—they feel they cannot continue. She concludes by saying: "I am appealing to you to bring our case to the attention of anyone whom you can think

of who could offer some relief and keep us from losing not only our home but the dream of a lifetime."

Private lending institutions have told me that one of the major reasons they do not arrange mortgages for floating homes is that no mortgage insurance is available for them. Therefore, I seek to amend Bill C-89 through Motion No. 1, to enable Canada Mortgage and Housing Corporation to provide mortgage insurance for floating home developments.

The purpose of Motion No. 2 is to extend the coverage of the interest deferment plan to include floating homes. Since this government has said that it does not wish to see Canadians lose their homes because of high interest rates, I believe that the owners of floating homes should be eligible for this new program along with other Canadian home owners.

Some members of the House may believe that these amendments are so limited in their application that they are not worthy of consideration, but I would argue that it is the purpose of our institutions, including the House of Commons and our banks, to be sensitive to our needs and to accommodate them wherever possible. In particular, Mr. Speaker, a country such as Canada that is bordered by three oceans needs to be aware of the issues which arise on its coasts. Also, a country such as Canada with a growing shortage of affordable housing should also be prepared to consider ideas that would help to meet housing demand.

I would like to list some of the reasons, Mr. Speaker, why floating homes should be encouraged. One is the availability of serviced land for housing development, which is very limited in the lower mainland. According to the greater Vancouver regional district planners, Vancouver is land short, as members from Vancouver are well aware.

Second, land prices are very high and house prices have skyrocketed. In fact, housing prices in Vancouver are the highest in the country, with the average single family dwelling selling for $127,000 and the average condominium for about $92,000 in February, 1982, according to the Vancouver Real Estate Board.

A third reason why floating houses should be encouraged is that water is plentiful. The fourth reason is that house boats are cheaper to build than conventional houses, because, for instance, a two-bedroom 900 square foot house boat, including its water lease, could retail for as low as $85,000—which is at the bottom of the market for Vancouver housing.

Floating homes are good for starter homes or for older couples whose children have left. They would, therefore, help to satisfy part of the housing market.

To be realistic, Mr. Speaker, floating homes will never provide any great deal of housing but they are prime sources of satisfaction to people who choose to make their homes on the water. There have always been people who want to live on the water, ever since Vancouver began as Coal Harbour. In fact, in Vancouver in the early days there used to be quite a floating community, complete with a floating brothel and a whiskey factory. It is traditional for cities on the water, such as London and Amsterdam, to have people living on the water. Therefore, this should not be looked on as something strange and new.

In dealing with Vancouver, I would like to make some major points. The first is that this concept of floating homes is technically possible in Vancouver. We have developed sewage systems for house boats. Also, it is physically possible in Vancouver. It is estimated that between 10,000 and 15,000 units could be accommodated in the Vancouver-Victoria area. It is also administratively possible, for the greater Vancouver Regional District has devised construction standards and a model municipal bylaw. It is environmentally possible; there are health codes and fire codes to which house boat communities must conform.

However, the status of floating homes is very vague. Governments do not seem to know what to do with floating homes. For instance, the federal government seems to be in conflict. Revenue Canada treats floating homes like a house. In 1977 the federal government ruled that registered home ownership savings plans could be applied to floating homes; but Canada Mortgage and Housing Corporation will not insure mortgages for them or allow floating home residents to be eligible for mortgage assistance under the interest deferment plan. As the minister responsible is in the House, I would like him to note this point.

The provincial government will give the home owners a grant for floating homes that have a land lease. The provincial government also assesses them under the mobile home tax act, but Victoria will not allow them to be included under the mobile home registry act, which means that mortgages on floating homes cannot be registered. This is an important obstacle.

• (1550)

The city of Vancouver classifies marinas as "floating mobile homes covered with water" for the purposes of licences, a wording which is baffling in the extreme. Floating home communities are subject to inspection by a wide range of government officials. These include the fire department, the health department, tax assessors, marine surveyors and the coast guard. They are regulated by municipal bylaw, must comply with the provisions of the regional plan and also come under the Navigable Waters Protection Act, to name some examples.

Most of the obstacles faced by the floating home owners are institutional. First, governments must decide how to deal with floating homes. At present they are forced to conform to a wide range of strict standards, but they receive no consistent treatment under the law. Second, financing must be made more accessible.

I would like first to deal with some of the problems raised by the banks. The banks identify several difficulties with making conventional mortgages available. First, there is nowhere to register the mortgages. Second, since water and land leases are usually for a short term, the rate of depreciation makes amortization over more than ten years impractical. Further, the banks do not know enough about floating homes; they need

more information. Finally, the banks say that another problem is that Canada Mortgage and Housing Corporation will not insure these homes under current legislation because of the definition of house, which I will speak to later.

None of these obstacles is insurmountable. Floating home mortgages could be registered under the mobile home registry act of British Columbia. If land leases were made available for longer periods, such as 20 years, amortization periods could be extended. More information could be supplied to the banks, and Canada Mortgage and Housing Corporation could be empowered to make mortgage insurance available, meeting the requirement of the banks.

Canada Mortgage and Housing Corporation also cites several problems for floating home owners. I mentioned the first, that there is nowhere to register floating homes. Another point that bothers CMHC is that there is no security. Floating homes can be floated away. Further, the National Housing Act restricts the structures for which insurance is available through its definition of house which is, under current legislation, "a building plus land".

I have already pointed out that the first issue of registration can be resolved. The question of security is more difficult. Owners of floating homes point out that the value of their home declines drastically if it is removed from its mooring. It derives its value and its comfort from its location in a marina. However, CMHC does not accept the argument. It might be possible, however, to meet the corporation's requirements by passing regulations that home owners must secure their house boats to piles and remove the engines in the same way that mobile homes are secured in one place. The point is that if institutions were flexible these problems could be worked out. Finally, my first amendment addresses the issue of mortgage insurance by CMHC.

Since Bill C-89 does not deal with the definition of house but does change the definition of housing project, motion No. 1 seeks to amend Clause 1, line 20, which deals with the definition of housing project. By inserting the words "or homes" after the word "houses", motion No. 1 removes the dependence of CMHC on the definition of house as "building plus land". If houses must be on land, then the word "home" could be used to include dwellings that are not on land, such as floating homes.

Motion No. 1 would empower CMHC to insure mortgages for development projects of all types no matter where they are located, on land or water. It is hoped that in the future the National Housing Act could be amended to empower CMHC to insure mortgages on individual units rather than on whole communities. It is only a first step. There are many more things that need to be done to encourage the development of floating homes, but it would be a start toward overcoming the institutional bias against floating homes.

The purpose of motion No. 2 deals with the fact that there is nothing in the present wording of the interest deferment plan which prevents floating homes from being eligible for assistance. That is quite important. In the present wording, they are not left out. However, officials of CMHC have told my staff that residents of floating homes are not eligible. They have made this policy decision 2,600 miles away from where the need is.

CMHC argues that the taxpayers should not subsidize luxury accommodation. Somehow, in their unfamiliarity with what house boats are on the west coast, they equate them with luxury accommodation. I do not believe that it is the mandate of CMHC to judge the quality of living accommodation on land or water. I do not believe that CMHC assesses the luxury of conventional houses before determining if they qualify for other programs. If the houses meet the criteria, the residents are deemed to qualify. To use the logic of CMHC, its officials should look at the quality of the broadloom and the furnishings in homes to judge whether the residents are living in luxurious surroundings before allowing them to qualify for government programs. I do not believe that CMHC should have this discretionary power.

CMHC also suggested that if the residents of floating homes are having financial difficulties, they should move on to land. CMHC officials of all people should know about the crisis in affordable housing in Vancouver before making such a suggestion. Their regional director is certainly well aware of the problem.

I also think it is unacceptable for CMHC to be telling Canadians where and how they should be living, provided that their home complies with municipal regulations and standards. This is clearly one of the problems with centrally-administered national programs. National institutions must be sensitive to regional needs. In the lower mainland area of British Columbia, regional needs include floating homes and a marine coast.

For all these reasons, I urge members of the House to support these amendments and extend equal treatment to home owners inventive enough to use the only space available to them in many areas, that is, marine space.

Hon. Paul J. Cosgrove (Minister of Public Works): Mr. Speaker, this is an important and a proud day, proud not only for the government but for all members of the House who have been associated with supporting Bill C-89. Most of all, it is a day that will show some ray of hope for thousands of Canadian families and individuals seeking assistance with housing and employment needs.

As I indicated in my remarks the day after the budget was introduced, November 13, Bill C-89 is a sensible and sensitive response to the needs that I have described. For many Canadians this is a very important piece of legislation. I predict, as I have throughout the many days and evenings of discussion with my colleagues in the House, that this bill will have a significant impact, not only on housing problems and conditions of Canadians, but on the economy and the provision of employment in that sector.

In short, Bill C-89 does four major things. First, it enables the Canada mortgage renewal plan to proceed without delay. Second, it allows the Canada rental supply plan to move toward operation. Third, it contains provisions which will be of

interest to all home owners, but especially to first-time home buyers. I will expand on that shortly. Fourth, it will enable Canada Mortgage and Housing Corporation to conduct its activities in a more efficient and, indeed, a more compassionate manner.

• (1600)

It provides very important steps needed to enable the government to deal effectively with housing issues, and as such it is very important to all participants in the housing market such as home owners, prospective home owners, rental entrepreneurs, renters, those seeking rental accommodation upon family formation, the building industry and the lending institutions which serve the industry.

Of equal concern is the situation of those who are concerned about rental accommodations, both its provision and its supply as well as its affordability. There is concern among lower income families about the availability of rental units and the amount they will have to pay for them. This government will be assisting in the construction of approximately 55,000 rental units in Canada this year which are comprised of 25,000 units under the non-profit and co-operative housing program under section 56(1) which supports co-operative and non-profit construction, as well as 30,000 units which have been identified under the Canada rental supply plan. These units have been identified by the Minister of Finance (Mr. MacEachen) and provided for by him through the commitment of $350 million in the next two fiscal periods.

I would remind hon. members that of the 30,000 units to be supported by the Canada rental supply plan one third are designated to serve Canadians on a rent-geared-to-income basis. It is obvious in the case of those provinces which will co-operate and assist in that rent-geared-to-income program, which is specifically designed to assist Canadians who are seeking affordable accommodations, that there could hardly be a more equitable program than the rent-geared-to-income program which is in place and being further supported by the Canada rental supply plan.

I do not believe that I have to dwell any longer on the economic impact of the Canada rental supply plan in the housing market and the opportunities which it will provide to those working in the housing industry. I am sure that those members who have longer experience in the House and in this business understand well the immediate impact that the construction of 30,000 multiple units will have on Canadians from coast to coast.

There are two other features of the bill which I would like to address. First, I will discuss the topic of mortgage instruments and the provisions in the bill which would enable Canada Mortgage and Housing Corporation to facilitate the development of new mortgage instruments. As we are all aware, the term of the mortgage instrument had declined from 25 years to 5 years, and now to one year—in some cases for even a shorter period of time. This has increased uncertainty for mortgage borrowers and has almost totally reduced the security which home owners used to have with fixed monthly payments over that period of time. This has made it much more difficult for rental entrepreneurs who need five-year mortgage money because rental production is not economically viable to them for construction in the short run. The reason for this is that investors in mortgages do not want to invest in longer term investments only to see the investment returns increase in the future. This situation of volatile mortgage interest rates has resulted in considerable attention to new mortgage instruments such as the variable rate mortgage, shared equity or appreciation mortgage and price level adjusted mortgages.

I am pleased that this bill will enable CMHC to facilitate these new developments. These instruments do have the potential to improve the situation for both borrowers and investors; help to ensure the availability of longer term funds for mortgages and provide greater certainty of mortgage payments.

Another area dealt with by this legislation is the premiums which Canada Mortgage and Housing Corporation can charge for mortgage insurance, which are presently set out in the act and cannot be changed except for an amendment to the act. This is one of the reasons why these changes to the National Housing Act must be made to introduce this additional flexibility so that CMHC can operate in the marketplace in a more business-like fashion.

Not only is it essential to the efficiency of the corporation, but, in turn, it gives a better return for the expense side of the operation of the corporation and thus a better return to the taxpayer who is supporting the government operation.

The bill now before us would allow CMHC to accept an assignment of mortgage in a default situation rather than obtaining possession. This is another provision of the bill which makes the corporation more efficient and thereby reduces the cost of operation to the government and the taxpayer. For example, in the case of a multiple unit housing project which is in temporary difficulty but which CMHC believes is a viable business proposition, the amendments would enable the corporation to move in a way which will ensure not only a tax saving to the taxpayer but will prevent inconvenience to tenants in such buildings. It would also permit another option. The amendments would also allow another claim settlement arrangement whereby lenders would be permitted to sell a property where, after close examination, it is deemed by the corporation, in consultation with the project owner, to be practical and feasible. As far as the mortgage insurance fund is concerned, the result would be that it would acquire fewer properties and the case load on the fund would be substantially reduced. Again, it would thereby reduce the cost to the corporation and the government which, as you know, has had to move to assess the corporation in the last few years because of the high demand of failures and hence claims on the fund.

The Canada mortgage renewal plan will and is presently being prepared for implementation by CMHC in anticipation of the passage of Bill C-89 before the House. I can assure the House that no time will be lost in taking advantage of the legislation, which hopefully the House will deal with today. A comprehensive public information program will be undertaken

so that individuals will be able to have access to programs as they pertain to their particular circumstance.

I was interested to hear the explanation and the urging for the adoption of the amendments proposed this afternoon which were addressed by the first speaker. I would have to indicate that although the corporation has responded by initially indicating its concerns for the proposed amendments, I have not had an opportunity to receive advice from the corporation, nor have we had time seriously to consider the implications of the proposed amendments. Certainly the amendments proposed by the hon. member urge a sympathetic hearing but, as you can well recall, the member also indicated the difficulties which exist in accepting such amendments. Because the amendments were introduced at a late stage we cannot support them today.

• (1610)

I want to make one further comment about the remarks of the hon. member who addressed what was apparently an observation by officials of the corporation about the quality of housing. He said that the corporation or the government should really have no role and nothing to say about the quality of housing. An integral and very important part of the Canada rental supply plan is that it is designed so that the Canadian government and Canada Mortgage and Housing Corporation can ensure that the 30,000 units constructed under that program with the $7,500 second mortgage are of modest construction. One of our major concerns is to ensure that the incentives under this plan will guarantee that modest accommodation is provided—not luxury accommodation but that which will provide affordable and modest rental homes. One of the features of the plan is that the corporation can exercise control to ensure that the quality of building is modest and at the same time attractive.

To sum up, Mr. Speaker, I would urge all those Canadians who feel that the program may be of benefit to them, to investigate the options provided under it.

I should like to thank my colleagues who have supported the legislation, Mr. Speaker. I should also like to thank members of the provincial legislatures who have indicated support for it and those various municipal officials who, in response to my communications offered support for it. I should like to thank the trade union organizations who indicated support for it and finally, the industry organizations such as CIPREC, UDI, and HUDAC, the traditional representative in the industry who, as we know, urged passage of the legislation as soon as possible.

The reward for adoption of this important legislation will be for me, as I am sure it will be for all members, the help it will offer to many thousands of Canadians seeking assistance in housing and in jobs.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): The question is on the amendment of the hon. member for Vancouver Centre (Miss Carney). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

An hon. Member: On division.

The Acting Speaker (Mr. Ethier): I declare the motion lost on division.

Motion No. 1 (Miss Carney) negatived on division.

The Acting Speaker (Mr. Ethier): The question is on Motion No. 2 in the name of the hon. member for Vancouver Centre (Miss Carney). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

An hon. Member: On division.

The Acting Speaker (Mr. Ethier): I declare the motion lost on division.

Motion No. 2 (Miss Carney) negatived on division.

Mr. Cosgrove moved that the bill be concurred in.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Mr. Lewis: Mr. Speaker, I should like to—

The Acting Speaker (Mr. Ethier): Order, please. I am informed that there is no debate at concurrence stage of the motion but only at third reading stage. We can proceed to third reading with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Cosgrove moved that the bill be read the third time and do pass.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, I welcome the opportunity to address the House briefly at third reading stage of this bill. The House will remember that this legislation is the result of a year and a half or two years of promises by the Liberal Party to do something to help Canadian home owners. From that standpoint we welcome the fact that it finally came about.

Throughout the summer and fall of 1980 and into 1981, Canadians saw mortgage interest rates that they had never seen before. They saw an increase in foreclosures and power of sale proceedings became a way of life for thousands and thousands of Canadians who previously had no idea of the force and effect of this remedy. Interest rates continue to cripple the housing industry. Many Canadians have seen their mortgage payments double as a result of the Liberal high interest rate policy. Thousands are abandoning their homes because they can no longer make the mortgage payments.

After marches on Parliament by Canadian home owners in the fall of 1981 we finally got a budget which, in most ways, was a disaster. If there was any glimmer of hope for Canadians, it was in the provisions of the bill that was passed before the House.

Interest rates still concern us, Mr. Speaker. Since the bill was introduced, CMHC brought forward its annual report dated March 12, 1982, which focused upon high interest rates in 1981 and what they have done to the Canadian housing market and the ability of Canadians to make mortgage payments. The corporation stated that it is very very difficult for first time home owners to participate in the current market. In 1981 there was a crisis in housing starts. The current prediction is for 152,000 starts this year, although for various reasons CMHC has suggested that we need 220,000 starts per year. There has been some suggestion that the number will be reduced to 200,000. Even at that rate we would still have 25 per cent or 30 per cent below what CMHC says we need to house Canadians properly.

I should like to draw the attention of the House to some things that are being done in other countries. In March 1982 the mortgage rate in Great Britain was 15 per cent. Housing societies there, which are like our trust companies, cut the interest rate on mortgages to 13.5 per cent. It is a shame that all we can get out of this government is that, through this bill, it will give an interest free deferral of up to $3,000 to home owners who have five per cent equity in their home, and to home owners who have no substantial equity in their home it will give a grant of up to $3,000. In order to qualify, home owners must pay more than 30 per cent of their income for principal, interest and property taxes. I remind the House that this plan only applies to mortgages which mature between September 1, 1981 and November 11, 1982. If the government continues with its Liberal high interest rate policy, there is no question the minister will be back in the House next fall asking for an amendment to the act in order to redress the problems the government will have created for Canadians in the intervening eight or nine months.

• (1620)

The comparison of this legislation is interesting. We on this side suggested to Canadians that they had every right to treat mortgage interest and property tax as legitimate deductions from income, as was done in the United States and in Great Britain. We suggested that it was a legitimate deduction from income which Canadian home owners could use. The net result of the much maligned—and I say much maligned by the Liberal Party—Progressive Conservative mortgage interest and realty tax credit plan would have been, in 1982, to give Canadians with normal $35,000 mortgages a tax break, credit or payment of approximately $150 per month. If we examine the increases in the mortgage payments of ordinary Canadians as a result of the Liberal high interest rate policy, we find that our suggestion, which was before the House in the form of legislation, would have gone a long way toward overcoming the grief with which Canadians are faced today.

Now I turn to the area of vacancy rates. The vacancy rates created by the government have reached all-time crisis proportions. If one lives in Oshawa, one is faced with a vacancy rate of 0.0 per cent. If one lives in Hamilton, it is 0.7 per cent. The standard figure of 3.0 per cent is considered to be acceptable in order for Canadians, with the normal flow of people in and out of apartments, to find decent, affordable accommodation in which to live and raise their families. The bill suggests that interest-free loans of up to $7,500 per unit will be given to assist in the construction of 15,000 rental units. This was proposed in November, and in the intervening months between November and early March the government found, as it has with many of its predictions, that its prediction was not correct. Perhaps the government was fooled by the many holes in the ground, or the in again out again, now you see it now you don't attitude, created by MURBs. The holes and footings in the ground were considered to be housing starts, but suddenly the government realized that nothing would be erected over these holes, so it came forward with the promise of another 15,000 units in March. This promise was made in an announcement by the minister contained in a comprehensive release from his office, in which he talked about what the government would do for repairs of Canadian houses.

This is all very nice, but I think it is well understood that apartments or rental accommodations are not being built because of the Liberal high interest rate policy. There is no way that one can economically build rental units under the present high interest rates which the cabinet and the Minister of Finance (Mr. MacEachen) are supporting as a tonic for Canadians. It is not much of a tonic, because we are not

receiving housing starts. Any Canadian involved in the development business realizes that apartments cannot be built with interest rates at the level at which the government is keeping them.

Unfortunately I did not have an opportunity to participate in all committee meetings which were held, but I have reviewed the remarks that were made. I should like to bring to the attention of the House that there is some hope for Canadians. The Minister of Finance firmly suggested in the budget that it was the intention of the Liberal government to tax Canadians on the imputed rental value of their homes. This was based upon budget figures which were brought forward by the minister. He said that it was not correct, according to the Liberal Party, that Canadians should own homes, should pay them off, and then should be able to get away with not paying income tax on the imputed value. The Minister of Finance stuck to his guns on this. He absolutely refused to say that at no time will the Liberal government tax Canadians on the imputed value of their homes. This now appears to us to be government policy as enunciated by the Minister of Finance. Quite frankly we are shocked.

We feel there is no reason that Canadians should be forced to pay income tax on income which they have not received in cash. We feel this Liberal concept of imputed rental value ignores significant costs associated with home ownership, such as maintenance, mortgage payments and realty taxes. This concept could force Canadians to lose their homes. We have seen far too many homes lost under Liberal government policies, and we on this side of the House do not want to see Canadians losing their homes. The Liberals who are forcing this socialist concept upon Canadians will find that the Progressive Conservative Party, in all probability, will fight hard to ensure that the imputed rent concept gets no further than any of the other proposals upon which the Minister of Finance has backtracked.

Mr. Blais: Mr. Speaker, I rise on a point of order. Undoubtedly the hon. member was not in the House when the Minister of Finance (Mr. MacEachen) dealt with the particular issue by indicating that this concept resides only in the mind of the Dominion Life Assurance Company and in the minds of hon. members of the opposition.

Mr. Siddon: It was in his budget.

Mr. Lewis: I am quite pleased to address myself to the problems of the hon. Minister of Supply and Services (Mr. Blais). As deputy opposition House leader I have to be here every day. Undoubtedly I was present when the Minister of Finance, who was not present today, made his remarks. As to anyone understanding the remarks of the minister, I know there is great confusion on both sides of the House when it comes to that.

Mr. Cosgrove: Mr. Speaker, I rise on a point of order. Whether the hon. member was in the House when the Minister of Finance (Mr. MacEachen) gave in answer the opposite interpretation as to what has been said, I really do not know. However, my point of order—

The Acting Speaker (Mr. Ethier): Order, please. The hon. minister is referring to an interpretation; I hope that is not his point of order.

Mr. Cosgrove: The hon. member indicated that it was introduced by the present Minister of Finance. In fact it was introduced by the former minister of finance, the hon. member for St. John's West (Mr. Crosbie).

Mr. Siddon: That is not true.

Mr. Taylor: Mr. Speaker, I rise on a point of order. It was not introduced by the hon. member for St. John's West (Mr. Crosbie); it was a departmental paper.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): I will entertain a point of order from the hon. member for Bow River (Mr. Taylor), but if he wants to indicate who introduced what, when and where, I do not think it is a point of order. Certainly it is a point of debate, but I will recognize the hon. member on a point of order.

Mr. Taylor: I simply ask a question: Why was the minister crying that he lost $45 million if he did not intend to bring it forward?

Mr. Lewis: Mr. Speaker, I understand the confusion on the government side. We are not at all surprised that there is confusion on government benches as to what imputed rent means. We know the government wants to get at it, and we intend to fight it.

It is interesting to hear the minister of housing referring to matters such as this, because in one of his speeches to the Department of External Affairs he spoke on African trade. It is difficult to go from imputed rent to African trade, but the minister responsible for housing seems to have been able to do that. In the absence of the Minister of State for International Trade (Mr. Lumley), we have no idea what that has done to African trade. We know what the minister for international trade has done for Japanese and Iraqi trade. Quite frankly, we on this side are surprised at the confusion in the housing industry. We see housing starts going down the drain and we see critical vacancy rates, but we find the minister of housing addressing an external affairs seminar on African trade. One cannot be surprised too much by that because we understand the minister responsible for housing addressed a sales seminar at a major real estate firm recently. There was some concern on this side as to why that might happen.

• (1630)

I want to tell you, Mr. Speaker, and I want to tell the House that we have been able to determine the reason why the minister responsible for housing has addressed a sales seminar.

One knows that in the real estate industry it is important to get sales listings. Listings are what you get on the boards, the signs and the whole thing. We have come to realize that this minister of housing has done more to create listings in the real estate markets of Canada than any other housing minister, because the powers of sale he and the Liberal Party have created together with the foreclosures have led to more listings than ever as a result of the Liberal high interest rate policy.

I just wanted to draw that to the attention of the House. Just as there is confusion on that side with imputed rent, there is confusion why the minister would be flitting around the country making speeches like that.

In closing, I want to say that we intend to support the bill. We are shocked at the inadequacy of it. We are shocked that this is all this government could come up with after promising to rescue Canadians from the spectre of foreclosure. The government has created the spectre of a bill which is so totally inadequate to deal with the real concerns of Canadians.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I listened with great interest to the hon. member who preceded me.

Mr. Lewis: I would think so.

Mr. Deans: There were two matters that he raised and that I think are worthy of expansion, the latter being his indication that, although the bill be deficient in many ways, the Conservative Party is prepared to support it.

Mr. Speaker, I want to say that the bill is indeed deficient in all of the ways the hon. member indicated. I had come to that conclusion myself some time ago. In listening to him enumerate the deficiencies, I was reinforced in my belief that though I would have liked to recommend to my caucus that we ought to support it, I could find no justification or foundation to make that kind of recommendation. I think when something is deficient, when something works a hardship and provides little if any benefit, then it is not supportable. In this instance, I believe that refers to this particular piece of legislation. I urge the Conservatives if ever they should pluck up their courage between now and, let us say, forty minutes from now and change their minds, they could join with us and we will defeat this government today, and we will build houses in this land when we become the government.

I want to make reference to another point that I think is worthy of at least passing reference. I hear the family squabble between the Liberals and the Conservatives—

Mr. Huntington: The "socialist-alliance".

Mr. Deans: —over imputed rent.

Mr. Lewis: You would tax it.

An hon. Member: Kissing cousins.

Mr. Deans: I cannot help but smile—

Mr. Huntington: You are gorgeous.

Mr. Deans: I realize we are not supposed to laugh at people when they are in trouble and desperately trying to get out of it, but when I listen to Conservative members rising in righteous indignation to demand of the government that it answer for this folly, the proposal to introduce in some form or other, at some date in the future, a concept called imputed rent, and then I go back to the budget papers of 1979, I think to myself how that very same concept in almost identical words—

Mr. Siddon: Not in the budget papers. Tell the truth.

Mr. Deans: —were contained in the ministry's background papers—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Bow River (Mr. Taylor) is rising on a point of order.

Mr. Taylor: Mr. Speaker, I know the hon. member wants to be accurate, but that statement was not in the PC budget papers.

The Acting Speaker (Mr. Ethier): Order, please. Any correction can be made during debate or at a later stage, but certainly not in a point of order.

Mr. Deans: Mr. Speaker, when I go back to reading those papers that travelled with the budget, those papers that were supposed to provide the background information—

Mr. Huntington: That is a little more accurate.

Mr. Deans: —and the thinking that went into the budget—if you do not want to call them budget papers, you can call them what you like, Mr. Speaker; the choice is yours—I find right there in exactly the same wording the suggestion that the Conservatives too were considering imputed rent.

An hon. Member: No, we weren't.

Mr. Deans: All I can say on behalf of the tens, hundreds, thousands of Canadians who are desperate over the prospect is that if ever they were to elect a Conservative government—

Mr. Huntington: Those words come from the socialist bureaucrats in the government.

Mr. Deans: —it would be equally as bad as the Liberal government. There is every reason to believe that if the Conservatives were to win, they would do exactly the same thing.

Some hon. Members: No.

Mr. Taylor: Mr. Speaker, I rise on a point of order.

Mr. Deans: What is the matter?

Mr. Taylor: The bureaucrats put that imputed rent out during our term of office. The Liberals accepted it and put it in their budget papers.

The Acting Speaker (Mr. Ethier): Order, please. I hope hon. members will refrain from raising points of order when they are not points of order.

Mr. Deans: Mr. Speaker, in order to be charitable and fair, as I always am—

Mr. Huntington: You are misleading the House, my friend.

Mr. Deans: In order to be charitable and fair, as I always am, I want to say to the hon. member for Bow River (Mr. Taylor) that if he wants today to reject that proposition on behalf of the Conservatives, then I accept that.

Some hon. Members: Oh, oh!

Mr. Deans: If he wants to say that they will never again have it in any of their background papers, I will accept that. I will not argue with him.

Mr. Huntington: It is a socialist doctrine.

Mr. Deans: Who am I to argue with the hon. member for Bow River?

In any event, all I can say is thank God it never became law. I can assure you, Mr. Speaker, because I know you are concerned, that when the NDP forms the government—remembering, of course, that we are now at 26 per cent of the popular vote and rising—

Some hon. Members: Hear, hear!

Mr. Deans: —there will be no imputed rent.

Mr. Oberle: There will be nothing.

Mr. Deans: There will be no imputed rent. Not only will it not appear in the budget, it will not appear in any budget papers. It will not appear in any background paper.

There will be no imputed rent when we form the government.

Some hon. Members: Hear, hear!

Mr. Young: Not like the Liberals and the Tories.

Mr. Deans: It is noisy in here, isn't it?

Some hon. Members: Oh, oh!

Mr. Huntington: That is fire hall talk.

Mr. Deans: At any rate, let me deal with this bill in a little more detail. I want to say to you, Mr. Speaker, and through you to the minister and I suppose to anyone else who cares to listen, that the legislation before us is inadequate. Normally if you had inadequate legislation placed before you, you would consider whether or not on balance it was supportable because of the little things that it did. But in this instance the inadequacy of the legislation in dealing with the prices that confront by far the vast majority of those who are attempting to buy homes or find rental accommodation is so great as to make it virtually impossible for anyone to support it who cares about making sure that people can get a home of their own at a price they can afford.

I have looked at this legislation in some detail. I am convinced it opens the way to even far greater problems than we already have. As a result of this legislation and other legislation which has at least been alluded to in recent days, we will undoubtedly see more and more Canadians assuming mortgage payments that will stretch their ability to pay to the limit. This stretching of their ability will result without question in their deferring principal and interest payments to another time when they hope they will earn more. When they make that deferral it will result in those people owing more at the end of any given year than they did at the beginning.

• (1640)

As a result of this legislation and this government's actions, and as a result of the interest rate policy Mr. Bouey is pursuing, we will see a repeat of the things which happened in the AHOP program. People were encouraged to buy homes they could not afford and assume responsibilities they could not handle. They put off the real cost of the home to a day five years down the road, and when that day arrived they found in so many cases that they were not earning enough to keep the home and they lost all of their investment.

If I am not mistaken, it was in Mississauga that something in excess of 50 per cent—I will get the exact figure if you want—of all the people who moved into an AHOP home ultimately lost it. They were encouraged to go in there by the government, and when they did so it was in the hope and expectation that their wages would continue to rise and they could cover the mortgage payments. That did not happen in the society we are living in, and they lost their homes.

That is the measure of this program, as well. With these variable rate mortgages and the short-term assistance program which, I might add, as the hon. member for Simcoe North (Mr. Lewis) points out, terminate within a year, people are simply putting off to another day the inevitable clash with foreclosure.

The measures taken by the government are inadequate. If you look at them from an analytical point of view they are, if anything, harmful. For that reason alone I would not encourage people to become involved in these programs. The hon. member for Simcoe North makes the comment *sotto voce* that somehow or other I am not saying these things to the people in my riding. I want to make it quite clear that when I was in the Ontario legislature during the time the AHOP program was available, I advised people not to take it because I knew in five years' time they would not be able to afford the home.

Mr. Lewis: Agreed.

Mr. Deans: I say the same thing to them today. These are not programs which will enable families to create the kind of stability where at some point in their life they can own outright the home they are moving into. For that reason, and a number of others, I just cannot find this legislation supportable. It is an

entrapment, if you will. Many people will be further and further in debt as time goes by. Rather than paying the debt off, they will be accumulating even more debt.

Mr. Lewis: They have to have a roof over their heads.

Mr. Deans: The hon. member quite rightly says that they have to have a roof over their heads, but I put to him through you, Mr. Speaker, that it would be better if, instead of supporting a measure which will ultimately result in those people losing their homes anyway, we could combine our efforts in the opposition and force on this government the requirement that it get into the house building business, as it once was; that it get into the mortgage lending business, as it once was; that it take action to bring down interest rates, as it must do; and that it ensure that affordable homes are available for people who need them. That is a supportable measure, and it is not contained in this legislation. That is the problem.

Some hon. Members: Hear, hear!

Mr. Deans: If we in this House continue to support these ridiculous half measures brought forward by the government with all kinds of fanfare and rhetoric, the end result of which will undoubtedly be greater hardship and heartache in the long run, then we do the people of Canada a disservice. That is why we cannot support this legislation. It might appear to be useful for a few people, but for the vast majority it is entrapment.

Let us get together, Mr. Speaker, and insist that mortgage interest rates be reduced. Instead of supporting the Bank of Canada in its interest rate policy, why does the Conservative finance critic not get up and demand that they take a different tack in setting interest rates and respond adequately and properly to the needs of the Canadian people? Why is there no support for an excess profits tax on banks when they made hundreds of millions of dollars without having to do a single thing in the marketplace or anywhere else to earn them? Why is there no attempt being made to recover some of that money in order to reduce interest rates? Because the government will not do it and the Tories will not help us, that is why.

Some hon. Members: Oh, oh!

Mr. Deans: They are quite content to sit there and allow their fat-cat friends to get fatter on high interest rates and live high off the hog at the expense of the vast majority of Canadians! That is why!

Some hon. Members: Hear, hear!

Mr. Deans: Mr. Speaker, it is very difficult to maintain your composure when speaking about one of the most essential parts of any human being's life. I ask you, what can be more important than food on the one hand, and shelter on the other? These are the basic things that people must have. And we create a system which takes into account the needs of the people who lend the money, but not the needs of the people who cannot find accommodation.

Mr. Lewis: What about property rights?

Mr. Deans: As to the remark of the hon. member for Simcoe North, I say to him that on property rights we are firm. People in Canada are entitled to own their own homes.

Mr. Lewis: That is why you voted against it.

Mr. Deans: Not simply by virtue of some paragraph in the Constitution, they are entitled to own their homes by virtue of the economic system we live in which will enable them to earn enough money to purchase and own the home they want to live in. That is the difference.

Some hon. Members: Hear, hear!

Mr. Deans: The question is an economic one; it is not putting in some fancy words concerning the right to own a home. I say unequivocally that people have the right to own their home. But on the other side, to give someone the right to own their home and then create an economic system which makes it virtually impossible for the average working man and woman in this country to do just that, I ask you, in heaven's name, what kind of right is that?

Some hon. Members: Hear, hear!

Mr. Deans: As I said earlier, this legislative proposal now before us is wrong-headed and speaks to the wrong things. It does not speak about providing more accommodation in order to raise our housing stock to the level required to meet the obvious need in this country. We need 220,000 housing units this year and we will build 157,000.

Some hon. Members: Shame.

Mr. Deans: Even with the minister's new plan we will still build just 157,000, and every single year we fall behind by 70,000 housing units. We are denying Canadians not only accommodation, but accommodation at a price they can afford. Surely that must be the key.

• (1650)

In closing, let me say that certainly the one major problem confronting us is that the minsiter, by his statements, makes it quite clear he is supporting variable rate mortgages; in other words, perpetual indebtedness. The banks cause perpetual indebtedness through variable rate mortgages. They make sure that one never pays off the debt. A person can adjust the mortgage rate all the time and forever accumulate more debt.

I will tell Your Honour something which is more important. I know Your Honour knows this because I can just see by your eyes that you are sitting there ready to tell me.

Mr. Lewis: You cannot see that far!

Mr. Deans: Your Honour knows that the variable rate mortgage is illegal under the Interest Act of Canada. The minister is sitting there, laughing. However, he does not mind illegalities.

Mr. Blais: He is not laughing. But he is very happy that you will let our bill go through.

Mr. Deans: The banks have latched on to this very narrow concept. This is another way they will gouge the workers of this country and get more out of their meagre pay packets. The government is doing this to ensure high profits. What did their profit amount to this year? Was it $1.5 billion or $1.7 billion? I believe it was $1.7 billion.

Mr. Lewis: Get your facts straight.

Mr. Deans: The government is now bringing in these fancy new instruments supported by the minister to further erode the purchasing power of Canadians who want to buy homes. Not only is the government further eroding their purchasing power, but it is also able to do it in a way which is quite clearly outside the law of Canada as it presently exists. The minister nods his head, acquiesces, bows down and thanks the people for their efforts and tells them how wonderful they are. No, minister, we will not support the bill.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, it gives me great pleasure to take part in the debate on third reading of Bill C-89. Just like the United States and the European countries, Canada is going through difficult economic times. Our government is committed to make the fight against inflation and the recovery of Canadian economy the top priority until this aim is achieved. This determination of the government to counter inflationary pressures does not mean, however, that we do not recognize the importance of helping those who need it most.

Regarding housing, the budget of November 12 stated that the government would offer interest-free loans to assist in the construction of 15,000 rental units in those areas where the vacancy rate is very low. Last March 23, the hon. minister responsible for housing and public works announced that the government would allocate an additional amount of $100 million to increase from 15,000 to 30,000 the number of new units eligible for interest-free loans of up to $7,500 per unit. This will give more Canadians access to proper housing at affordable prices.

Moreover, the government has earmarked $30 million in interest-free loans for the improvement of existing houses. These funds will be allocated to the areas with the highest unemployment rates. Quebec alone will receive 43 per cent of the total budget, or $9.6 million. The new assistance program for housing renovations will supplement the $169 million already allocated for this purpose under the Residential Rehabilitation Assistance Program, better known as RRAP, and differs from the latter in that the assistance will be directed to high unemployment areas. It will promote job creation because loan recipients will have to invest $7 for every $3 of assistance granted. The renovation program will provide an incentive to the Canadian construction industry.

The government is also concerned with home owners who have to renew their mortgages and may lose their home because of higher interest rates. In that respect, the government has developed a plan under which if an individual has more than 5 per cent equity in his home and after having renewed his mortgage, considers that his mortgage payments plus property taxes exceed 30 per cent of family income before taxes, the approved lender could defer interest payments for a year, up to a maximum of $3,000. Where an individual has less than 5 per cent equity in his home, but his payments still exceed 30 per cent, that individual will also be entitled to a grant of up to the $3,000 maximum.

That plan applies to mortgage loans with maturity dates falling between September 1st, 1981 and November 11, 1982. These recent commitments as well as the existing programs will bring to 100,000 the estimated number of jobs that will be created directly or indirectly by the Canadian government's initiatives in the housing area.

Such initiatives are a tangible expression of this government's commitment to do all it can to remedy the precarious situation that prevails in rental housing, to help Canadians facing serious difficulties when renewing their mortgages, and to restore healthy economic growth.

Mr. Speaker, I listened earlier to opposition members who had reservations about this legislation, and I was tempted to laugh at all the proposals, suggestions and solutions which they were putting forward. The previous speaker, the hon. member for Hamilton Mountain (Mr. Deans), referred to matters that can really affect all Canadians. His comments verged on demagogy, Mr. Speaker, for what could be more natural, Mr. Speaker, for Canadians than owning their own homes?

An hon. Member: That is a fact!

Mr. Tousignant: That is a fact, I admit it. What could be more natural than a young couple owning their own home!

They also raise the matter of the right to home ownership. Is there a more basic right than the right to home ownership? Tell me, are they not touching these people who speak from both sides of their mouths, Mr. Speaker? Why don't they say that it is all right to want to become a home owner, while it is not to want to buy a $75,000 home with only a $500 down payment? They would have to explain that. I feel it would be much more normal and make a lot more sense to tell people to buy instead less expensive homes, worth maybe between $45,000 and $50,000, and to make down payments somewhere between $15,000 and $20,000. But these people run around asking whether there is a more basic right than the right to home ownership and leaving all their listeners unsatisfied. There are others who refer to high interest rates, who blame the government for spending too much and who, in the same

breath, complain that the government is not spending enough on housing, saying that they support the bill, but that they would like to see the government spend more. Clearly, it is possible to deal with all the problems and cases piecemeal, one by one. Then, they come back after a while and complain that the deficit is too high and that the government should do something about it. Well, what do they really want?

Of course, just about any problem could be solved with a great deal of money, say $200, $400 or $500 million, whether in housing, agriculture, forestry or in the automobile industry. We are aware on this side of the House that problems exist and we can identify them. We have no masochistic reason to try to keep people in poverty and have them raise a hue and cry. We can identify all the problems which exist in Canada, but in order to solve them all overnight it takes money, and the people opposite are the first to tell us that the deficit is too high, that we spend too much. Then, Mr. Speaker, those people ought to become a bit more serious. Of course, I know they are not there to campaign for the government now in power, that is most obvious; but still, there comes a time when they should be a bit more honest in what they say, in what they do. So, I am being asked to speak on the price of gas. Of course, I am proud, and I thank the hon. member for throwing me a line. There again, that is what we hear from one end of the country to the other: "You, Liberals, you get elected by saying that the price of gas will not go up; now, look at how high it has gone. You beat us on the 18 cents".

An hon. Member: Sky high!

Mr. Tousignant: Sky high! I say this to the hon. member. He knows full well that with a Progressive Conservatives government the price of gas would naturally have also gone up to 85 per cent of the world price. We, instead, said 75 per cent of the world price. Those are the facts. In addition, they were talking about an additional 18-cent tax. That is the truth of the matter.

So, naturally, just as the Progressive Conservatives and the Liberals had foreseen, the price of gas increased, just like the price of other consumer goods, such as bread, butter, etc. But they had planned an additional 18 cents. So, that is that. I am happy, Mr. Speaker, that the hon. member gave me the opportunity to make that clear.

It is that kind of falsehood which is spread here and there and I hope, Mr. Speaker, that in the future those people will try to report exactly what happens without necessarily praising the government in power and at least be as honest as possible.

Under the circumstances, Mr. Speaker, before I conclude, I know that on the whole they are all in favour. They had to speak against, of course, but on the whole I know that everybody is in favour. Therefore, I hope that the bill will be passed and I am quite pleased because it is an historic moment, as I mentioned a while ago, it will benefit many Canadians, since 60,000 jobs will be created, and with the $30 million provided under the other program, 30,000 further jobs will be created—

Mr. Cosgrove: 60,000!

Mr. Tousignant: Therefore, this will benefit a great number of Canadians who will have access to cheaper rental accommodation. Evidently, they cannot obtain them free of charge. Of course, this cannot be done. We cannot pay for everything and the minister cannot build those housing projects himself. This legislation will enable many Canadians to get cheaper and better rental units. It will also put some Canadians to work in the construction industry. It will give a new impetus to construction. In the present situation, the minister responsible for housing has almost worked a miracle, it is an amazing feat. I am quite pleased this has happened today and I hope that in a few minutes the bill will be given third reading.

• (1700)

[*English*]

Mr. Bill Wright (Calgary North): This is the second opportunity I have had, Mr. Speaker, to rise to speak to this bill, C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act. I think back over the last year and the many times that members on this side have risen and put questions to the minister of housing. When is he going to help the home owner? When is he going to help the renter? The only answer we ever got from the Minister of Public Works (Mr. Cosgrove) was to wait until the budget comes.

The budget came on November 12 and we questioned him again and he said: "I am going to bring forth legislation." That legislation came forward on January 28. On March 2 when the bells commenced ringing and all of us on this side implored the government to continue the committee meetings, the government House leader would not allow it and the Minister of Public works would not allow his committee to meet either. We asked for that committee to meet in spite of the division bells ringing. Mr. Speaker, there are many people who have spoken out against the lack of action by the government.

The Toronto Home Builders' Association said the federal budget discontinued various incentives to private investment in Canada. We believe the Department of Finance was inadequately informed as to the negative impact that many changes would have on the housing market.

The Canadian Institute of Public Real Estate Companies said that high interest rates have made construction of new apartment buildings an unenviable proposition; in Ontario, to break even on a new building financed at today's figures a landlord would have to charge in the order of $800 a month for a typical one-bedroom apartment.

This bill does not address those problems. The CMHC estimates that between 210,000 and 220,000 housing starts are needed each year, yet the estimates of the number of starts is down around 160,000 to 170,000. I might indicate what the

housing starts have been over recent years. In 1976 we had 273,000 housing starts; in 1977 we had 246,000 housing starts; in 1978 we had 228,000; in 1979 we had 197,000; in 1980, 158,000; and in 1981 we had 178,000 housing starts.

The minister can stand in this House and tell us how many jobs he is going to create. It is quite possible he will create many jobs if he brings the housing industry to a complete stop and then turns around and brings in legislation saying it will help the housing industry and will increase employment. Unfortunately, the housing industry does not agree; the industry suggests that 50,000 housing units are needed to bring up employment in the construction industry and that there will be 100,000 jobs lost, not gained, by this bill. That is reflected in about $2.8 billion lost to the construction industry, which translates into $400 million lost revenue to the government. Yet this minister insists on suggesting that he is going to increase employment.

In 1981 the average home sold for $61,000, which is 12 per cent higher than the previous year. The Minister of Finance (Mr. MacEachen) then has the gall to stand in this House and say that people are doing well because the average income of a person buying a home is $36,658, an increase of 22 per cent over the previous year. His answer is that if incomes are up by that amount, more people must be able to buy homes. However, CMHC suggests that fewer people were able to buy a home in 1981 than in 1980. The age of the average purchaser went from 30 to 32. The proportion of buyers who were previous home owners rose from 39 per cent to 56 per cent. Surely the Minister of Finance (Mr. MacEachen) and the Minister of Public Works have more common sense than to suggest that home buyers are better able to buy homes at these new prices.

• (1710)

At second reading, the NDP suggested that the increased price of homes was due to the increase in the price of land. Statistics for the last year indicate that the average price of land remained constant. Therefore, that is not the reason for the increase in price. It was due to the high interest rates and nothing more.

I have asked the Minister of Public Works questions in this House. There are more questions I would have liked to ask. Why is the government spending $60 million on advertising which could be used to help home owners and renters in this country? Can the Minister of Public Works tell us why foreign aid will be increased by 19.9 per cent, or by $157 million, in the coming year when this money could have been used for home owners and renters?

Can the minister tell us why more is not done about Crown corporations which continue to lose money? Eldorado Nuclear is losing $130 million, yet it was hiring people on the day it closed its mine last fall. In spite of this the minister has the gall to tell us he is doing all he can to help home owners and renters in this country.

From time to time members opposite have asked what we would do. We have many, many suggestions. I will mention just a few. We would encourage, not discourage, investment capital in this country. In the last two years $17 billion has left this country because of the energy policies of this government.

There is an excess of natural gas in western Canada. It has been estimated that up to $2 billion in sales could accrue by the export of this natural gas. What does the government do? It discourages exports. It discourages the development of the oil industry in western Canada. It is discouraging one of the few viable industries left in Canada. The government is attempting to do what it has done to the automobile industry, and we all know the terrible state of that industry.

This bill will do little. It is like giving an aspirin to someone who has an ulcer. It may help the pain just a little, but it will certainly not cure the problem. It does not deal with the real problem of high interest rates. However little the bill provides, we unfortunately must support it. However, we will continue to press the government for better legislation to bring needed help to both the home owner and the renter.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: Those in favour will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Cosgrove), which was agreed to on the following division:

• (1720)

(*Division No. 156*)

YEAS

Messrs.

Allmand	Blais	Campbell (Cardigan)
Appolloni (Mrs.)	Blenkarn	Cardiff
Axworthy	Bloomfield	Carney (Miss)
Bachand	Bockstael	Chrétien
Baker (Gander-Twillingate)	Bossy	Clark (Yellowhead)
Baker (Nepean-Carleton)	Breau	Clarke (Vancouver Quadra)
Beatty	Burghardt	Coates
Beauchamp-Niquet (Mrs.)	Caccia	Collenette
Bégin (Miss)	Campbell (Miss) (South West Nova)	Comtois
Berger	Campbell (LaSalle)	Cook
		Cooper

Messrs.

Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Crosby (Halifax West)
Cyr
Dantzer
Darling
Daudlin
Dawson
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Domm
Dubois
Dupont
Dupras
Duquet
Ellis
Elzinga
Epp
Erola (Mrs.)
Evans
Fennell
Ferguson
Fisher
Fleming
Flis
Forrestall
Foster
Francis
Friesen
Frith
Gamble
Garant
Gass
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Gurbin
Halliday
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hudecki
Huntington
Isabelle
Jarvis
Jelinek
Kaplan
Kempling
Killens (Mrs.)
King
Korchinski
Lachance
Lajoie
Lambert
Lamontagne
Landers
Lang
Laniel
Lapierre
La Salle
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald (Miss)
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mayer
McCauley
McCuish
McKenzie
McKinnon
McLean
McMillan
McRae
Munro (Hamilton East)
Murta
Nicholson (Miss)
Nickerson
Nielsen
Nowlan
Oberle
Olivier
Ostiguy
Paproski
Parent
Pelletier
Penner
Pepin
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Robinson (Etobicoke-Lakeshore)
Roche
Rossi
Roy
Schroder
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Siddon
Smith
Speyer
Stevens
Stewart
Tardif
Taylor
Tessier
Thacker
Tousignant
Towers
Trudeau
Turner
Vankoughnet
Watson
Wise
Wright
Yanakis—174.

NAYS

Messrs.

Althouse
Benjamin
Blackburn
Blaikie
Deans
de Jong
Fulton
Heap
Hovdebo
Jewett (Miss)
Keeper
Kristiansen
Lewycky
Manly
Miller
Mitchell (Mrs.)
Murphy
Nystrom
Ogle
Orlikow
Riis
Robinson (Burnaby)
Rose
Sargeant
Skelly
Young—26.

• (1740)

Madam Speaker: I declare the motion carried.

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

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I note by the clock that we have a little time until six o'clock. I understand there will shortly be a visit from the Gentleman Usher of the Black Rod, but until that occurs I think the time could be used appropriately by hon. members to raise certain matters.

Grievance—Hon. Walter Baker

While government members are in the House, and particularly while the Prime Minister (Mr. Trudeau) is here, I want to raise a matter by way of a grievance to air the issue. I should like to deal with the very vexing and disturbing questions which remain unresolved about the state of the nation's economy.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): The Prime Minister can show his usual lack of concern for the plight of Canadians, if he wishes, by walking out of the House.

Some hon. Members: Shame!

Mr. Baker (Nepean-Carleton): In terms of his attention to public business, he has walked away from the country.

Some hon. Members: Hear, hear!

Mr. Smith: Madam Speaker, I rise on a point of order. If the House has time before we receive the visitor, I suggest that we call the borrowing authority bill and get on with the business of the House. If the hon. member wants to discuss the economy, he can use their allotted day on Friday to do so.

Mr. Baker (Nepean-Carleton): One problem is that the government does not realize that the economy of the country, the question of employment, the investment climate and the problems with respect to housing, are the business of the House. What else could be the business of the House?

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Why has the government not dealt with those questions? Where is the Minister of Finance (Mr. MacEachen) right now, when there is an opportunity for him at long last, months after the budget was brought forward, to present something positive with respect to the economy of the country? He has not done it; that is the problem.

Some hon. Members: Hear, hear!

Madam Speaker: Order, please. The hon. member for Gloucester (Mr. Breau) on a point of order.

[*Translation*]

Mr. Breau: Madam Speaker, I respectfully submit that the orders of the day have not been called by the Clerk as is customary. There is not really a substantive question before the House at this time and it does not seem appropriate for any member to make a speech when the orders of the day have not been properly called in the House.

Madam Speaker: As we are awaiting the messenger from the other place, it is a period when the grievances of certain members may be heard.

[*English*]

Mr. Baker (Nepean-Carleton): Thank you very much, Madam Speaker.

Some hon. Members: Hear, hear!

Madam Speaker: I am sorry to interrupt the hon. member but I believe the Gentleman Usher of the Black Rod is at the door.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Since the visitor from the Senate has not yet arrived, I should like to indicate that I was surprised to hear the hon. member for Gloucester (Mr. Breau) indicate that there was no business before the House of Commons. If the economy of the country does not occupy the mind of the hon. member, then I do not think I know the hon. member for Gloucester, coming from the province he does. There can be no doubt about it—

Some hon. Members: Order, order!

[*Translation*]

Madam Speaker: Order, please. The Parliamentary Secretary to President of the Privy Council (Mr. Smith) has asked me to call the following order:

* * *

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

On the order: Government bills (Commons):

Resuming debate on the motion of the Minister of State (Finance) for the second reading and reference to a Committee of the Whole of Bill C-93, an act to amend the statute law relating to certain taxes and to provide other authority for the raising of funds.

[*English*]

Some hon. Members: Where is the minister?

Madam Speaker: Is the hon. member for Nepean-Carleton (Mr. Baker) seeking the floor to speak on this matter?

Mr. Baker (Nepean-Carleton): Yes, Madam Speaker.

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. The hon. member for Nepean-Carleton has the floor.

Mr. Baker (Nepean-Carleton): It is very interesting that the government should attempt to cut off debate on the economy—

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): —by bringing in at the last minute a bill dealing with financial administration, in the absence of the President of the Treasury Board (Mr. Johnston), who is responsible for the bill, in the absence of the Minister of Finance (Mr. MacEachen), who is responsible for the bill, and in the absence of the Minister of State for Finance (Mr. Bussières), who is also responsible for the bill. We are talking about the financial and economic administration of the country.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): I would like if it were possible in the minutes remaining, some economic minister somewhere to rise—

Some hon. Members: Where are they?

Mr. Baker (Nepean-Carleton): The Minister of Industry, Trade and Commerce (Mr. Gray) is here.

Mr. Clark: The minister who resigned!

Mr. Baker (Nepean-Carleton): I should like that minister to tell us about the appalling record of the government with respect to development of industrial areas where many Canadians now find themselves unemployed.

[*Translation*]

Mr. Gimaïel: Madam Speaker, I insist on raising a point of order because, if hon. members are allowed to debate interesting points during this period, I would suggest that I have every right to seek the floor, just as the hon. member for Nepean-Carleton (Mr. Baker) has.

Madam Speaker: Would the hon. member please resume his seat. Of course, he has every right to seek the floor, just as any other hon. member has, but the hon. member for Nepean-Carleton already has the floor.

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, I want to turn my attention, if I might, to the Minister of Industry, Trade and Commerce. I remember when our government was in power and the Minister of Industry, Trade and Commerce was the financial critic of the opposition. What did he say? He said that if we would vote Liberal in Canada, interest rates would stay down. In fact, he said "I will lay my seat on it".

• (1750)

An hon. Member: Some seat.

Some hon. Members: Oh, oh!

Mr. Epp: He is sitting on it.

Mr. Baker (Nepean-Carleton): He is still sitting on his seat.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Maybe that is one of the problems. Then there was the Minister of Finance. Do you recall the Minister of Finance, Madam Speaker?

Some hon. Members: Oh, oh!

Some hon. Members: Order!

Mr. Baker (Nepean-Carleton): I am not going to be shouted down by that crowd over there, Madam Speaker.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Then there was the Minister of Finance. When he campaigned in Cape Breton—

Some hon. Members: Order!

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): —he said to us, "Vote Liberal"—

Some hon. Members: Order!

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): —"and keep your gasoline prices down". Not only did the gasoline prices go up—

Some hon. Members: Order!

Madam Speaker: Order, please. The hon. member for Thunder Bay-Nipigon (Mr. Masters) is rising on a point of order.

Some hon. Members: Order!

Mr. Masters: Madam Speaker, my point of order is—

Some hon. Members: Order!

Madam Speaker: Order, please. I have a point of order from the hon. member for Thunder Bay-Nipigon.

Mr. Masters: Madam Speaker, my point of order is—I suppose it is more a clarification that I seek—

Some hon. Members: Order, then.

Mr. Masters: I wonder what the rules allow for in a situation like this.

Some hon. Members: Order!

Mr. Masters: Many of us would like to be involved in the debate, if I only knew at which point I could have the floor. Certainly members on all sides welcome the opportunity to speak in this House.

Some hon. Members: Order!

Madam Speaker: Order, please. If I may give the hon. member clarification in this period when we are awaiting a message from the other place, it is a time when grievances may be expressed.

Some hon. Members: Hear, hear!

Madam Speaker: That process had begun when the parliamentary secretary asked me to put a certain motion to the House, which I have. Debate has begun on that motion I think, although I am not sure whether that is the motion being debated. But the hon. member for Nepean-Carleton did get up and he has the floor.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Madam Speaker—

Some hon. Members: Oh, oh!

Mr. Olivier: I rise—

Some hon. Members: Sit down!

Mr. Olivier: Madam Speaker, I rise on a point of order.

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. There can be no point of order. The hon. member for Nepean-Carleton has not yet spoken. He has the floor.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Madam Speaker, I appreciate the justice in your hands as you attempt to do something with that unruly crowd over there. I have been a member of this House for ten years, Madam Speaker.

Mr. Olivier: I rise on a point of order, Madam Speaker—

Mr. Baker (Nepean-Carleton): —and one of the things I have seen happen here, whenever they are a bit embarrassed is for government members to bark and try to shout people down. I said earlier I will not be shouted down.

Some hon. Members: Hear, hear!

Mr. Olivier: I rise on a point of order.

Mr. Baker (Nepean-Carleton): I was dealing with the Minister of Finance when I was last interrupted, Madam Speaker, and I want to return to him.

[*Translation*]

Mr. Olivier: Madam Speaker, I rise on a question of privilege—

Madam Speaker: Order, please. I do not believe that the hon. member can—

Mr. Olivier: I rise on a queston of privilege, Madam Speaker—

Madam Speaker: I wish that the hon. member for Nepean-Carleton would be allowed to explain the grievance that he wishes to raise in the House. I understand that hon. members are perhaps not willing to hear this grievance, but as Speaker

of this House, I must hear it. This is a time when grievances can be brought before the House. I have recognized the hon. member for Nepean-Carleton and I wish that hon. members would respect that. The hon. member for Nepean-Carleton has the floor.

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker—

Mr. Olivier: Madam Speaker, I rise on a point of order.

Some hon. Members: Order!

Mr. Epp: Sit down!

Mr. Baker (Nepean-Carleton): Thank you, Madam Speaker. I am a great respecter of the rules of the House of Commons and I hope the chairman of the Quebec Liberal caucus will respect them in exactly the same way.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): My hope may be futile, however.

Some hon. Members: Oh, oh!

Madam Speaker: Order, please.

Mr. Olivier: Madam Speaker, I rise—

Some hon. Members: Sit down.

Madam Speaker: Order, please. I do have to interrupt the hon. member for Nepean-Carleton now because the hon. member for Longueuil (Mr. Olivier) seems to have a grievance. However, we now have a message from the Senate.

• (1800)

THE ROYAL ASSENT

[*Translation*]

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Madam Speaker, the Honourable Deputy to the Govenor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Madam Speaker with the House went up to the Senate chamber.

And being returned:

Madam Speaker: Order, please. I have the honour to inform the House that when the House went up to the Senate chamber, the Deputy Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-11, an act relating to the inspection of electric and gas meters and supplies—Chapter No. 87;

Bill C-45, an act to amend the Pest Control Products Act—Chapter No. 88;

Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code—Chapter No. 89;

Bill C-99, an act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1982—Chapter No. 90;

Bill C-100, an act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983—Chapter No. 91.

Madam Speaker: It being past six o'clock, the House stands adjourned until 2 p.m. tomorrow, pursuant to Standing Order 2(1).

At 6.15 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, April 1, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

CRIMINAL CODE

CALL FOR REVIEW OF FIREARMS PROVISIONS—MOTION UNDER S.O. 43

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Yesterday the Solicitor General in this House rightly condemned Bill C-451, a private member's bill on gun control which has been introduced by his party colleague, the former solicitor general, the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand). Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House direct the Solicitor General to adopt the motion on the Order Paper in the name of the hon. member for Durham-Northumberland to initiate a detailed review of firearm control provisions in the Criminal Code by the House of Commons Standing Committee on Justice and Legal Affairs so that this committee could conduct hearings across Canada, at which time the public, particularly in rural areas, could give their views and suggestions for necessary changes to the present gun laws which are cumbersome, expensive to administer, and ineffective except to harrass law-abiding people, since currently the criminal code does not restrict the use of firearms by the criminal element.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

CALL FOR REDUCTION IN FEDERAL TAXATION—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The Liberal government wants its pound of flesh irrespective of whose blood is shed in the taking. Workers, farmers, businessmen, elderly pensioners, and single women under 65 years of age are being crushed with the extra taxes being imposed because of the national energy policy. A recent 39.2 per cent increase in natural gas prices in my constituency, and I believe elsewhere in Canada, was approved because 16.6 cents per gigajoule was necessary for gas supply as a result of the national energy policy, and 22.6 cents because of federal taxation. The income tax alone on a comparable revenue of the company increased from $8 million in 1980 to $64 million, including Canadian ownership taxes, in 1981. Therefore I move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House recommends that the hon. Minister of Finance and Prime Minister Trudeau cease at once—

Mr. Cousineau: Order. Rephrase.

Mr. Taylor: All right.

Some hon. Members: Oh, oh!

Mr. Taylor: I will rephrase as follows:

That this House recommends that the hon. Minister of Finance and the Right Hon. Prime Minister—

Do you mind if I leave out his degrees that he won when I was fighting overseas for democracy.

Some hon. Members: Oh, oh!

Mr. Taylor: I will finish as follows:

—cease at once from filling their own treasure chests and start giving the people of Canada some consideration especially those living in poverty by cutting their take by 50 per cent. Do the cries of hungry kids not move this government at all?

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

CALL FOR ACTION AGAINST ALLEGED WAR CRIMINALS—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Whereas almost two years ago the Solicitor General returned from a meeting in Washington, D.C. with Simon Wiesenthal, promising that Canada would take long overdue action to bring to justice alleged Nazi war criminals in Canada, and in view of the fact that the Solicitor General has just recently announced that there will be in fact no action taken in Canada against those persons accused of these offences, recognized in

the Charter of Rights as crimes against humanity, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House urge the government to take speedy action to try in Canada, under accepted principles of criminal justice, those persons against whom evidence exists of the commission of war crimes, crimes against humanity, to make clear on behalf of all Canadians that the passage of time does not in any way erase the enormity of their crimes committed during the holocaust.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

CALL FOR REDUCTION OF TAX ON NATURAL GAS—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The ability of many Canadians to heat their homes has been threatened by the federal government's taxes on heating fuel. Through its octopus-like grab for power and money it has forced up the price of heating fuel, and subsequently the very cost of living beyond a level that can possibly be borne by northern communities. Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Minister of Energy, Mines and Resources stop playing power broker with people's lives, and immediately reduce the federal tax on natural gas.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

CONCERN FOR SAFETY OF SASKATCHEWAN PREMIER DURING PROVINCIAL ELECTION CAMPAIGN—MOTION UNDER S.O. 43

Mr. Robert Bockstael (St. Boniface): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the Premier of Saskatchewan, Mr. Allan Blakeney, has recently been subjected to hostile and threatening behaviour by several members of the Canadian Union of Public Employees who were ordered back to work by the premier on March 25, I move, seconded by the hon. member for Don Valley East (Mr. Smith):

That this House request the Solicitor General to ask the RCMP to ensure the personal safety of the premier while he is on the campaign trail.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL ENERGY PROGRAM

EFFECT ON EMPLOYMENT—MOTION UNDER S.O. 43

Mr. Chris Speyer (Cambridge): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Dresser Industries Canada, Ltd. of Cambridge, which manufactures mobile oil drilling rigs, has this week laid off 55 workers as a result of slumping sales. The jobs of central Canadians and of the employees of Dresser Industries in Cambridge depend upon the Canadian oil and gas industry. Accordingly I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the government be condemned for its National Energy Program, the unfairness of which has not only fostered bitterness and resentment in the minds and hearts of western Canadians, but has caused and will continue to cause unemployment in the manufacturing sector in central Canada which depends heavily upon the prosperity of the oil and gas industry for its success.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

METRIC CONVERSION

PROVISION OF CONVERSION KITS TO DISABLED AND HANDICAPPED PERSONS—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the metric system is destined to be fully implemented in Canada during 1983, and the Metric Commission has yet to provide aids to assist disabled or handicapped Canadians to adapt to this conversion program, I move, seconded by the hon. member for Burnaby (Mr. Robinson):

That this House requests the Minister of Consumer and Corporate Affairs to request the Metric Commission to make available to disabled and handicapped persons metric conversion kits in Braille, taped cassettes, large print, and other necessary aids that will enable those persons to cope with this system on an equal basis with able-bodied Canadians.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

IMMIGRATION

RECRUITMENT OF SKILLED WORKERS FROM ABROAD—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the Minister of Employment and Immigration (Mr. Axworthy) has announced he is bringing 25,000 skilled workers to Canada this year. He says that figure was arrived at in consultation with the provinces and industry. Since these figures were compiled last summer and were based on the megaprojects starting this spring and based on low unemployment rates this year, not on the 1,200,000 people presently unemployed, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the Minister of Employment and Immigration reconsider these large numbers of skilled workers he wishes to bring to Canada, taking into consideration present economic conditions and the large number of skilled workers now unemployed in Canada because of the government's destructive economic policies.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

FINANCIAL RELATIONSHIP BETWEEN FEDERAL GOVERNMENT AND INDIAN BANDS—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, the 1982-83 spending estimates show a reduction in funding to Indian bands and associations. As of today funding through the community development program of Indian Affairs in New Brunswick has been cut, with the loss of 15 jobs in that province. Barely two weeks notice was given to Indian leaders. This it just one more example of sloppy fiscal management by the Department of Indian Affairs. I therefore move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That this House accept the proposal of the National Indian Brotherhood that the Minister of Indian Affairs set up a task force to investigate fully the financial relationship between the Government of Canada and Indian bands.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

MEMBERS OF PARLIAMENT

THE HONOURABLE MEMBER FOR BOW RIVER—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, it being April 1, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That the House do today grant its award for best performance in a leading role to the hon. member for Bow River.

Some hon. Members: Oh, oh!

* * *

PENSIONS

CALL FOR INTRODUCTION OF BENEFITS FOR HOME MAKERS AND SINGLE WOMEN—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I move, seconded by the hon. member for Beaches (Mr. Young):

That this House calls on the government to make an immediate commitment to introduce before this fall a bill to provide women who work in the home with pensions equivalent to those available under the Canada Pension Plan, such pensions to be available not just to those who could afford to pay a high premium but to all women who work in the home, and this House also calls for the said bill to provide pensions forthwith for women between the ages of 55 and 65 who are alone and who are not in the labour market, it being the view of this House that the needs of such women should be met without further delay.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF WORLD WAR I FLYING ACES

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of seven World War I flying aces who are visiting Ottawa on the occasion of the 50th anniversary of the founding of the Royal Canadian Air Force.

Some hon. Members: Hear, hear!

• (1415)

ORAL QUESTION PERIOD

[*English*]

INCOME TAX

DEADLINE FOR FILING RETURNS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question, which is directed to the Prime Minister,

relates to the immense economic suffering in the country and the economic impact on Canadians of his government's policies.

The Prime Minister will know that his Minister of Finance has indicated that he is planning further changes to his budget. The Prime Minister will also know that income tax forms are now being circulated, which forms assume taxes which might never be legal. The filing deadline for those income tax forms is April 30.

In order that Canadians will not be required to pay their taxes until they know what those taxes are, I wonder whether the Prime Minister would consider delaying the deadline for filing income tax returns until after the government knows what it is doing.

Some hon. Members: Oh, oh!

Mr. Epp: That is never!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, under that reasoning, I would ask them to file their returns now, because the government always knows what it is doing.

Some hon. Members: Hear, hear!

INQUIRY RESPECTING POSSIBLE TAX CHANGES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, does the Prime Minister intend that statement to indicate a declaration by the government that there will be no further changes to the budget? Will there be further changes to the budget?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Right Hon. Leader of the Opposition knows that every tax bill can be amended. Indeed, tax bills frequently are amended when they go to committee. That may happen in the case of these tax bills.

The best advice I can give taxpayers at this time is to file their tax returns, as is the custom, by the usual deadline, based on the fact that the Ways and Means motions tabled at the time of the budget bring taxes into effect on the dates specified in those motions.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, we have a situation where the government's own actions, including its announced intention to publish draft bills before it introduces real bills in this House, have created more uncertainty than ever before in Canadian history about what taxes Canadians will be required to pay. I consequently hope that the Prime Minister will reconsider the imposition on Canadian taxpayers and will delay the deadline for filing income tax forms which reflect taxes which will probably never be legal.

* * *

LABOUR CONDITIONS

LAY-OFFS IN MINING, FORESTRY, AND AUTOMOTIVE INDUSTRIES

Right Hon. Joe Clark (Leader of the Opposition): Since the Prime Minister is not prepared to offer immediate help to taxpayers, let me ask him a question about unemployed Canadians. The Prime Minister will know that in the mining industry alone it is anticipated that there will be more than 16,000 lay-offs this year, that in the forestry industry alone it has been estimated that there will be some 50,000 lay-offs this year, and that in the automotive-related industry alone it has been estimated that there will be some 60,000 lay-offs this year. Will the Prime Minister tell the House of Commons whether he has any new programs to announce to stop these massive lay-offs in these three industries?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have none to announce today, but I would remind the Leader of the Opposition that in the past weeks and months ministers have been announcing, on a weekly and sometimes daily basis—

An hon. Member: Very weakly.

Mr. Trudeau: —job-creating programs.

In the forestry industry alone, the Minister of Employment and Immigration has negotiated over 400 cases, I believe—

Mr. Huntington: None of them last. They are temporary jobs.

Mr. Trudeau: —of job-creation schemes with provincial governments.

The hon. members opposite talk about pie in the sky. That is not the view of the workers who have signed these agreements.

Mr. Huntington: How long will those jobs last?

Mr. Trudeau: Madam Speaker, there are supplementary questions. I wish the hon. member would show more respect for his leader when I am attempting to answer his questions.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister considers it to be an answer to the economic problems of the country when he announces that there will be 400 temporary jobs created in an industry where his policies are causing 50,000 permanent jobs to be lost.

• (1420)

UNEMPLOYMENT INSURANCE

DEFICIT IN FUND

Right Hon. Joe Clark (Leader of the Opposition): Let me put a supplementary question to the Minister of Employment and Immigration. He knows that Statistics Canada yesterday published figures indicating that 1,054,000 Canadians qualified for unemployment insurance benefits in January, and that 396,000 Canadians made new claims in January—the highest figures in the history of the country, in both cases. The minister will know that the budget forecast of unemployment insurance deficits is $1.059 billion. Will the minister tell the House what the increase is in the projected deficit of the unemployment insurance fund; and will he tell the House the size of the increase he is contemplating in the employee contributions to unemployment insurance?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as was explained in this House before, we calculate the rate of premiums in approximately the third quarter of each year. We then have a much better estimate of what the actual draws upon the fund will be. I have pointed out in this House before that we substantially reduced the premiums for both the employees and the employers last year, down by 15 cents per $100. That was a major reduction in the actual cost, because we had a surplus in the fund. We do not expect a very favourable increase in the fund beyond that increase for the forthcoming year. I would not like to go away out on a limb—

Mr. Clark: You are out on a limb.

Mr. Axworthy: —as the Right Hon. Leader of the Opposition is constantly out on. I would first like to have a proper estimate at the proper time when we ascertain the proper figures. I say there is no cause for the alarm which the Right Hon. Leader of the Opposition always envisages.

Some hon. Members: Oh, oh!

* * *

PIPELINES

DELAY IN CONSTRUCTION OF ALASKA GAS PIPELINE

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is addressed to the Minister of Energy, Mines and Resources. Would the minister confirm the recent announcement by his northern pipeline commissioner, the Hon. Mitchell Sharp, that the Alaska pipeline project is again being delayed and will not now be completed until 1988 at the earliest?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have not seen the statement of the northern pipeline commissioner. As the hon. member knows, the commissioner reports to Senator Olson. I will inquire and find out what the commissioner has said, and I will be very happy to report to the House when I have a full answer.

CONSTRUCTION GUARANTEES

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I might point out that information to that effect has been circulated to interested members of Parliament by the Minister of Indian Affairs and Northern Development.

Madam Speaker, the minister will recall that under the pipeline act and in the treaty with the United States a starting date of January, 1981, was contemplated for this project. That would mean many thousands of jobs in the manufacturing, steel and construction sectors of the Canadian economy. They are really needed in the conditions of unemployment prevailing today, such as those related by the Right Hon. Leader of the Opposition. I would like to ask the minister what has happened to his ironclad guarantees that he gave us two years ago that this project would start on time. What specific measures is he taking to ensure that there will be no further delays and no further loss of job opportunities for Canadians?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, my hon. friend was not in the House two years ago or he would have remembered that one of the points about the ironclad guarantees was when I asked, when the Conservative government was in office, that that government provide us with ironclad guarantees before approving the sale of gas to the United States.

We have made representations to the United States administration, as hon. members know. We have obtained a commitment from the President and Congress of the United States to support the project. More than that, we have obtained from the Congress and the United States administration the enactment of all the necessary legislation, to make sure that there will be no legislative obstacle to the implementation of this particular project which is of great importance to our country. We were very happy to see that the administration and Congress of the United States passed those laws. At the present time the negotiations are taking place between the promoters and the United States bankers, to try to raise the necessary financing. I am still hoping that these negotiations in the private sector in the United States will prove conclusive and positive.

Mr. Baker (Nepean-Carleton): You said ironclad, right from that seat.

• (1425)

FOREIGN INVESTMENT REVIEW AGENCY

TAKEOVER OF WHITE FARM EQUIPMENT COMPANY BY TEXAS FIRM

Mr. Derek Blackburn (Brant): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It concerns the takeover today of White Farm Equipment in Brantford by a foreign minority shareholder. TIC of Dallas, Texas, has forced Linamar Machine Ltd., of Guelph, the Canadian majority owner, to sell its control by threatening White Farm with receivership. This would cause a $2.8 million loss to Linamar. In selling, on the other hand, Linamar is apparently making a cool $1.5 million profit. In view of the fact that TIC will permanently shut down White Farm within six to nine months, throwing nearly 1,000 workers in Brantford out of work, can the minister give us his unqualified assurance that under no circumstances will he allow TIC or any other foreign group to take over controlling interest of White Farm Equipment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the White Farm Equipment was reopened and hundreds of workers were given new job opportunities because of initiatives taken by this government as well as the Ontario government. We are keeping in close touch with the situation. I can assure my hon. friend that we will use whatever leverage we have under the law to protect the interests of the workers and the community.

Mr. Blackburn: That was not a very strong assurance, but I am going to hold the minister to it anyway.

PATENTS FOR CANADIAN PRODUCED COMBINE

Mr. Derek Blackburn (Brant): Madam Speaker, my supplementary is to the same minister. In view of the fact that government funding helped to produce the Axleflow Combine, Series 9700, will the minister assure this House that under no circumstances will he allow the patents for this combine to leave the country? Will the minister also assure me that FIRA will use every means at its disposal to block what I consider to be the rape of a Canadian-controlled corporation which is a viable company in an otherwise delicate agricultural market?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I am glad my hon. friend has confirmed that this advanced rotary combine technology which White Farm has, was developed with the support of a federal government program. If I am not mistaken, one of the terms under which the support was advanced was that the technology cannot be worked outside of Canada without the consent of the government. Certainly my intention is to ensure that this technology remains in Canada to the benefit of Canadian workers and the Canadian economy. At the same time, I have asked for a report from my officials to see what role FIRA can properly play in this matter.

In addition, the terms and conditions under which assistance was given by the enterprise development program to support the reopening of White Farm some months ago involved the necessity of consent if that assistance is to continue under new owners. I want to ensure that those terms and conditions are used to the maximum extent possible to protect the interest of the workers and the community.

POSSIBILITY OF CANADIAN CONTROL

Mr. Derek Blackburn (Brant): Madam Speaker, when the minister is in discussions with TIC officials tomorrow, as well as Linamar, I hope he will keep in mind what he just said. If all else fails, will the minister assist any other Canadian group, specifically the workers at White Farm in Brantford, to purchase Linamar's controlling interest in White Farm with either government-backed loan guarantees or through direct government funding? I ask this in view of the fact that the government already has a heavy investment of taxpayers' money in that company.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I would be pleased to receive from workers or other Canadian groups any ideas they have to bring about what they consider to be a more suitable development of the company. I will be happy to see what forms of government assistance could facilitate their projects. I would welcome any other ideas that come forward from the workers or others.

* * *

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF AUSTRALIAN MINISTER OF FINANCE AND OF PAKISTAN MINISTER OF PETROLEUM AND NATURAL RESOURCES

Madam Speaker: I would like to draw attention to the presence in our gallery of Senator, the honourable Dame Margaret Guilfoyle, Minister of Finance, for Australia—

Some hon. Members: Hear, hear!

Madam Speaker: —and also of Major-General Rao Farman Ali Khan, Minister of Petroleum and Natural Resources, Islamic Republic of Pakistan.

Some hon. Members: Hear, hear!

• (1430)

EXTERNAL AFFAIRS

EL SALVADOR—RESULTS OF GENERAL ELECTION

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Secretary of State for External Affairs. Now that 1.1 million Salvadorans have shown their preference for voting rather than violence—twice the number that was anticipated to turn out to vote last Sunday—would the minister indicate in what way his government has commended the people of El Salvador for their courageous act, and would he indicate whether we can expect more aid to go to that country from Canada? Further, would he consider inviting the Canadian ambassador to El Salvador to return to Canada so that Members of Parliament and other groups may be briefed in order to understand this tragic situation better?

Some hon. Members: Hear, hear!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, before I get to the substance of the answer, perhaps I might be permitted to congratulate the hon. member and his colleague, the hon. member for Fraser Valley West, for their courage in braving the bullets on election day in El Salvador.

Some hon. Members: Hear, hear!

Mr. MacGuigan: Perhaps I might be permitted to add that the bravest part of that was daring the wrath of the hon. member for Kingston and the Islands in going to observe the elections there.

Some hon. Members: Oh, oh!

Mr. McDermid: How about congratulating the people who voted?

Mr. MacGuigan: To get to the substance of the question, it is not surprising that the hon. member was not able to count all of those voting on election day. In fact the total is even more impressive than the one which he gave. There were about 1.5 million Salvadorans, three times the number predicted, three times the number who voted in 1972, who cast ballots.

I would indeed like to congratulate the people of El Salvador for the courage they showed in exercising their democratic right.

Some hon. Members: Hear, hear!

Mr. MacGuigan: We are awaiting developments as to what kind of government emerges. Certainly the possibility of Canadian aid is open to that country as part of the tripling of aid to Central America which I announced about a month ago. We will not have a further announcement until such time as the governmental situation is clarified.

CONFLICTING VIEWS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, since, as we all know, we have in our midst in the House the Vice-President of the Socialist International, who at this moment is meeting with that organization in Bonn, West Germany, an organization that has actively worked on a daily basis with the guerilla groups in El Salvador, would the minister indicate whether he agrees with the Vice-President of Socialist International who called the election "a travesty of democracy", or would he indicate that the President of Mexico was much more accurate when he referred to the line-ups in thousands that turned out to vote as "a beautiful sight" in that country?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, to the best of my knowledge, after the election the only people who have spoken ill of the electoral process in El Salvador were the Socialist International and the hon. member for Oshawa in particular,—

Some hon. Members: Shame!

Mr. MacGuigan: —the hon. member for Kingston and the Islands, and the Soviet Union.

Some hon. Members: Oh, oh!

* * *

CORPORATE AFFAIRS

INSTRUCTIONS TO COUNSEL FOR URANIUM CANADA IN PRICE FIXING TRIAL

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. In a recent interview with the Ottawa *Citizen*, *The Citizen* was advised by counsel for Uranium Canada that on the question of Crown immunity the instructions they were taking, that is the law firm, came from Mr. Gordon MacNabb and also from Mr. Rowley, who is an administrative assistant in the minister's department. In light of the fact that Mr. MacNabb is a party—although not charged—with respect to the conspiracy to fix uranium prices, when will the minister stop shirking his responsibilities and stop being wilfully blind, and when will he give directions to the law firm that it is unfair and indecent that the Crown should be able to be above the law and be allowed to claim Crown immunity in a criminal charge?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member has referred to two officials who are members of the board of directors of Uranium Canada. I have told him that I had not given instructions to Uranium Canada, a Crown corporation, in this regard. I do not intend to, and I will not. I cannot be more emphatic than that. I will not interfere with the judicial process, and I will not interfere in the operations of the board of directors of the Crown corporation.

An hon. Member: You are doing it now.

Mr. Speyer: I point out to the minister that Uranium Canada has no office other than the offices he occupies, that it has no assets other than nine dollars, and it has no employees. It is a shell corporation. When will he do his duty?

PROPRIETY OF ACTION TAKEN

Mr. Chris Speyer (Cambridge): Madam Speaker, would the minister please discuss the propriety of a person who is a party to a conspiracy, although not charged as such, giving instructions to a Crown corporation? Will he permit that?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I suggest to the hon. member that my duty and his duty are not to interfere with the judicial process.

Some hon. Members: Oh, oh!

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—PROGRESS OF REMOVAL PROGRAM

Mr. Jack Burghardt (London West): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs. The minister will know that on December 23 of last year he announced a $110 million federal government assistance program for Canadians whose homes contain urea formaldehyde foam insulation. Given the fact that three months have elapsed since the program was announced, without any of the UFFI home owners receiving any tangible benefit from the program—

Mr. Nielsen: Here comes another announcement.

Mr. Burghardt: —will the minister advise the House how the program is progressing and when UFFI home owners can actually expect some benefit from the assistance program?

Mr. Nielsen: Another announcement.

Mr. Baker (Nepean-Carleton): It is cabinet day.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I want to assure the hon. members that the program is going well.

Some hon. Members: Oh, oh!

Mr. Ouellet: Every person who has been registered with the UFFI centre in Ottawa has received an application form.

Mr. Nielsen: Oh, good.

Mr. Ouellet: The number of home owners who have already registered with the program, asking for federal aid, is substantial and increasing very heavily on a daily basis.

Mr. Siddon: How many?

Mr. Ouellet: We expect that half of those who are eligible for grants or for aid from the federal government have already registered.

Mr. Epp: How many have received money?

Mr. Ouellet: I welcome this question because indeed it will inform home owners who are affected by this product that they should register in order that they may receive aid from the government.

I want to indicate to the hon. member that we are sending thousands of decimeters to home owners every week for the free test which is offered by the government. Finally, the Canada Mortgage and Housing Corporation has already trained 100 inspectors to aid home owners with appropriate technical advice. The government is in the process of establishing a list of reliable contractors who are qualified to do the repair work. As soon as Parliament approves the legislation authorizing payment to the home owners, cheques will be received by them.

* * *

• (1440)

LABOUR CONDITIONS

INQUIRY RESPECTING MEASURES TO HALT LAY-OFFS

Mr. David Orlikow (Winnipeg North): Madam Speaker, I have a question for the Minister of Employment and Immigration. According to reports this week, 600,000 families are now receiving welfare in various parts of Canada, many of them for the first time, and many of them not only because there have been many plant closures but also because they have run out of unemployment insurance benefits. The processing of claims is taking so long that many entitled to unemployment insurance have not received it. Can the minister indicate whether the government proposes any new program to reduce the number of people who are being laid off every week?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as the hon. member should know, we have already introduced a number of special measures which are now taking effect. We have enrolled over 26,000 workers across Canada in the work-sharing proposal which was brought in just before Christmas, and we have therefore been able to avert close to 12,000 lay-offs because of that program alone. We are signing 50 or 60 agreements per week, so that program has met with a very large response from employers, employees and trade unions. I think this is a very clear example of how we can co-operate with all the major participants in the economic system to ensure that workers are protected during this very difficult period.

At the same time we have introduced a number of initiatives for job creation, particularly in the forestry and fisheries industries. We have invited the provincial governments to work with us in establishing major responses in those areas.

I would also like to point out, if I might, that we have taken special measures in the administration of unemployment insurance by establishing special teams to move into areas where demand has increased at a very large rate. As a result of those special measures we have been able to work down the backlogs enough so that we now have a good handle on this particular problem.

So, Madam Speaker, I would like simply—

Madam Speaker: Order.

Mr. Orlikow: It is obvious that all the programs announced by the minister and other ministers have not had any effect on the fact that the rate of unemployment has gone up every month and will continue to go up.

* * *

UNEMPLOYMENT INSURANCE

DELAY IN PROCESSING CLAIMS

Mr. David Orlikow (Winnipeg North): Madam Speaker, I want to ask the minister a question about the waiting period for unemployment insurance. There are reports from various parts of Canada that the waiting period for people registering to get the unemployment insurance benefits to which they are entitled is now running four to eight weeks longer than it did a year ago. The reason for that, apparently, is not just that there are more people making claims but also because last year the minister's department laid off or terminated the employment of all temporary and part-time employees.

Given the fact that there are so many more claims coming in every week, I would like to ask the minister whether it is not time for his department to hire more people so that people who are entitled to unemployment insurance benefits do not have to wait as long as they have, and do not have to go to the cities or provinces to ask for welfare.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think the hon. member raises a legitimate complaint. It is one I have received myself, and it is one reason I visited some of the areas where the pressure was most severe, British Columbia and parts of the Atlantic provinces. As a result of that we have introduced special adjudication centres and special teams to move from one part of the country to the other. We have brought on part-time people—former unemployment insurance officers—to help relieve the load during this extreme period. The consequence of these measures is that we have substantially reduced the backlog, and I think we now have a handle on the problem.

If, however, members of Parliament are feeling particular pressures in their areas, I ask them to get in touch with me, and we will respond as quickly as we can to provide assistance in those areas. I ask members of Parliament for their co-operation in this matter.

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—QUERY RESPECTING TAXATION OF INSTALLATION AND REMOVAL GRANTS

Hon. Bill Jarvis (Perth): Madam Speaker, my question is supplementary to the question put by the hon. member for London West, and it is directed to the Minister of Consumer and Corporate Affairs. I am delighted he has briefed himself so well on this home insulation problem.

Having encouraged home owners to install urea formaldehyde foam insulation, the government then went on to subsidize them by way of home insulation grants. However, the government added the amounts of those grants to the taxable incomes of recipients. Therefore, people filling out income tax forms now are paying taxes on the grants they received to put the insulation into their homes. My question is very simple. These people are taxed to put in this insulation. Under the minister's new program will they be taxed now to take it out?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I think I should refresh the memory of the hon. member. First, the program was established to encourage home owners to insulate their homes. The government never favoured one product over another product. Therefore, the assertion of the hon. member that we encouraged people to insulate their homes with urea formaldehyde is totally incorrect. That has never been done.

Second, the hon. member says that home owners today are paying income tax on grants they received in relation to UFFI. That is stretching it in the sense that no home has been insulated with UFFI for over a year, because Canada was the first country to ban this product, more than a year ago.

Mr. Huntington: Canada is the only country in the world that subsidized it.

Mr. Ouellet: There has been no insulating with this product in Canada for over 14 months now.

Third, under the program we announced we are giving grants of up to $5,000, and those grants are not taxable.

* * *

ENVIRONMENTAL AFFAIRS

ASSURANCE GIVEN BY UNITED STATES PRESIDENT TO FIGHT ACID RAIN POLLUTION

Hon. George Hees (Northumberland): Madam Speaker, I have a question for the Prime Minister. Reports coming out of Washington indicate very clearly that the American government intends to go on studying indefinitely the question of acid rain, while at the same time, and during the past year, it has been issuing licences to a very large number of coal-burning factories and power stations along the southern shores of the Great Lakes. That government has made it very clear that it has no intention of matching Canada's commitment to reduce emissions causing acid rain by 50 per cent by 1990.

Would the Prime Minister seriously consider calling the American President and pointing out to him that when he was here a year ago he committed his government—and I quote his words—to "work co-operatively to understand and control the air and water pollution that respects no boundary". Will the Prime Minister urge the American President very strongly indeed to match the Canadian commitment to cut down on acid rain?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I want to thank the hon. member for the concern he is showing and has shown in this matter. I would want to defer to the Minister of the Environment for more details on this, but the minister has been keeping me up to date on progress. Admittedly, it is slow, but it is progress nonetheless. The matter was discussed at a meeting of officials a month ago, and I am informed that at the present time there is a drafting committee which is at work on draft legislation in relation to that environmental commitment or agreement. So, there is progress.

The hon. member quoted President Reagan as having said he would work co-operatively. That co-operative work is proceeding. Once again, for further details I would have to defer to the Minister of Environment.

Mr. Hees: Madam Speaker, if the Prime Minister discusses this matter with his responsible minister and with his ambassador to the United States, he will learn that the American government is making no progress whatsoever and that the U.S. Congress has made it very clear that it intends to do nothing in this regard. The lack of progress during the past year has been really shocking.

REQUEST THAT CANADA LODGE OBJECTION

Hon. George Hees (Northumberland): Madam Speaker, in view of what the American President assured us last year, and in view of what has not happened in the meantime, does the Prime Minister not think he was incredibly naive in believing the assurances given to him by the President of the United States a year ago, and will he tell the American President that we in Canada object very strongly to being brushed off by "Big Brother", which has been the case in this regard?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I may have been somewhat naive. If so, I must apologize to the hon. member. I have to remind myself constantly that the President of the United States is not supported by Congress as readily as the Prime Minister in this country is supported by the House of Commons.

Some hon. Members: Oh, oh!

• (1450)

GOVERNMENT ANNUITIES

YIELD TO PURCHASERS

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, my question is directed to the Minister of Employment and Immigration. In view of the fact that there has been no increase in the yield on government annuities since 1976, despite the recommendation of the minister's department back in February of that year that increases would be reviewed from time to time to reflect further fluctuations of higher interest rates and the increase in the cost of living, I should like to ask the minister whether he is aware of the recommendation of his department. If so, will he consider taking positive steps in this regard and introducing some measure of relief for those people who purchased annuities in good faith to supplement their incomes and retirement funds?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, certainly I am aware of the issue, not only because we are studying it in our department but also because we have received a number of representations from Members of Parliament and from the general public. As a result of this, I had discussions with the Minister of Finance to determine whether the government would now conduct an over-all review of the annuity situation because it relates to other kinds of government investment portfolios. A change in the annuity structure could not be undertaken without an obvious decision in relation to our other patterns of investment. The Minister of Finance and I will be discussing it further. I believe that review is probably required. We will announce it at the proper time.

REQUEST THAT GOVERNMENT REDEEM LOW YIELDING ANNUITIES

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, when the minister is having his conversations with the Minister of Finance perhaps he could go one better and recommend that the government could redeem very low yielding annuities purchased some 25 to 30 years ago, at full face value, thus eliminate the unfortunate problem, and at the same time offer some real relief to the holders of such annuities.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, certainly we are aware of the disparity in interest rates being received. As I pointed out in my previous answer, judgment must obviously be made in relation to other returns on different government debentures, bonds and holdings. I am sure we will take this into account and report to Parliament on the decision as to when the review will take place and the results of it.

AGRICULTURE

HOG PRICE STABILIZATION PROGRAM

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, my question is directed to the Minister of Agriculture. A meeting was arranged between the L'Union des Producteurs Agricoles and the Liberal caucus in Montreal last Tuesday to discuss economic difficulties faced by farmers, as indicated by the 54 per cent increase in bankruptcies in Quebec and the 13 per cent increase in defaults on loans through the provincial lending agency. Since only four members of the Liberal caucus attended the meeting of over 1,500 farmers, they need some answers to their questions in the House. The hog stabilization formula makes lower payments as the market falls. Is the minister considering amendments which would base payments on the cost of production?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member made a speech before asking his question. He should know that the Minister of Consumer and Corporate Affairs, my deputy, myself and several other officials, met with UPA at its annual convention in Quebec city. Later we met the board of directors and their president in Montreal. Four Members of Parliament including my parliamentary secretary, attended the meeting in Montreal. They received very short notice of the meeting. The hon. member knows that these members have responsibilities to do committee work, etc. I thought they did very well, for that many to be there, on such short notice. They had a good meeting. They were satisfied with the meeting. I was happy they were able to attend it.

Our programs in the province of Quebec which are used by the producers of that province are the ones which are accepted. I understand a much larger meeting will take place in Quebec City where they were confronting the provincial minister of agriculture about the problems faced in agriculture in the province of Quebec. The hon. member asked what we were doing. We are doing more federally. Even in his own province he knows that last year we spent $131 million and that the province of Saskatchewan only spent $61 million.

Some hon. Members: Order, order!

REQUEST THAT GOVERNMENT INCREASE PAYMENTS

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I guess making speeches is a little catching. Since there is a nation-wide crisis in the current year, will the government pay out 100 per cent of the cash cost of production for the year now ended to help producers until such time as a more adequate program can be negotiated?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows that in 1977 we proposed 100 per cent of income assurance to farmers for all their products. It was not picked up by producers or the provinces, etc. Some organizations are proposing practically the same thing I proposed on behalf of the Government of Canada in 1977 as something they originated. We hope to be able to work out some kind of mutually-agreeable program. I hope we will be suggesting something in about three weeks.

BANKRUPTCY OF ECON CONSULTING LTD.

Mr. Jack Murta (Lisgar): Madam Speaker, I should also like to direct a question to the Minister of Agriculture. Since the minister was in Winnipeg on Tuesday of this week he should be up to date or briefed on the problems resulting from the bankruptcy of a grain firm called Econ Consulting Ltd., which left some 250 farmers primarily in Manitoba with losses of anywhere from $5,000 to roughly $100,000 in grain marketed to the company but never sold. Of course they never received the money. Since the Canadian Grain Commission has more than a passing interest in the entire matter, could the minister indicate what the government is prepared to do at the present time for farmers who are so severely affected in this case?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, as the hon. member mentioned, I was in Winnipeg on Tuesday at which time I met with some of the officials and a commissioner of the Canadian Grain Commission. We discussed this problem. I am satisfied that the Canadian Grain Commission followed its jurisdiction and responsibility in bonding the company; they have collected the bond.

As the hon. member knows, the matter is under investigation. The farmers are making representations to the Government of Canada, saying that the money was owed to them by the company—and they suggest that the bond should have been larger than it was—and that the Canadian Grain Commission or the government should compensate them. There has been no decision taken on this at the present time. I do not know what we will do. We are awaiting all reports to ensure that all sales were legitimate and proper, that the Wheat Board books were used, etc. Then we will look at it more closely. I do not see how we can treat this bankruptcy any differently than any other kind of bankruptcy. The Canadian Grain Commission runs spot checks with its auditors. They cannot possibly audit the books of every grain dealer every year. When they find something wrong, it is brought to the Commission's attention and they enforce the law.

REQUEST THAT GOVERNMENT AID AFFECTED FARMERS

Mr. Jack Murta (Lisgar): I should like to make a suggestion to the Minister of Agriculture through you, Madam Speaker. Since some of the affected farmers will surely go out of business this spring because of the losses they have sustained—and some of them have told me this personally—would the minister be prepared to look either at having the Farm Credit Corporation administer money to the affected farmers for the amounts lost, which could then be repaid over a period of time, or using the Small Business Development Bond in some manner? We will see some farmers in Manitoba going broke because of what has happened. Rightly or wrongly

they blame the Canadian Grain Commission for a lot of their problems.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, we will use every recourse or avenue that we have to assist them in any way we can within the jurisdiction given our department by Parliament.

LOCATION OF PROPOSED VETERINARY COLLEGE IN ATLANTIC PROVINCES

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Agriculture. Will the minister inform the House whether the federal government is committed to funding a fourth veterinary college in Canada to be located in the Atlantic provinces? If so, does its commitment depend upon an agreement by all four Atlantic provinces on a site, or would an agreement by three provinces suffice?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, we made a decision several years ago. We even had $500,000 in the Blue Book to start the veterinary and aquamarine college to be established in the Atlantic provinces. They cannot agree among themselves. The terms of reference which I was given as the Minister of Agriculture were that if they agreed it would go ahead. They have not seen fit to agree. The provinces cannot agree among themselves on where it should be located. If they had agreed, that school would be in the business of educating young people at the present time. We are still waiting for them to agree. It is not our fault, that is for sure.

Mr. Clark: Answer the question.

Mr. Whelan: I have no other directions than those which I had in the first instance. The funding which was there has to be replaced because it has been withdrawn from the estimates. As the hon. member knows, we need money; we cannot just leave it in abeyance waiting for them to make a decision.

• (1500)

REQUEST THAT FEDERAL GOVERNMENT ACCEPT MAJORITY VIEW ON LOCATION

Mr. Tom McMillan (Hillsborough): Madam Speaker, if it is not possible for all four Atlantic provinces to agree on a site for the Atlantic Regional Veterinary College, would the government take the initiative itself to get this long-delayed project off the ground, for example, by supporting the site favoured by the majority of the provinces—three of the four provinces in the Atlantic region—and by committing funds to the project now, based on that agreement of the three provinces?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, all that sounds good. But I am sure the hon. member knows which province will not go along with the other provinces. I am sure the hon. member knows the premier of that province; I am sure his leader knows the premier. Why can he not use his good offices, because they are of the same political faith, and ask him to impress upon Premier Buchanan the importance of this school being located in Prince Edward Island so that we can get it on the road?

Mr. Clark: Do you want me to do all your work for you, Gene?

* * *

[*Translation*]

PETITION

MR. HEAP—TESTING OF CRUISE MISSILE IN CANADA

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and ninetieth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Spadina (Mr. Heap) on Wednesday, March 31, 1982, and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Nielsen: Madam Speaker, might I ask the government House leader to confirm the business for the remainder of the week and next week as well? I presume we will be proceeding with Bill C-97 in that it is out of committee today, and that tomorrow will be an allotted day. When he answers, could the government House leader indicate also, if he can, which of the energy bills will be coming to us next week? If he is unable to do that, perhaps he might give us some indication when we might expect to see notice of those bills.

Mr. Pinard: Madam Speaker, in so far as the business for today is concerned, my hon. friend is correct. On both sides of the House we have the appropriate consensus to deal with and complete report stage of the fiscal arrangements bill today. Tomorrow is an opposition day.

[*Translation*]

Next Monday, we shall debate and complete third reading of the fiscal arrangements bill; on Tuesday and Wednesday we shall start consideration of the energy security bills. In this connection I can confirm to my hon. colleague that tomorrow we shall be able to give notices concerning most of the eight bills in question, but I cannot now determine the sequence in which the bills will be debated. Tomorrow I shall be able to be more specific in this regard. Finally, next Thursday will be an opposition day.

[*English*]

Mr. Deans: Madam Speaker, I am curious whether I missed something in the response of the President of the Privy Coun-

cil. Could he go over what we will do on Monday next once more?

An hon. Member: Bill C-97.

Mr. Pinard: Next Monday, that is right, Madam Speaker; we will complete third reading stage of Bill C-97, dealing with fiscal arrangements.

I am sorry, Madam Speaker, but my hon. colleague for Hamilton Mountain is correct, we did discuss other matters at our meeting this morning. There is no firm agreement but there is an understanding that everything possible will be done on Monday to get third reading of Bill C-58 and Bill S-19, but there is no commitment on any side to complete those stages on Monday. However, in good faith we will do our best to try to have third reading of Bill C-58 and Bill S-19. Arrangements concerning Bill C-97 were settled.

* * *

THE LATE BARRY MATHER

TRIBUTES TO FORMER MEMBER FOR SURREY-WHITE ROCK

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I simply want to tell the House that the former member for the constituency of Surrey-White Rock, Mr. Barry Mather, who was my immediate predecessor, passed away yesterday. He was a member of this House for 12 years, a highly respected man, both here in the House and in his constituency. I know that hon. members of the House would like to pass on their condolences to his wife and to members of his family.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I had intended to raise this matter after we had finished with House business. I want to join with the present member of the Surrey-White Rock-North Delta constituency, and I am sure with other members of the House of Commons, and extend on behalf of the New Democratic Party, for whom Barry Mather toiled for many years, the feeling of loss that we all have when we lose a good friend and a close companion. We wish to extend to his wife and to other members of his family our sympathy on their sudden loss.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, on behalf of the government and members on this side of the House, I would like to join with my colleagues in their expressions of sympathy on the passing of Barry Mather, who had friends on all sides of the House. He was a very well respected and very diligent member. We would like to extend to Barry Mather's family our very sincere sympathy.

[*Translation*]

PRIVILEGE

MR. OLIVIER—INCIDENT ON MARCH 31, 1982

Mr. Jacques Olivier (Longueuil): Madam Speaker, I wish to raise a question of privilege which, I feel, is extremely important and concerns an incident that occurred yesterday in the House, where I tried several times to get your attention for a question of privilege. First of all, Madam Speaker, I feel—

Madam Speaker: Order, please! If the hon. member intends to raise a question of privilege regarding the incident that occurred yesterday in the House, he should have given me notice of his intention. Unfortunately, I have not received such notice. If the question of privilege arose out of proceedings in the House today, I could listen to the hon. member now, but since the question concerns an incident that occurred yesterday, notice must be given, in accordance with Standing Order 17(2). If the hon. member wishes to give me notice, he will be heard by the Chair in due time. The hon. member for Longueuil has the floor.

Mr. Olivier: Madam Speaker, if you do not mind, I will first discuss my second question of privilege. It concerns the current proceedings in this House. For two days, my simultaneous interpretation equipment has not been working properly, and I have been trying to get the attention of the House to point out that my rights in the House are being breached if I am not recognized. Therefore, this question does arise from today's proceedings. When I want to hear the hon. members—

Madam Speaker: Order, please! The hon. member must understand that the fact that his earphone is not working properly does not in itself constitute a question of privilege. I realize that the hon. member must have suffered considerable inconvenience as a result of his defective earphone, but he could simply have let me know. He could have called me on the telephone or stopped by my office, and I would certainly have made arrangements to have his equipment repaired.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. Parker: Madam Speaker, I have a question with respect to House business. I was on my feet before the hon. member for Surrey-White Rock-North Delta (Mr. Friesen) made his comments. My question pertains to Bill C-60. This bill was passed in the House of Commons close to Christmas. It has been approved in the Senate. Could the President of the Privy Council tell us when it will receive royal assent? I have many constituents in my riding who are looking forward to that bill being implemented.

Mr. Lalonde: Madam Speaker, discussions are taking place with the National Energy Board as to when that body will be

ready to proceed with the implementation of this particular bill. As soon as it is possible and advisable, we will proclaim it.

ROUTINE PROCEEDINGS

[*Translation*]

FINANCE, TRADE AND ECONOMIC AFFAIRS

PRESENTATION OF TWELFTH REPORT

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, I have the very great honor to present the twelfth report of the Standing Committee on Finance, Trade and Economic Affairs, in both official languages.

[*Editor's Note: For above report, see today's Votes and Proceedings.*]

* * *

HOUSE OF COMMONS

TABLING OF EXTRACT OF MINUTES OF MEETING OF COMMISSIONERS OF INTERNAL ECONOMY RESPECTING SALARY REVISIONS

Madam Speaker: I have the honour to lay upon the Table of the House an extract from the minutes of a meeting of the Commissioners of Internal Economy, held on Monday, March 29, 1982, respecting salary revision for House of Commons employees, effective April 1, 1982.

* * *

• (1510)

[*English*]

PETITIONS

MR. NICKERSON—YELLOWKNIFE HOUSING AUTHORITY TENANTS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I have the honour to present a petition signed by 99 tenants of the Yellowknife Housing Authority. The petitioners request that Parliament take the necessary action to redress their several grievances dealing with the high cost of electrical energy in the north, the lack of incentive for rental accommodation construction contained in budgetary and tax measures being pursued by this government, the government's policy of leaving staff housing vacant over long periods when ordinary citizens are forced to go without adequate accommodation, and lastly, the unrealistic regulations of CMHC which cause a rent structure to be imposed which is inappropriate to the special conditions found in the north.

The petitioners would hope that these important matters can be dealt with as expeditiously as possible.

MR. FRIESEN—REFERENDUM ON CAPITAL PUNISHMENT

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, it is my duty and honour to present a list of 980 names on behalf of my constituents as well as those gathered from Burnaby, New Westminster and Coquitlam, asking that the government institute a national referendum on the subject of capital punishment.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,689, 3,893, 4,026, 4,027, 4,062 and 4,063.

[*Text*]

CANADIAN PARENTS FOR FRENCH

Question No. 3,689—**Mr. Munro (Esquimalt-Saanich):**

1. With reference to the answer to question No. 3,267 relating to annual amounts extended on a provincial basis from federal funds to Canadian Parents for French and with reference to the heading "National" which appeared for each fiscal year, by year and by province, in what manner were the funds distributed through the national office of Canadian Parents for French?

2. What accountability practices are in force in relation to funds allocated to national and provincial chapters of Canadian Parents for French?

3. In what manner were each of the allocations spent, nationally and provincially?

Hon. Gerald Regan (Secretary of State): 1. Funds referred to in the previous reply to question No. 3,267 as being contributed to the national office of Canadian Parents for French were retained by the association's national office, and spent on such activities as an annual national conference; a national newsletter; publications such as the book "So You Want Your Child to Learn French"; a bibliography; article reprints etc.; and a national survey of parents' views on second language instruction.

2 and 3. Each allocation was accorded after approval of a submission from the association which was judged to meet the objectives and criteria of one of the department's programs. All funds thus contributed to Canadian Parents for French are subject to the standard accountability practices and financial controls established by the department for grants and contributions to all voluntary organizations, in accordance with Treasury Board guidelines. The funds previously referred to as having been contributed in fiscal years 1978-79, 1979-80, and 1980-81, have been properly accounted for and were spent in accordance with the stated objectives.

DISPOSAL OF ARGUS FLEET

Question No. 3,893—**Mr. Crosby:**

1. Did the government, through the Department of National Defence or otherwise, spend funds to "mothball" or ready the Argus fleet for storage and, if so (a) how were the funds spent (b) what amount was spent (c) who received the payments?

2. Were tenders or proposals requested when the decision was made to dispose of the fleet and, if so, what were the tenders or proposals received?

3. What were the terms under which the Argus fleet was sold or disposed?

4. Was the amount received the highest amount tendered or proposed and, if not, for what reason was the highest tender or proposal not accepted?

Hon. J.-J. Blais (Minister of Supply and Services): Crown Assets Disposal Corporation informs me as follows:

1. The corporation did spend funds to maintain the Argus fleet to applicable engineering standards. (a) The funds spent were for the maintenance of the aircraft. (b) The total amount spent was $349,298.87. (c) $260,110.75 was paid to the IMP Group, Halifax, for maintenance services and $89,188.12 to the Department of National Defence (DND) for materials including the tie downs.

2. Starting in the summer of 1980, an 18-month search for potential buyers was undertaken by CADC and External Affairs to sell the fleet as operational aircraft. A sale could not be negotiated. DND re-categorized the aircraft to scrap metal status and CADC distributed the offer to purchase to 400 known scrap dealers. The following nine bids were received and opened publicly in Halifax on September 25, 1981.

Associated Electronics and Metal Salvage Ltd.	143,664.00
Cirsic Inc.	138,842.00
Bristol Metal Industries of Can. Ltd.	126,936.00
Pine Creek Ventures Ltd.	102,336.00
Michael Haws	69,000.00
Ajax Aircraft Parts Ltd.	55,555.55
Chatham Salvage Ltd.	49,200.00
Camille Siebert	49,200.00
Abe Levine and Sons	42,156.00.

3. The standard terms and conditions of sale were used in the offer to purchase. In addition, the overriding conditions of sale were that: the aircraft were to be smelted or broken down on site to the extent that parts would not be recognizable as Argus aircraft parts, and that the project had to be completed no later than March 31, 1982.

4. The amount of $71,936 was received for the scrap metal from Bristol Metal Industries of Canada. This was not the highest amount bid for the following reasons:

The first bidder, Associated Electronics and Metal Salvage Ltd. withdrew its offer.

The contract with the second bidder, Cirsic Inc. was terminated by CADC for default, and for that reason, the performance deposit for $50,000 made at the time of the contract award was forfeited by Cirsic Inc.

By the time, CADC approached the third bidder, the ten day validity period to accept the offer to purchase had elapsed. The original bid of the third bidder, Bristol Metal Industries of Canada Ltd., was $126,936; but due to the suddent depression in the metal market that occurred during CADC contract negotiations with the second highest bidder, Cirsic Inc., Bristol's revised bid of $71,936 was assessed as fair market value. However, before the contract was awarded to Bristol Metal Industries of Canada Ltd. CADC tried to contact the fourth bidder, Pine Creek Ventures Ltd., but this company situated in the Yukon was untraceable.

The remaining components were sold by lot to the highest bidders for an over-all sale value of $318,810.81. It is expected that the future sale of spare parts may generate additional revenues.

SUBMISSION OF LAND CLAIMS

Question No. 4,026—**Mr. Manly:**

On what date was the comprehensive land claim of the (a) Association of United Tahltans (b) Gitskan-Carrier Tribal Council (c) Kitwancool Band (d) Kitimat Village Council formally submitted to the Department of Indian Affairs and Northern Development?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development):

(a) March, 1979.

(b) November, 1977.

(c) October, 1977.

(d) May, 1978.

ACCEPTANCE OF LAND CLAIMS FOR NEGOTIATION

Question No. 4,027—**Mr. Manly:**

On what date was the comprehensive claim of the (a) Association of United Tahltans (b) Gitskan-Carrier Tribal Council (c) Kitwancool Band (d) Kitimat Village Council accepted for negotiation by the Minister of Indian Affairs and Northern Development?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development):

(a) March, 1980.

(b) December, 1977.

(c) December, 1977.

(d) October, 1978.

MR. GEOFFREY JAMES

Question No. 4,062—**Mr. Cossitt:**

Did Mr. Geoffrey James of the Canada Council make a statement to the effect that a recommendation from a Member of Parliament for a specific artist or project is "the kiss of death" and, if so, will the government either refute the statement or confirm that all applications to the Canada Council recommended by Members of Parliament did receive "the kiss of death"?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Canada Council as follows: Mr. James did make such a statement in relation to what he recalled as the reaction of some members of Canada Council juries to letters of reference from Members of Parliament which were included by artists in their applications for

arts grants. A check of our files has not revealed any cases of letters of reference from Members of Parliament in such applications, although the council sometimes receives letters of support from Members of Parliament. If an application did contain a letter from a Member of Parliament, it would receive the same treatment as other applications and would be assessed by the jury according to the same criteria, foremost among which is artistic quality.

Question No. 4,063—**Mr. Cossitt:**

1. To the knowledge of the government, was a statement made recently by Mr. Geoffrey James of the Canada Council that "The worst thing that can happen to an artist is a recommendation from a Member of Parliament. It's the kiss of death"?

2. Is it government policy to permit public servants to ignore representations made by Members of Parliament and to regard a recommendation from a Member of Parliament as "the kiss of death" to whatever or whomever a member is recommending and, if so (a) what are all the reasons (b) is the government preparing to adopt a policy of governing the country without a Parliament?

3. Does the government intend to amend the new Constitution so that Canada will be governed by the Prime Minister and the cabinet only?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): 1. See reply to question No. 4,062 answered this day.

2. No. (a) Not applicable. (b) No.

3. Parliament, not the government, is the only competent body to amend the Constitution.

[*English*]

Mr. Smith: Madam Speaker, I ask that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Pinard: As I pointed out earlier, it seems that there is agreement on all sides for proceeding to the report stage of Bill C-97 on fiscal arrangements. So, as I said earlier, this is today's business if one of the parties wishes to move an amendment at this time, it is agreed that no notice will be required.

[*English*]

Miss MacDonald: Madam Speaker, I presume at this point I can take part in the report stage debate of the bill.

[*Translation*]

Madam Speaker: Is there unanimous consent for proceeding?

Some hon. Members: Agreed.

Madam Speaker: The House gives its consent. Agreed.

Hon. Allan J. MacEachen (Minister of Finance) moved that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces, be concurred in.

Madam Speaker: Is it the pleasure of the House to adopt the said motion?

[*English*]

Mr. Nielsen: Madam Speaker, just on a preliminary point of order, I want to make it abundantly clear that the hon. member for Kingston and the Islands (Miss MacDonald) will be moving an amendment and there is also consent for the House to consider that amendment.

Mr. Pinard: Madam Speaker, that is correct. There is consent on both sides that all amendments, if more than one, be now put so that we can debate them and then we will vote on the amendment or amendments and the report stage later today.

Mr. Nielsen: Madam Speaker, we would like the amendment considered in the usual way, that it would be the subject of a separate vote and that the report stage would also be the subject of a separate vote.

Madam Speaker: Is that agreed?

Mr. Olivier: No.

Madam Speaker: Does the hon. member for Longueuil (Mr. Olivier) say no?

Mr. Olivier: Yes.

Madam Speaker: Then there is no unanimous consent.

Mr. Nielsen: Madam Speaker, I distinctly heard the hon. member for Longueuil (Mr. Olivier) say "yes".

[*Translation*]

Mr. Olivier: Madam Speaker, it merely proves, on the point of order regarding my question of privilege, that I am unable to understand hon. members when they speak in the other official language of the House. I therefore ask you to safeguard my privileges, Madam Speaker.

Madam Speaker: I really would like to know what kind of privilege the hon. member for Longueuil is referring to. If his earphone is not working properly, I would ask him to use one of the other seats so that he can follow the proceedings of the House. There is nothing I can do right now to help the hon. member since it takes fifteen or thirty minutes, or at least an hour, to repair a defective earphone. If he would co-operate with his colleagues, he could listen from another seat.

I repeat the question. Does the House give unanimous consent to the suggestion made by the hon. President of the Privy Council (Mr. Pinard)?

Mr. Olivier: No.

Some hon. Members: Agreed.

Madam Speaker: In that case, we do not have unanimous consent.

Mr. Pinard: Madam Speaker, I think that earlier you indicated that there was unanimous consent for proceeding with the report stage. So I think that is settled. The present refusal to give unanimous consent concerns a request to start immediately consideration of the amendment moved by the hon. member for Kingston and the Islands (Miss MacDonald). In that case, if—

[*English*]

—my colleagues, the hon. member for Yukon (Mr. Nielsen) and the hon. member for Hamilton Mountain (Mr. Deans), are willing to come and talk with me, we might start debate on the report stage, for which we have unanimous consent. I think together we can settle this matter, allow this amendment to be put and debate it a little bit later today.

Mr. Nielsen: Madam Speaker, it was my impression that the lack of consent of the hon. member for Longueuil (Mr. Olivier) applied to the whole process, the report stage and any subsequent proceeding. I regret very much that the failure to give consent has to come from a government member, especially in the light of the willingness of both opposition parties to co-operate with the government in getting this legislation through today.

I think the real solution lies with the government House leader perhaps taking the hon. member for Longueuil aside and speaking in an avuncular fashion to him in the hope that he will change his mind. Even if the Chair finds I am mistaken—and I do not think I am—in my belief that the failure to give consent by the hon. member applies to the whole process here, in terms of pure logic there can be no debate at the report stage without debate on an amendment.

• (1520)

Mr. Deans: Madam Speaker, on the point of order, on the off chance that the hon. member who did not see fit to give unanimous consent did not hear the proposal correctly—

Some hon. Members: Oh, oh!

Mr. Deans: —I wonder whether Your Honour might be prepared to put that proposal again. Because I must confess that I am a little confused myself as to the exact proposal. I feel confident that if Your Honour were to just explain it a little more, perhaps with the explanation we could all agree.

Mr. Paproski: The President of the Privy Council will go over and explain it!

Madam Speaker: We are at the point of procedure at which the House is asked whether it will give its unanimous consent to consider the amendments for debate.

Mr. Nielsen: No, no.

Madam Speaker: The amendments to the report.

Some hon. Members: Agreed.

Madam Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Translation*]

Mr. Pinard: As you just heard, Madam Speaker, there is unanimous consent for moving the amendments, and there is more than one, immediately. I think the New Democratic Party also wants to move an amendment.

It is understood that the hon. member for Longueuil (Mr. Olivier) is reserving his right to give you the notice required for raising his question of privilege at the appropriate time. That being understood, and now that the member for Longueuil has safeguarded his rights, we shall now proceed, as agreed with the House leaders, to complete the report stage and consideration of appropriate amendments to the fiscal arrangements bill.

[*English*]

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I was beginning to wonder whether I would get the opportunity to speak in the debate this afternoon. I wish to open the debate at report stage of Bill C-97 by remarking on the intensive scrutiny which we had to give it over a very short time in committee.

As Your Honour knows, Bill C-97 left the Commons on Monday evening when second reading was completed. Then it moved to committee study. The time allocated for committee study was woefully inadequate when one takes into consideration the magnitude of the fiscal measures embodied in the

bill. The allocation of some $105 billion to the programs of equalization—

Madam Speaker: I apologize for interrupting the hon. member. However, so that I can put a motion before the House, I would like to ask the hon. member which of the eight amendments the Chair has received the hon. member wishes to debate.

Miss MacDonald: Madam Speaker, I will be introducing a motion. I am not sure what Your Honour has in the way of the eight amendments before you. I have one motion that will read:

Motion No. 1

That Bill C-97, an act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces, be amended by deleting Clause 6 and substituting the following therefor:

"6. Sections 18 and 19 of the said act shall lapse on April 1, 1984."

I apologize if there has been any confusion in the procedure that I have been following, but I am sure Your Honour knows that this bill was just reported out of committee at one o'clock today. That shows the way in which committee members have been working at it since Monday night. They have been attempting to subject this bill to the kind of scrutiny in committee work that it indeed merits.

There has been very little time in which to refer the bill back to the House from committee and to have reproduced, for the work of the chamber, the various amendments that we wish to place before the House. I know hon. members of the New Democratic Party also wish to bring amendments forward. I mentioned that the bill had been sent from here to committee following second reading only on Monday night of this week. That meant that we had very little time in committee to give the kind of scrutiny to this bill that is necessary as it embodies such tremendous fiscal measures. It includes the allocation of some $105 billion from the federal government to the provinces for equalization and established programs financing over the next five years.

May I say to Your Honour that in our committee work we tried our best to give it intensive scrutiny, although we could not give it the kind of thorough examination that an extended period in committee could have provided. A number of witnesses appeared before us. With varying degrees of intensity, they all condemned the government's proposal to cut back substantially on funding of post-secondary education and health care by removing, as the government proposed, the revenue guarantee component of the established programs financing.

Let me mention some of the organizations which appeared before us in committee during the few days that were available to us. All of the organizations which came before committee in the last few days were unanimous in their opposition to the cutbacks proposed by the federal government. The organizations included The Canadian Council on Social Development, the Canadian Hospital Association, the Canadian Association of University Teachers, the Canadian Union of Public Employees, the Canadian Federation of Students, The Canadian Labour Congress and the Canadian Medical Association. Your Honour will see, from the list of witnesses I have mentioned, that all of these organizations have a very real and deep interest in the funding of post-secondary education and health care across this country. They came before us in order to make known, in the strongest possible terms, their opposition to the proposals of the government. They were unanimous in their point of view. None of them agreed with what the government was doing. They all strenuously objected. Only three witnesses who came before us in that period of time supported the cutbacks. They were the Minister of Finance (Mr. MacEachen), the Secretary of State (Mr. Regan) and the Minister of National Health and Welfare (Miss Bégin).

I can understand the motivation of the Minister of Finance. He told the committee that all he wanted to do was to save money, regardless of the threat those savings posed to the standards of post-secondary education and health care across this country. His only interest was savings. He pushed the whole question of reduced standards of health care and post-secondary education in this country to one side. I suppose I can understand his motivation; he wants to grasp every penny he can get his hands on. However, what I cannot understand, what I find to be deplorable, and what I consider, indeed, to be a betrayal of their obligations as ministers responsible for the programs involved, is the meekness with which the Secretary of State and the Minister of National Health and Welfare surrendered to the Minister of Finance.

We propose to defend the clause that they have abandoned. We are doing so by the introduction of the amendment that I read at the beginning of this debate. We propose to defend the measure, which the government has decided to take out of the established programs financing, by introducing this motion:

• (1530)

That Bill C-97 be amended by deleting Clause 6 and substituting the following therefor:

"6. Sections 18 and 19 of the said act shall lapse on April 1, 1984."

That is very simple, both in intent and in expression. The amendment provides that the revenue guarantee component of established programs financing entitlement will continue for two more years.

We would prefer to go further. We would not stop with that amendment as I have read it if we had the option to do so. We would prefer to go further and make the continuation of that clause conditional on signed commitments by each province to increase their spending on health care and on post-secondary education during each of the two years, by percentages equal to the growth in the EPF escalator, which means about 11.5 per cent.

We would make that conditional on the provinces if we had the power to do so. However, while the government could have written such a condition into the bill presently before us when it was being drafted, an amendment by the opposition to accomplish that purpose would not be out of order. So I am regretful that indeed we cannot take that further step and

make it conditional upon the provinces to meet this obligation. We are therefore settling for a second best alternative.

During the two-year period that I have mentioned, we advocate an up to date federal-provincial inquiry into the funding needs of health care and post-secondary education. We advocate that that take place with full scope for input from interested groups and the public at large. That inquiry's findings would provide the basis for the proper division of responsibility for funding those services between the federal and provincial levels of government. It could also take testimony on the better definition of program conditions and on standards of health care and on what might be the appropriate national goals in post-secondary education.

I raised this question with the Secretary of State so that during this two-year period what we could come up with, I would hope, would be indeed a better definition of program conditions and standards of health care and the appropriate national goals in post-secondary education. Both of these, we trust, would command the support of both levels of government and lay the groundwork for serious negotiations on those points. We think that, given such an effort, the result would be funding arrangements better than those agreed on in 1977, because they would reflect a broad national consensus.

We also believe that agreement could be reached on national goals in post-secondary education and on standards of care and a more precise definition of conditions in the field of health. At the very least, we think that the attempt should be made. I would hope that it would be successful; nevertheless, if it should prove unsuccessful we would have two years in which the programs are funded by the federal government according to the commitment that it made in 1977—and that in itself would be an achievement. After March 31, 1984, the formula now embodied in this bill could be reintroduced if a better one is not renegotiated.

Should this amendment pass, sir, I believe each province has the moral obligation to fund both these programs at rates of growth at least equal to that of the EPF escalator. I know that a number of the provinces, even in the face of the termination of the revenue guarantee component of the established programs financing, have announced funding levels for 1982-83 which indeed meet that standard which I would make conditional on the provinces in the next two years. Assuming, Mr. Speaker, that the provinces respond to that moral obligation, I believe this amendment is a fair one. I do not believe the concessions asked are unreasonable in view of the importance of the programs at stake.

Many of us have had the opportunity to speak on this bill and to stress the importance that we lay on programs of post-secondary education and health care in Canada. They are important to every individual, to every Canadian citizen. Therefore, we are trying to ensure that the standards in both of these programs remain at the level they are at now or are improved upon. What we do not want to see—and this will happen if the measures that the government proposes come into effect—is the standards reduced.

I would be most remiss if I did not acknowledge that the amendment I am proposing was inspired by the Canadian Association of University Teachers, whose approach to this issue throughout has been a thoughtful and a constructive one.

During the committee hearings on this bill, Mr. Speaker, a number of comments were made by members and ministers opposite which I think are relevant to this amendment. Yesterday afternoon and this morning we heard the Minister of National Health and Welfare admit that the provinces would never have agreed to go from cost-sharing to block funding for hospital insurance in 1977, as the federal government wanted them to, without the commitment of the federal government to add partial compensation for the 1972 revenue guarantee to the EPF formula. They would never have agreed to take that step if they had not been guaranteed that there would be partial compensation for the 1972 revenue guarantee. That was to be built into the 1977 formula, as indeed it was, and the provinces expected it to continue.

The Minister of National Health and Welfare then argued that terminating that component of the formula—a step which will save the federal government $5.7 billion over the next five years—is not a breach of faith with the provinces. Although she admitted that it had been put in there in the first place as a part of a bargain with the provinces, she then went on to say that removing it is not a breach of faith with the provinces. She cannot have it both ways, Mr. Speaker. In that argument we see once again the quality of this government's word. For on June 14, 1976, when the Prime Minister (Mr. Trudeau) proposed the EPF formula, he argued that one of his reasons for doing so was that "the arrangements for these major programs should be placed on a more permanent footing". I repeat, he said "on a more permanent footing". Those were his words. So much, Mr. Speaker, for permanence and, indeed, so much for the word of the Prime Minister.

The Minister of National Health and Welfare went on to contend that the shortfall of $5.7 billion could somehow be absorbed without any impact on our health services in the provinces across the country. She argued that $5.7 billion less on health care and post-secondary education could somehow be handled without the standards being lowered in these two major programs. I am afraid, sir, that her faith in miracles is touching. I only wish it were matched by an appreciation of how much this bill is placing health care standards in jeopardy—because that, indeed, is what it is doing.

We also heard the Secretary of State say in committee that he could give no commitment as to what level of percentage increase in funding, if any, he will provide for post-secondary education after 1982-83. I pressed him on that, asking if the commitment beyond 1982-83 would be equal to, or an increase in, the EPF escalator. He refused to answer. He of course keeps in reserve the threat in the finance minister's budget paper on fiscal arrangements that the post-secondary education cash transfer will be frozen at its 1982-83 level after April 1, 1983, if negotiations with the provinces prove to be unsuccessful. This, after that cash transfer has already been reduced in 1982-83 by $180 million from its 1981-82 level.

• (1540)

Therefore, we have a decrease this year in the actual cash payments that will be provided by the federal government for post-secondary education and we have no guarantee that after 1982-83 the transfers will not be frozen at a lower level than they were last year. That is the tremendous dilemma that faces all post-secondary institutions across the country, all students involved in those institutions, the faculty, the people who work in those organizations. That is the threat they now face.

First, they are being cut back this year in the level of funding. Second, the threat lies there that in future the level of funding may be held to what it is this year, which is reduced from what it was last year. At the same time, the Secretary of State expressed concern about interfering with the provinces' spending decisions on post-secondary education when I outlined this amendment to him. I told him what it was we wanted to accomplish with this amendment, to allow him two years to try and negotiate a better arrangement for post-secondary education financing and health care financing, to maintain the levels of spending at what they were last year and maintain the formula that was agreed to in 1977. However, he would not listen to that. He rebutted me with something to the effect that "I will cut my spending and then freeze it while you increase yours, but it is interference with provincial rights to say we will maintain our spending if you maintain yours while we negotiate". That was the intent of the comments by the Secretary of State yesterday.

I fail to understand his reason or his logic because it is not reasonable and it is not logical. Apparently the Secretary of State believes in a federalism of convenience. Perhaps I should not be too harsh on these ministers. After all, it is hard to be loyal when your government is implementing a policy which threatens to lead to the underfunding of programs you believe in. There is a real temptation to resort to the kind of sophistry we heard from these ministers in committee. If they truly believed in the programs they are supposed to defend, there was another path open to them. Instead of meekly following what the Minister of Finance told them they have to do, cut back on these major programs, a path was open to them, a path which people of more principle have taken in the past, and that is, after having lost the fight in cabinet, to resign in protest. If they truly believed in their programs, that is what they would have done.

Let me return to the comments of some of the backbench Liberal members of parliament who attended the committee hearings on this bill. They were very concerned, they said, that under the EPF arrangements the provinces had reduced their share of funding for post-secondary education. They did not see the use, they said, of extending the EPF arrangements because there was no guarantee that the money transferred to the provinces would be spent on the services for which it was intended. We heard that said over and over again. If that is the cause of their concern, I can understand it. If those are the reasons why they want changes to the EPF, I do not see how in conscience they can do other than vote for this amendment. It puts real moral pressure on the provinces to at least maintain, if not increase, their share of post-secondary education funding during the next two years. The bill, as it stands, does not. The members who expressed concern as to whether the provinces might cut back on their funding, in this period of two years when moral pressure was brought to bear on the provinces to keep the spending at the level of the EPF escalator or to increase it beyond that, could see that being accomplished if they would support this amendment and give the negotiations a chance to take place in the next two years.

The amendment ensures that federal EPF funding will continue to rise according to the formula agreed to in 1977. If provincial funding does not rise by an equal percentage, the burden of explanation will then be on the provinces. The bill simply removes the revenue guarantee, as it now stands. The amendment which I am proposing uses the revenue guarantee as a carrot to get something of real value for the programs, time for serious negotiations and moral pressure for provincial spending commitments while negotiations go on.

If the Liberal backbench members who expressed concern do not vote according to the logic of their arguments, we can only conclude that their real motive is that of the Minister of Finance, a motive which the minister explained to us in committee with, I may say, refreshing candour—that he would not support this amendment because it would cost him $2 billion over the next two years. That was his only explanation; it was going to cost him $2 billion. He believes that he can spend that money better elsewhere than on post-secondary education and health care costs.

We do not believe the government can spend that great amount of money, $2 billion, on better programs than post-secondary education and health care costs. Neither does the party to my left, the New Democratic Party. They do not believe it could be better spent elsewhere. Nor does the Economic Council of Canada. Nor does the Business Council on National Issues. Nor does The Canadian Council on Social Development. Nor did the all-party task force on federal-provincial fiscal arrangements. All of them recommended against cutbacks in post-secondary education and health care costs. We hope that enough members on the other side will have the wisdom and the courage to join that illustrious company I just mentioned to ensure the passage of this amendment.

• (1550)

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I rise to move an amendment on behalf of the New Democratic Party.

Mr. Deputy Speaker: There is an amendment before the House. If the hon. member is proposing an amendment which could be grouped with this amendment for debate and perhaps have the two voted on separately, this would require unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Blaikie: What I was about to say, Mr. Speaker, is that they could be grouped for debate but voted on separately.

Therefore I move:

Motion No. 2

That Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces, be amended in Clause 6 by striking out lines 35 to 42 at page 11 and substituting the following therefor:

"(a) the aggregate of

(i) $15.26 and

(ii) the quotient obtained by dividing

(A) the federal contribution payable for all the established programs to all the provinces for the fiscal year commencing on April 1, 1975

by

(B) the population of all the provinces for that fiscal year".

The effect of this amendment would be to restore for the duration of the next five-year fiscal period the money associated with the compensation for the termination of the revenue guarantee. It is similar to the amendment moved by the hon. member for Kingston and the Islands (Miss MacDonald) in so far as the amendment moved by the hon. member would leave the same amount of money but only for the next two years. As expressed by the hon. member, she would like to see that two years become a time for negotiation between the federal and provincial governments as to the role that the federal government plays in post-secondary education and national standards for health care.

We support the amendment of the hon. member for Kingston and the Islands but we would like to see the money continued for the whole term. We are not against the two-year negotiating period but, as has always been our position, the money associated with the compensation for the termination of the revenue guarantee is money for health care and post-secondary education. It was regarded as such in the last fiscal arrangement and should continue to be regarded as such for the next five years.

There has been much confusion and debate about what has been known as the revenue guarantee. This is not the last time I will mention the guarantee because in all probability I will try to explain it again at third reading. In any event, I will try once again to explain for the record the way in which the government has been dishonest about the role of the revenue guarantee in the established programs financing.

I would like to begin by saying that there is no revenue guarantee at this time. There is nothing known, labelled or to be found in any piece of legislation as a revenue guarantee. For this reason I keep repeating that when I refer to the revenue guarantee I mean the compensation for the termination of the revenue guarantee, because that is really what we are talking about.

It is due to linguistic laziness that people refer to it as the revenue guarantee. It has become a dangerous habit because this conveys the notion that there is something called the revenue guarantee and therefore something separate from the established programs financing that the government can remove without being accused of taking away money intended for health care and post-secondary education.

The fact of the matter is that the revenue guarantee, as such, ended in 1977. It was an agreement made in 1972 by the federal and provincial governments to compensate the provinces for whatever revenue they might lose as a result of the tax reform initiated in 1972. This agreement expired in 1977. At the same time that it expired, the federal government and the provinces were renegotiating the EPF and the funding for health care and post-secondary education, moving into a block funding system for those two programs. I assume that during other independent negotiations the provinces were complaining about the termination of the revenue guarantee. The federal government indicated that the revenue guarantee was finished, but since the provinces were unhappy about this fact, it would contribute extra money—$7.63 per capita, to be exact, plus one tax point—to the established programs financing. In other words, it offered to sweeten the pot.

On this condition the government asked the provinces if they would agree to integrate all the legislation into the new established programs financing bill rather than wait until 1980 for the hospital legislation to terminate. The provinces agreed to this and the revenue guarantee ended. The sum associated with compensation for termination of the revenue guarantee was rolled into the established programs financing.

What ensued was that the federal government consistently—up until the November, 1981 budget—regarded all the money in the established programs financing, including the money that the provinces were acquiring as a result of the tax point transfers, the money associated with the compensation for the termination of revenue guarantee, the cash payments, the transitional payments; all this money was regarded by ministers of the Liberal government as money for health care and post-secondary education. The Minister of National Health and Welfare (Miss Bégin) in particular travelled across the country telling people what the percentage of federal government spending on health care and post-secondary education was and claiming great credit for spending this amount of money.

What occurred next was that the Minister of Finance (Mr. MacEachen) decided that he would like to solve his deficit problems, and although these problems do not result from these programs, he decided to pass on some of his deficits to the provinces and make the terrible mistake of trying to fight economic problems which were caused by other sources at the expense of these particular programs. The minister decided to change the government's perception of the money associated with the compensation for the termination of the revenue guarantee.

In committee this morning, the Minister of National Health and Welfare admitted that she wanted the provinces to regard the money associated with the compensation for the termination of the revenue guarantee as money to be spent on health care. If there is anything beneficial about meetings being held one after the other, it is that by sheer persistence you can sometimes get people to say something that they have been desperately trying to avoid saying for a number of days. In any

event, she said she regarded that money in that way but could not persuade the provinces.

I have admitted all along that the provinces were wrong about this. They made a very serious mistake in the first few years of that last agreement, which was a very good agreement for them. They should have said, "Yes, all that money is for health care and post-secondary education", and they should have gone ahead and spent all that money on health care and post-secondary education. If they had done that, they would not be in the spot they are in today. They would not be in that spot if they had not let their percentage spending fall. They were partly to blame too.

• (1600)

However, the federal government, particularly the Minister of National Health and Welfare, as she admitted this morning, regarded that money as money for health care and post-secondary education. What has the government done? It seems the Minister of Finance has said, "I want to save money anyway, so here is a good angle: we will throw the arguments of the provincial governments back in their faces and keep repeating them to them". That is what the federal government has been doing. The Minister of National Health and Welfare, probably embarrassed—initially, at least—by the cutbacks in this particular area, has tried to claim that she always had this view of the revenue guarantee; but this morning it seemed to me she slipped up for a minute and indicated that yes, she had seen this money spent this way, and she wished the provinces had spent it on health care and post-secondary education, but they did not. She could not persuade them, so now the federal governement is going to take it away from the provinces.

My position is that the federal government was right all along. It was right until it changed its mind in November of 1981. It should have stuck to its position. It should have stayed with the amount of support it regarded as necessary to provide for health care and post-secondary education and entered this new period of negotiating national health standards with that amount of money in its hand. It should have said, "We want to give this much support to health care and post-secondary education, we want to continue to give this much support to health care and post-secondary education and we want to give it under the following conditions". That would have been a much stronger bargaining position for the federal government had it entered this new negotiating period in that way. But instead, what has the federal government done? It wants to bargain for tougher national health care standards, but it is taking money off the table, and this is more unfortunate than I can possibly express. It does not bode well for the negotiations I want the federal government to go into. I am not taking the side of many of the provinces which say that the federal government should stay out of medicare, that it should not have an opinion about how this money should be spent and that it should not demand accountability. I want the federal government to do all those things. My complaint about this legislation is that it makes it more difficult for the federal government to do that. There was really no need for it to do this. This is a stupid, blind move which does not have to be made. The federal government could move into these negotiations with all the money it was previously giving to health care and post-secondary education with a strong commitment to both those programs and have much more success at the negotiating table than it has now. Our amendment is designed to put that money back in.

All the groups which appeared before us in the committee and everyone I can think of, except the Liberal Party, have the same view of the consequences of the cutbacks I have just enunciated. The Canadian Health Coalition, the Canadian Association of University Teachers, The Canadian Council on Social Development—it did not matter who it was; all the witnesses before the committee took the view that it would be very damaging indeed for the federal government to go ahead with these cutbacks.

Our health care system is in a crisis. I do not like to use the word "crisis" over and over again because it is a word that is used too much in this House, and certainly our health care system could be a lot worse.

Mr. Manly: Give the Liberals time.

Mr. Blaikie: Someone says, "Give the Liberals time".

Mr. Nystrom: Not too much time.

Mr. Blaikie: I am reluctant to use the word "crisis", but generally things do not just deteriorate overnight. It is a process, and I think this step by the government is one significant step in that process. It is not the end of the world, but this step makes it unlikely that in another area—that is, the negotiation of standards and conditions and the clarification and enforcement of those conditions—negotiations will succeed in the way I know most Canadians would want them to succeed and in the way I know my own party wants them to succeed. This is just another step down the road to a time when some provinces in particular—but all provinces—will feel the bite of these cutbacks.

The responses of the various provinces will differ because the medicare systems in the provinces differ. However, the consequences will be similar, as I have said, in terms of there being an effect by the cutbacks. However, I am particularly concerned about provinces like Ontario, British Columbia and Alberta. I pick these three provinces by virtue of the fact that they are the three provinces which still charge premiums for medicare. This says something about how they like to finance medicare. They do not like to finance medicare in as progressive a way as possible. They are more attached than other provinces to "user-pays" views of health care.

Mr. Blenkarn: It is the same in Yukon.

Mr. Blaikie: I am told it is the same in Yukon. We did find that when we went up to Yukon. When the federal-provincial task force went up to Yukon, we found that in spite of all the rhetoric of the Minister of National Health and Welfare, at hospitals in the Territories for which she is responsible they were imposing user fees. I think that got out and they were

discontinued shortly thereafter, but sometimes there is a difference between appearance and reality.

As I was saying, in some provinces in particular, there will be a move to reintroduce and strengthen some of the private funding mechanisms that are already there. Some provinces will be looking for more ways to bring private money in to compensate for the lack of public money. In some cases this will be welcomed by these provinces.

Medicare is not as established in the national fabric as we all like to think it is. Any program which is only 18 years old is not very established. In the long run of political history a program of 18 years' duration is not very established at all. Medicare is a very young and fragile political fact. Many of the people who were so violently opposed to medicare only 18 years ago are not dead yet, they are still around. They still hold grudges. Perhaps they would still like not to have medicare. We have to be very careful that we do not provide the political pretext for all these people to come out of the woodwork again. They have been lying low while there has been a lot of money around. We can have almost any system we like if there is a lot of money to spread around, but when we come across hard economic times and we create the political context and economic context for medicare that the Minister of Finance is helping to create now, these people will start to show up again, and the arguments for more private money in the system will start to show up again. They will show up, ironically, in some of the provinces which have the most money and the most ability to fund their medicare systems in a progressive way entirely from general revenues.

It has always seemed to me to be a complete mystery why provinces like Ontario, Alberta and British Columbia cannot afford to fund their medicare systems out of general revenues through a progressive taxation system, when Manitoba, Newfoundland, Nova Scotia and New Brunswick can afford to do this. Why? Because there is still that philosophical hostility to medicare which exists in certain places more strongly than in others.

Mr. Orlikow: Especially Conservative provinces.

Mr. Blaikie: The member for Winnipeg North (Mr. Orlikow) says especially Conservative provinces, and I could not agree with him more. It is a very dangerous game indeed that the Minister of Finance is playing. The Minister of Finance is taking an unnecessary risk. He will really be providing a cover for those who would like to move against the principles of medicare in any case.

• (1610)

Medicare is not just a matter of money; it is also a matter of commitment to a particular view of society and of the Canadian community as a place where people ought to have available high quality health care, whether they are rich or poor, whether they live in the Atlantic provinces or in Toronto. Medicare embodies a particular view of the country. It is a universal program which is available to people because they are Canadians, not because they are poor or have passed some kind of test. This is something we want to say about Canada. People in Canada, unlike those in many other countries—and the United States comes to mind—do not have to worry about the financial consequences of becoming sick. If they feel that there might be something wrong with them, there is no disincentive to attending doctors' offices for early diagnosis. They do not have to put it off until family allowance cheques come in or until they can afford it next week because they would like to buy bicycles for their children.

For most Canadians medicare is a classic example of what co-operative federalism can be when it is made to work and when it is informed by the kind of vision about which I have been talking. I think the Minister of Finance and the government are making a mistake; they will rue the day. I do not want to be standing around here or somewhere else down the road saying "I told you so." I would much rather the government accepted either the Tory amendment or ours and give time to conduct the policy discussion first in order to discover what kinds of medicare and post-secondary systems Canadians want. Then the fiscal decisions can be made afterwards. As The Canadian Council on Social Development pointed out, it is being done totally backwards. They are making fiscal decisions first and then deciding on what kind of system Canadians want. In that event, as has happened many times before, the financial structures will determine the system we get rather than the system determining the financial structures.

I hope these amendments will pass, and that Liberal members will have a change of heart and vote for them.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, it is a pleasure to rise and make a few comments concerning the debate as it has progressed thus far. Before doing so, I should like to say to the hon. member for Mississauga South (Mr. Blenkarn) that the two of us have had a great time romping our way through the billions of dollars.

Mr. Blenkarn: We sure have.

Mr. Fisher: I remember well in the last election campaign when I was asked my attitude about the world in general that I confessed I was a spender. It has been a revelation to discover that the same sentiment beats in the heart of the hon. member for Mississauga South.

Mr. Blenkarn: Oh, oh!

Mr. Fisher: He showed himself to be a great enthusiast with the public's money; we are grateful to see this conversion in him. It is a real improvement.

The debate on the opposition amendments have made two important points, both of which I reject. The first point was that the revenue guarantee was important money spent on health care and post-secondary education. We on this side of the House do not accept that argument. The second point was that because we are removing this label or category from spending, we will see some kind of collapse in the school and health care systems. Again I do not accept that argument.

There has been much said about it, but we have not seen any evidence.

I should like to take a look at the numbers themselves, at the evidence. Hon. members know that on March 19 the Minister of Finance (Mr. MacEachen) released a statement in which he gave some important figures. The first and most important part of the statement was the total number of dollars involved. Over the past five years, under both equalization and established programs financing, we spent approxiamtely $61 billion. Over the next five years we will spend $105 billion. We are spending $16.4 billion this year, and that will rise in 1986-87 to a total of $26.3 billion. Out of that, we see that the federal government will spend some $76.2 billion on health care and on post-secondary education. This year—$11.6 billion will go to those two categories, and in 1986-87 it will be $19.2 billion. We are talking about huge amounts of money and about very respectable rates of growth in our transfers to the provinces. We are not talking about cutbacks—or abandoning our responsibilities. We are talking about a reasonable maintenance of the standards and dedication of the government to these two vital programs.

I think we should look at the fact that the growth here parallels the growth in the economy. It is a reasonable, planned growth and an amount the economy can manage. It is not unlimited growth; it is not a flat line, either. We are seeing approximate 12 per cent increases year after year over the next five years. Can we be satisfied that this growth rate is adequate?

I refer the House to the statement of the Minister of National Health and Welfare (Miss Bégin) yesterday, from which I will quote directly:

> It is no secret that we are in a time of economic restraint. But the federal government is committed to upholding its side of the bargain when it comes to financing social programs for Canadians. We will not reduce our support for health care. In fact, over the next five years federal contributions for health will increase at an average annual rate of 13.4 per cent. Next year our support will grow by 12.2 per cent. The federal contribution to the provinces for health will total about $8.5 billion next year. This translates to a total of $347 for each person living in Canada.

As the Minister of National Health and Welfare indicated, that is a very respectable maintenance and growth level for the health care program. When the Secretary of State (Mr. Regan) appeared before the committee, he made the same kinds of commitments. We are not abandoning our responsibilities; we are maintaining and expanding them responsibly.

Also we must ask ourselves why we have not supported the two amendments which have been put forward. The Minister of National Health and Welfare gave the answer in the first sentence which I quoted:

> It is no secret that we are in a time of economic restraint.

If we were to extend the established programs financing for the next two years, we would be spending an extra $939 million this year and an extra $1,052 million in 1983-84 above the rate of growth we have already scheduled.

Mr. Blenkarn: Now you admit it.

Mr. Fisher: We simply do not believe that we are sacrificing the quality of the programs by not spending that money, and we do not believe that those expenditures are called for during this period of restraint.

• (1620)

A very great deal has been made about the $5.7 billion that somehow has magically been taken out of this whole program. This amount, called by the opposition the revenue guarantee, for the next five years would not have gone to health care or post-secondary education. The premiers have told us that. They told us last August that they would not spend this money on those programs. They do not automatically consider this money to be committed to those programs. They consider this money to be simply a transfer from the federal treasury to the provincial treasuries. This is money to be spent at their discretion. Perhaps by chance it could go to health care or post-secondary education. Equally by chance, it could be spent on highways, on sewers or on some other physical development of assets within the provinces. Their choice would be to spend the money as they see fit on their own provincial priorities. There were to be no guarantees that this money would be dedicated to those programs.

It is fallacious to argue that we are reducing our funding for these social programs by that amount simply because that amount is not in our budget. There was no guarantee in the beginning that the amount would be spent on those programs.

I believe restraint is needed. We have all received that message. What are we restraining here? We are not saying to the Canadian people that we are cutting back on funding to universities, to hospital care and medical care. We are not saying that. The figures I quoted earlier indicate the commitment we have to sustain these institutions and these programs. What we are saying instead is that the sky is not the limit. We cannot take that approach today. We simply have to put a cap on the rate of growth. We have to say that a reasonable expansion that takes into account the expansion in the economy will be permitted. We will not permit unlimited spending increases. We have to put a cap on those. We have to watch our spending as we heard so eloquently today and yesterday from the Minister of National Health and Welfare, and as we have heard from the Secretary of State who spoke yesterday in the committee. We have heard the commitments of these ministers to quality in these programs.

Anyone who wants to find out the direction of our spending programs and our commitments for the next five years would be well advised to review the notes of the committee hearings. The debate was stimulating. Both ministers very clearly stated their personal beliefs and commitments to these programs. They have each indicated they are allowing their spending to expand to protect existing programs. They do not intend to go for new programs or for unlimited new increases in spending. The Canadian people do not want that. We have a commitment to Canadians to restrain our spending to within the growth limit of our economy. We are maintaining that commitment in this bill.

I do not think anyone in our party has to apologize for restraining increases in spending for medical care, for hospitalization or for post-secondary education. Members of this government are the people who originally urged the beginnings of these programs. Ours is the government that put these programs into place. Ours is the government that has defended these programs. Ours is the government, as we have seen, that will nurture these programs over the coming five years. We make no apologies either for our commitment to these programs or for our commitment to restrain our spending.

Mr. Walter McLean (Waterloo): Mr. Speaker, it is indeed a pleasure to participate in the debate concerning Bill C-97. I wish to address my comments to, and focus on the amendment that has been introduced by my colleague, the hon. member for Kingston and the Islands (Miss MacDonald).

I was interested in the comments made by the Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance (Mr. Fisher) and his recognition that there will be a cut of $1 billion a year. I was interested to know about his commitments to quality, yet he believes that quality somehow can come without any expenditure. I am interested in those comments because it reminds me of the person who makes a commitment to a loved one and writes a note saying: "I want to see you more than anything else; I am coming to visit you tonight". Then there is a postscript to the note: "I will be over if it does not rain." The commitment which the parliamentary secretary outlines is not a commitment to philosophy. He also says, "do not confuse us with the details as to how we will deal with it."

The terms of the amendment put forward by my colleague allow the federal government a way out of the federal-provincial impasse which has unfortunately obscured the very serious problems faced by Canada's post-secondary education community. It is in this area that I wish to focus my remarks.

Regrettably, this piece of legislation both begins and ends any opportunity to pull together the potential contributions of both those levels of government. Instead, it does little more than add to the current state of unproductive confrontation between levels of government and the disquiet in our advanced educational institutions. Surely, Mr. Speaker, it is a self-evident rule of policy formulation that this bill is coming at the wrong end of the process. First, we should have had public hearings that would have involved all the interested parties in the nation's post-secondary community. Then on that basis, the federal and provincial government should have sat down and worked out negotiated funding mechanisms, grounded in mutually satisfactory visions of the role of post-secondary education in Canada's future. Then, and only then, should those agreements have been enshrined in federal legislation.

The current Secretary of State takes every opportunity to make the point that the support of post-secondary education has already been studied enough. Indeed, the important contributions of the special task force on federal-provincial fiscal arrangements have taken the country well down the road to informed decision making. However, we should not forget the limited terms of reference of the parliamentary task force. As reported in *Hansard* for February 5, 1981, we find the following:

> —to examine the programs authorized by the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, focusing in particular on fiscal equalization, the tax collection agreements, the Canada Assistance Plan, and Established Programs Financing; and that this examination take place within the context of the government's expenditure plan as set out in the October 18, 1980, budget.

You will note, Mr. Speaker, that the task force was not empowered to address itself to non-financial matters. this is in keeping with this government's insistence that the future direction of post-secondary education is entirely a matter of dollars and cents agreements with the provincial governments. Is it any wonder that such unilateral actions as the federal government has taken with Bill C-97 have caused the students, staff, faculties and administrators, who are committed to an increased vitality in the post-secondary community, to suspect the motives of this government? Where is this government's umbrella statement of the future place of post-secondary education in Canadian society? It runs surveys and polls in a variety of other areas, but it does not survey opinion in this area; rather, it attempts to dictate it. It does not formulate long-term policies; rather, it counts its short-term spending visibility as most important. It has no vision, merely the desire for political credit.

• (1630)

In my riding of Waterloo three prominent national post-secondary institutions, the University of Waterloo, Wilfrid Laurier University and Conestoga College of Applied Arts & Technology, met to discuss what they called the crisis in post-secondary education. The message communicated to me in that public meeting was that these institutions feel like a basketball being bounced back and forth between two levels of government. They also voiced considerable support for the Canadian Association of University Teachers' proposal to extend existing EPF agreements for two years in return for a provincial commitment to increase post-secondary spending by 11.7 per cent in 1982-83 and 11.9 per cent in 1983-84. They have proposed that the two-year cooling off period be used for a joint inquiry to be conducted by the federal government and the Council of Ministers of Education. Open, public hearings would be held so that students, faculty, staff, administrators and community leaders could express their respective wants and needs in the area of advanced learning. The inquiry would be given only one year to report its findings, and the second year would be devoted to federal-provincial negotiations on the basis of those findings.

That is what I mean by pulling together a Canadian vision for the future role of post-secondary education and its support. A practical, creative mechanism for negotiated change. That, Mr. Speaker, is the process for which our party's amendment provides.

Lest members opposite scoff at the potential utility of such a policy-formulation process, let me relate it to the work of the federal cultural policy review committee, sometimes referred

to as the Applebaum-Hébert commission. Its recently submitted "Summary of Briefs and Hearings" casts an interesting light indeed on the need for a similar investigation into the future of post-secondary education in Canada. The chapter entitled "Knowledge and Scholarship" deals with the relationship of knowledge and scholarship to culture and federal cultural policy. The brief submitted by the Canadian Teachers' Federation zeros in on the policy vacuum which I address here today in the context of this amendment. It says:

> The problem of cultural choice cannot, in our view, be divorced from the question of educational policy. The need for a coherent cultural policy is an aspect of the need for a national consensus on educational goals.

The Canadian Association of University Teachers made a detailed response on this theme. They said:

> It is ill advised and unrealistic to try to devise an adequate national cultural policy without discussing the role and development of education. Taken as a whole, the education system:
>
> 1. provides the knowledge and intellectual base on culture;
>
> 2. acts as the most important institution for the transmission of our cultural heritage to future citizens;
>
> 3. plays a direct role in the training of future arts and cultural thinkers; and
>
> 4. increasingly provides important facilities and resources for cultural events accessible to the general public.

The Social Sciences and Humanities Research Council made a point which goes to the very heart of the bill before us today. They said:

> The human sciences, in applying a reasoned approach to the perception and assessment of human materials and events, attempt to place current problems in the perspective of things past and to vistas on the future in the light of lasting human values.

Very telling, that phrase "lasting human values". In view of our discussion here today, Mr. Speaker, I wish that the Minister of Finance (Mr. MacEachen) and the Secretary of State (Mr. Regan) had the wisdom and political energy to have grounded Bill C-97 in any recognizable "lasting human values".

I do not want to overdraw my comparison between the need for a full review of post-secondary education policy, such as it exists, and the federal cultural policy review initiated by the then secretary of state, the Hon. David MacDonald, in November, 1979, so I will conclude my remarks on it with this quotation from the brief presented by the Association of Universities & Colleges of Canada. They said:

> Be it fundamental or applied, humanistic, social or scientific, university based or not, research is directed at the creation of new knowledge and of new understanding of ourselves and our world. It is intellectual and creative activity at its best, and it is essential for the cultural advancement of society.

The point as I see it, Mr. Speaker, is that without first laying out its vision of the role of post-secondary education, the federal government risks permanent—albeit unintended—damage to the cutting edge of Canadian intellectual activity in generations yet to come.

What, pray tell, has possessed this government to take such a scatter-gun or, one might say, scatter-brain approach to the funding of advanced learning as that documented in this legislation before us today? Why have they not first come to some informed decisions about general policy directions? Just what do the Minister of Finance and the Secretary of State imagine will be the consequences of this sort of unilateral action? What have they envisioned to be the role of community colleges and universities? Given the underfunding, which the parliamentary secretary has just recognized, enshrined in Bill C-97, what do they expect post-secondary institutions to look like in two, five or ten years? Will they have libraries, for example? What quality of education will they be able to offer? Will our best scholars in areas other than Canadian studies or job-creating areas have fled the country? To what social groups are they directing educational opportunities? How many of the present institutions will be left in existence?

These are just some of the questions which need to be answered. At the same time they must be considered against the background of the final report of the task force entitled, "Fiscal Federalism in Canada", to the effect that any further cuts forced on post-secondary institutions will be cutting not into fat, but into sinew and marrow. The Secretary of State's predecessor concluded his testimony to that task force by:

> —noting the need for a federal strategy that will address the challenges facing the post-secondary system in the eighties, a federal strategy that will actively support the achievement of national objectives, and a federal strategy that is realistic in light of fiscal restraint and that is consistent with basic principles such as accountability and visibility.

While I have yet to see an adequate definition—to say nothing of a social justification—for "visibility", I am close to agreeing with the balance of his remarks. What concerns me most, however, is that there has been no new initiative from the federal government to follow up on those bare thoughts since they were delivered in June of last year. In the absence of such a policy framework from the Secretary of State, we are faced with the financial ultimatum contained in Bill C-97. This is not good enough to encourage the wholehearted co-operation of those in the post-secondary community in terms of the future.

● (1640)

The amendment, which I support and which I encourage this House to consider and support, seeks to provide a mechanism for the discussion of these important aspects of the funding of post-secondary institutions.

[*Translation*]

Mr. Herb Breau (Gloucester): Mr. Speaker, it is, once more, a pleasure to take part in the debate on fiscal arrangements this time at the report stage. I believe that the two amendments, we are now discussing, one by the member for Kingston and the Islands (Miss MacDonald) and one by the member for Winnipeg-Birds Hill (Mr. Blaikie), would both have the effect of delaying or extending established programs financing as it is now, including the revenue guarantee. At least, aside from all the statutory complexities or technical amendments, that would be the effect of the amendment by the member for Kingston and the Islands. Mr. Speaker, I wish to emphasize, and I repeat what the Parliamentary Secretary to the Minister of Finance said earlier, that revenue guarantee is a program that was introduced in 1972 to protect the provinces against drastic changes in the federal tax base. The

House will recall that in 1971 it legislated a thorough reform of the tax system and, at the time, some provinces said that this would drastically change the federal tax base.

Since at least nine provinces—all the provinces with the exception of Quebec, which has its own system for collecting income tax—are using the federal tax base to establish their own provincial tax, any change in the federal tax base also affects provincial revenues. The provinces have said: Give us a guarantee that the drastic reform you are now introducing will not just as drastically reduce the revenues of the provinces. The guarantee was what is still known as the revenue guarantee program. In fact, the program was extended in 1977, when the federal government and the provinces were negotiating agreements on block funding to replace the former shared-cost programs.

The question is, therefore, whether or not the revenue guarantee the government now proposes to eliminate was actually a part of programs financing. In 1977, the federal government or rather Parliament, decided that for administrative purposes, including the sending out of cheques, payments under the guaranteed revenue program, according to legislation that still exists today, would be made by the ministers responsible for the programs at the federal level in the same proportions as financing for health programs and post-secondary education. So that is the issue. In the report by the Standing Committee on Fiscal Arrangements mentioned earlier in the House this afternoon, a detailed history is given of the revenue guarantee program and various interpretations are given. In the tables listing the payments, revenue guarantee is listed separately from the programs, but there was a recommendation, which I supported at the time, that the revenue guarantee program should be allocated to the programs. And that is the big difference between the recommendation by the Parliamentary task force and the government's proposals. It is one of the big differences.

Now, is that justified? That is the question. Is it justified in terms of political morality and political judgment? Mr. Speaker, we must not forget that the provincial premiers published their press release in August, after the task force completed its report. We did not know they were going to say that. Our report was not published until August 31, but for all practical purposes, it was completed in terms of political decision making around July 24 or 25. The provincial premiers said that they did not consider the revenue guarantee as being allocated to programs financing. I am sorry about this, because I would have preferred to see the money allocated to the programs, and that could probably be justified. However, one of my reasons for supporting the position of the government today is, that despite the recommendations I agreed to in order to reach a political consensus on this matter, I have always believed that revenue guarantee was not an equitable transfer. I see the member for Mississauga-South (Mr. Blenkarn) is smiling. I have always thought the program was unfair, because it was an automatic transfer of funds, no strings attached, to all provinces, while the only program we have traditionally said would be entirely discretionary and automatic is the fiscal equalization program.

Mr. Speaker, there is justification for this, and for more than one reason. Even if the program were eliminated, we must remember that because of the changes proposed in the November budget which will result in an increase in the federal tax base, automatically, the provinces, if in some cases they introduce legislation to adjust to changes in the federal budget in most provinces this is done automatically, at least as far as personal income tax is concerned they will benefit from nearly $685 million in additional revenue. The members opposite claim this does not count, because these are provincial revenues the provinces themselves collect in the form of taxes, which is true. The fact remains, however, that it is a case of political judgment. We have to make a decision in terms of political morality, and the decision is up to the elected politicians. When the federal government makes a decision in Parliament, and Parliament legislates an increase in the federal tax base which provides additional revenue for the provinces, then, even if these are provincial revenues, at least we should consider the fact that such action, both political and parliamentary, to some extent justifies eliminating a program such as the revenue guarantee, which the provinces themselves decided they were not going to allocate to the other programs. Mr. Speaker, there is another side to this question. In the final analysis, when I add up the figures—

[*English*]

When I add up the figures, it is obvious what the over-all effect will be, even putting aside the question of additional revenues, caused by increases in the federal tax base. Hon. members of the opposition say that we should not count them. However, even if we do not count them, the over-all effect of the arrangement being proposed by the Minister of Finance (Mr. MacEachen) and the arrangement that he made with the Atlantic provinces, just considering the increases to the equalization program, will be to more than compensate the provinces which receive equalization for the losses attributable to, or caused by, the elimination of the revenue guarantee.

Mr. Orlikow: That's not true!

Mr. Blenkarn: Not true!

Mr. Breau: Let us look at New Brunswick as an example. The equalization entitlement for New Brunswick in 1981-82 amounted to $415 million. In 1982-83 it will amount to $490 million, an increase of 18 per cent, or $75 million. The changes to the revenue guarantee means that New Brunswick will lose $6 million. The tax transfer will continue to go up. I do not count the additional revenues due to the federal tax base. They will amount to $9 million, but let us not count them. So despite that, there would still be an increase to New Brunswick of $75 million in equalization, plus what is not counted here, a special arrangement that the Minister of Finance has introduced in

this bill as an adjustment because of certain population changes.

• (1650)

Four Atlantic provinces and Manitoba were receiving, and always have received, equalization payments based on assessments of population from the best figures available. In 1980-81 and 1981-82 those payments were too high. The provinces were not really entitled to them. It has happened before and was recognized practice that in the years to come those payments would be adjusted; in other words, there would be an accounting entry. They would not have to give the money back but it would be taken off the entitlement of the future.

Mr. Deputy Speaker: The hon. member for Winnipeg North (Mr. Orlikow) rises on a point of order.

Mr. Orlikow: I wonder, Mr. Speaker, would the hon. member permit a question?

Mr. Breau: Yes, Mr. Speaker.

Mr. Orlikow: I have in front of me a table from page 55 of the budget papers tabled in last November's budget. They show in Table A-2, "Estimated Impact of Proposed Federal Savings on Provincial and Territorial Revenues for Years 1982-83 through to 1986-87". These are the figures prepared by the Department of Finance. For the province of New Brunswick it shows a loss of revenue for 1982-83 of $23.7 million; for 1983-84, $26.7 million; for 1984-85, $30.5 million; for 1985-86, $34.5 million; and for 1986-87, $38.7 million. At a rough count, that is $150 million. I wonder if the hon. member would explain those figures.

Mr. Breau: I will be glad to explain them, Mr. Speaker. The hon. member helps me to make my point. He is quoting a document that the government tabled with the budget on November 12. Either the hon. member takes an awfully long time to read, or he does not read new papers that come out, or he cannot read. I have a release that came from the Minister of Finance in March of 1982. That is a long time after November 12, 1981. The figures that he quotes do not deal with equalization because on that day the equalization proposals were not even given to the provinces. They were given to the provinces for the first time at a meeting in Halifax on November 24 or 25. The hon. member should stop reading into the record the November 12 document and start reading the March, 1982, document.

I am quoting here the increase in New Brunswick, $75 million in equalization over and above the special payments I was in the process of explaining, $60-odd million, $186 million in all for the four Atlantic provinces and the other equalization recipient provinces. That is $60-odd million over and above the increase that the province of New Brunswick will receive in equalization payments. The over-all effect of these changes will be that only those provinces that do not receive equalization will be affected even when we do not count the increase in provincial revenues due to the enlargement of the federal tax base. I say that in terms of political morality you can count them, but even if you do not count them the over-all effect of this will be that only the provinces of Ontario, Saskatchewan, British Columbia and Alberta will be affected to any significant degree. The equalization recipient provinces will be very generously compensated due to the changes in the equalization program.

I know there will be different political opinions. All the provincial governments will continue to say that there are federal cutbacks. That is the nature of the political game. They have to bargain, to negotiate hard, particularly at this time because the unions are asking for increases in wages. Some 80 per cent of what they are talking about that goes into post-secondary education and health care is wages. It is a tough period, they have to take a tough stand and it is good politics to blame the federal government. I expect that to continue. But the facts are that the over-all increases in revenue to the provinces that receive equalization will more than offset any loss due to the ending of the revenue guarantee. It will more than compensate them. If the provinces decide that they want to squeeze the post-secondary institutions, or the hospitals, or the doctors, or anybody else, that is a political judgment that they are making. It is totally untrue and a distortion to say that it will be because of federal cutbacks. I repeat that I have not included, in making that judgment, those revenues that will be automatically provided by the enlargement of federal tax base.

Let us consider another thing, if anyone wants to talk about what is fair and what is unfair in politics. In the last five years, in the arrangement that finished at midnight yesterday the federal contribution has represented a larger percentage of the total expenditure from year to year. For example, in my province, New Brunswick, in post-secondary education contribution, if you include second language and minority language education programs, the yearly average has been an 18.4 per cent increase. The provincial government only allocated 11.5 per cent. We provided for that. If we had a system that permitted the provinces not to allocate the same amount that they were receiving from the federal government, what is so bad about that if there is going to be some adjustment on that in the future?

I quoted in the House of Commons ten days ago that in 1981-82 for example, the fiscal year that ended yesterday, the federal contribution to post-secondary education and second language education programs in New Brunswick represents 107 per cent of what the province spent. The federal contribution represents 99 per cent of what the institutions spent. That means that the legislature of New Brunswick, through the New Brunswick government, allocates only 1 per cent of what is spent in that province on education after high school.

I recognize, and I did recognize in the House of Commons when I quoted those figures, that one cannot expect the Atlantic provinces to be able to sustain, on their own, post-secondary education systems. First of all, we cannot afford it. Secondly, too many of our young people, once they have graduated, go elsewhere because of the needs of the economy elsewhere. So why should there be a sacrifice by the taxpayers

of these provinces to train people so that they can go and work in Alberta or Ontario? So it is justifiable to spend a higher percentage in the Atlantic provinces. All the arrangements since 1966 recognize that. There was a special arrangement made in 1966-67 also.

However, in 1976-77 in my province the federal contribution was only 76 per cent or 78 per cent; now it is 107 per cent of what the province spends. Anyone who has sense and who wants to be fair ought to admit that this is not normal, that there is no reason why the provincial government should receive 7 per cent more than what it spends on post-secondary education. The equalization program provides unconditional support but it is totally unjustifiable to make a profit on program transfers.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please! It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for York East (Mr. Collenette)—External Affairs—Future of Gibraltar within NATO; the hon. member for Brampton-Georgetown (Mr. McDermid)—(a) Hazardous Substances—Urea formaldehyde foam insulation—request that loans be granted to affected home owners. (b) Refinancing of homes. (c) Use of funds allocated for home renovation program; the hon. member for Malpeque (Mr. Gass)—Airports—Charlottetown airport expansion.

It being five o'clock, the House will now proceed to consideration of private members' business as listed on today's Order Paper, namely, notices of motions (papers), private bills and public bills.

• (1700)

PRIVATE MEMBERS MOTIONS FOR PAPERS

[*English*]

Notices of Motions Nos. 22, 35, 1, 48, 28, 43, 5 and 54 allowed to stand by unanimous consent.

EMERGENCY PLANNING—P.C. 1981-1305, MAY 21, 1981, REGISTRATION SI/81-76 JUNE 10,1981

The House resumed from Thursday, December 17, 1981, consideration of the motion of Mr. Friesen:

Emergency Planning

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, notes, minutes of meetings, memos, telegrams and communications relating to the order respecting Emergency Planning, P.C. 1981-1305, May 21, 1981, Registration SI/81-76 June 10, 1981.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, when this debate was last in the House, I had just made a brief five-minute introductory speech before time ran out. Therefore, I am pleased to have the opportunity this afternoon to continue my remarks.

From time to time in this House non-issue issues seem to dominate its deliberations and the media outside this chamber. These non-issue issues, as I call them, are issues that really have little or no substance to them, but they are issues that pack an enormous psychological clout. They are designed for that very reason, to scare the heck out of as many Canadians as possible and, in so doing, besmirch the reputation of the present administration.

We have had excellent examples of two of these non-issue issues over the last six months. The two issues that I refer to are, of course, the taxation of imputed rental value of homes which the official opposition party raised, and the issue of internment camps created by planning order P.C. 1981-1305.

If I had the opportunity of speaking to the first non-issue issue, I would bring the attention of the House to its inadequacy. However, since we are dealing with the second one, it is my pleasure this afternoon to outline the nature of that issue, as I see it, and explain frankly why Canadians should not be concerned with that as an issue and why it should be completely dismissed and taken from the table of legitimate debate in Canadian society today.

We have two choices in this House when it comes to emergency planning. We can believe that we are living in a paradise in which nothing happens, to which nothing can happen and for which there is no need to plan; or we can believe that since we live in a very real world with all sorts of potential dangers in it which are growing increasingly more hazardous as we move more steadily into the industrial nuclear age, we must prepare for one emergency or another, domestic or foreign.

This government chose the latter option. I do not think anyone in this House would dispute that. Any party that forms the government would have to assume that at some time or other, in one part of the country or other, emergencies will develop, that we must anticipate them and have the personnel, resources and equipment ready to deal with them. If you accept that we must be ready for those unknown, unforeseen and yet very real emergencies that lie ahead of us, and we must obviously plan for them.

This government was faced with two basic options. It could have decided to plan exclusively within the confines of one single, large federal department. I am sure members opposite

would argue that such a department would be typically and bureaucratically top-heavy, and in the end when it had to act would probably do so in a way less effective than we had anticipated.

The other option, of course, was to have built on the diversity which characterizes the Canadian nation, the diversity which hon. members opposite often referred to in many of the debates on the Constitution. This diversity I am referring to is the diversity of resources that lie in the volunteer section of our society, at the provincial level and at the municipal level. The federal government's relationship to those three segments would be to provide the resources necessary for each of those three groups to do whatever job is needed in that future unforeseen circumstance of national, regional or local tragedy.

Of those two options which I have just outlined, the government in its wisdom, and I hope members opposite will agree, has chosen to create plans built on the diversity of talent which exists in this nation today. So far I do not think I have said anything with which members opposite could disagree. The conclusions which this government has reached, namely that we should have emergency plans and they should be based on the diversity of Canada, would, I think, meet with the agreement of all three parties in this chamber.

Having said that, and I think having the agreement of members opposite, we now begin to enter the realm of speculation and, I would argue, distortion by the official opposition. It claims that in planning for these future emergencies, this government has created new, unprecedented powers. The Leader of the Opposition (Mr. Clark) has made that claim time and time again. *The Globe and Mail*, which appears to be his official organ, has repeated that claim almost as often as he has.

That accusation is, simply, straightforwardly and patently false. I dare not call it a lie because that would be unparliamentary language. But it is a distortion of the reality of the planning authority which is the backbone of this planning order. The planning order does not create new powers. What it does is assign responsibilities to the various departments of government. These departments have always had those responsibilities. There is nothing new in any of them. Those responsibilities stretch all the way back to the administration of the late Lester B. Pearson. Those responsibilities are almost two decades old.

• (1710)

The disturbing aspect of this debate, the distortion which has been made by the opposition party, is that the opposition knows this. It knows that those responsibilities have always been with those departments. It knows this because members of the opposition recently asked for a legal opinion on that very issue. The opinion which they received concluded that the government had the power to issue such an order in council as I am presently describing and that the government has acted validly and within an existing jurisdiction.

Being aware of that legal opinion, opposition members have apparently shifted the focus of their argument. They have moved on to ask this question: If the departments already have responsibility for that planning, do they have the authority to implement the plans? I believe the answer to that is twofold. First, the answer may be found in existing legislation. I would point out to hon. members opposite that the National Defence Act provides military aid to the civil power. The Energy Supplies Emergency Act of 1979 carries within it the authority to implement emergency plans, as do the various plans that fall under the aegis of the disaster financial assistance arrangements.

Although I could make further comments, I hope I have made my point that within existing legislation there lies a firm foundation of authority for the government to exercise and implement emergency plans which may be necessary in the future. There may be need for future special legislation to deal with areas which are not covered by the legislation which I have enumerated. It may be that special legislation will be prepared by the President of the Privy Council (Mr. Pinard) who has special responsibility for these matters. I cannot speak on his behalf so I do not know if he will be bringing special legislation to the attention of the House.

It may that the House will wish to deal with special legislation at the time of an emergency. A decision such as that is not without risks. For example, it takes several days to prepare any bill for discussion and obtain passage in the House. In times of emergency we cannot afford a couple of days to await the reaction of federal, provincial and municipal governments. Reaction by these governments as well as volunteer groups such as the Red Cross must be immediate and focused. A couple of days just might mean the difference between life and death for thousands and perhaps millions of Canadians.

What happens if the House is not sitting? What happens if the House is in recess or has prorogued? Indeed, what happens if this House were dissolved and the three parties were involved in a general election? These are matters which every member of the House should recognize and remember when regarding, as suspiciously as opposition members do, the powers within the War Measures Act. Despite how abhorrent this act may appear to some members of the House, it allows the government to react immediately to any emergency which might arise when the House is not sitting. I would urge hon. members to recognize the attractive and responsible portions of that act and understand that it can be legitimately invoked on behalf of all Canadians at any time under conditions of a physical or military emergency.

I would like to conclude my remarks by saying that the major arguments and criticisms directed at this government over this non-issue issue, namely that it is without precedent, are totally false. I think I have demonstrated to the satisfaction of the House that there is absolutely nothing new or without precedent in the authority which this government would use to direct emergency operations within the dominion of Canada. Not only is there nothing new in this order, but more importantly it is obvious and clear that this order in council is within

the law. This government is not acting illegally and has absolutely nothing to hide.

The roots of this order lie deep in the administrative and legislative history of this House. They stand exposed: clearly, honestly and openly before all members in this chamber. For anyone opposite to conclude and argue otherwise is to give this debate an irrational and demeaning character which will not serve the interests and welfare of the citizens of Canada.

Mr. Deputy Speaker: I regret to interrupt the hon. member but his time has expired.

Hon. Jake Epp (Provencher): Mr. Speaker, prior to commencing my remarks I would like to ask for the indulgence of the House. I believe there are another fifteen minutes left before the government can make its summation and the mover, the member for Surrey-White Rock-North Delta (Mr. Friesen), can summarize as well. I wonder if the House would be so inclined as to give unanimous consent that I share those fifteen minutes with my colleague, the member for Red Deer (Mr. Towers)?

Mr. Miller: On a point of order, Mr. Speaker, members of my party have not had an opportunity to express our views in this debate. I would like the opportunity to do so within the next fifteen minutes.

Mr. Deputy Speaker: There does not appear to be unanimous consent. I recognize the hon. member for Provencher.

Mr. Epp: That being the case, I regret that my colleague will not have an opportunity to speak. However, I intend to take the fifteen minutes.

With respect to the topic which is before us, the government emergency planning Order, I would first like to commend the hon. member for Surrey-White Rock-North Delta for his vigilance, the vigilance of my deskmate, the member for Saskatoon West (Mr. Hnatyshyn), as well as that of other members in the House in terms of this planning order.

The member who spoke on behalf of the government a moment ago made it appear that this emergency planning order is simply a *pro forma* approach by the government. He said it is something the like of which the government has been in the practice of passing and that its justification is that it is good planning for the future. On the face of it, one might say there is some validity to those arguments; but are they the real issues which are facing us? I suggest that is not the case.

• (1720)

The issues facing us are the following. The hon. member for Surrey-White Rock-North Delta and other hon. members have mentioned them before. The first is why legislation was not brought into the House. Why did the government have to use a regulation, an order in council, to pass the emergency order? I telephoned a provincial member who participated at the federal-provincial conference and asked him if he and his colleagues agreed to this kind of procedure whereby this matter is dealt with through the regulatory approach. He said, "We raised objections even at that time", in terms of the scope of these emergency planning orders. This is not a matter on which the government should be moving ahead and defending under the aegis of good planning. It goes much further than that.

It is interesting to note how quickly Canadians have become aware that their civil rights can be removed by the government, not through legislation but, rather, through this order. It is ironic that in this month when we will be getting back our Constitution, including a charter of rights, we should even be debating an emergency planning order by regulation rather than by legislation. Since the 1970 crisis, the Prime Minister (Mr. Trudeau) has committed himself a number of times to bringing that kind of legislation to the House. It is because of the vigilance of hon. members on this side of the House, both in the House and outside, that this debate has been forced, and I commend those hon. members for that.

What is being defended by the government as being good planning? Let us look at some of the issues. I repeat that this planning order was never passed in the House or debated in the House other than through this motion. Under this planning order—without parliamentary approval, I might add—the Prime Minister could manage and co-ordinate the national information services. What are the national information services? Does this mean that freedom of the press will be suspended by a declaration, an edict or an order of the Prime Minister?

Mr. Paproski: They do it in Russia.

Mr. Epp: Is that the national information service?

The Minister of Agriculture (Mr. Whelan) could control and regulate farm production and food trade, both internal and external. Has that matter been debated with the farmers of Canada? Have they debated the fact that the Minister of Agriculture can control agricultural production and distribution?

When we discussed the Constitution we talked about mobility rights. The Minister of Employment and Immigration (Mr. Axworthy) would have the power under this order to control the registration and movement of civilian manpower and "arrange any required international manpower transactions".

The Minister of Energy, Mines and Resources (Mr. Lalonde) could control all fuel production, assess national and regional requirements, establish such priorities as may be required and regulate international and external trade.

The next power to which I will refer is possibly the one which has been focused on most acutely in the public, and that is that the Solicitor General (Mr. Kaplan) would establish and operate civilian internment camps and, if necessary, by "the selective reduction and transfer of the present population". Those words need some interpretation.

Mr. Huntington: The RCMP are not involved either.

Mr. Epp: What does it mean? Are the RCMP involved?

Mr. Huntington: No, they are not.

Mr. Epp: The minister has been asked in this House whether he is already working on the setting up of internment camps. He has been very coy in his answers because he does not want to answer definitively yes, that is what he is doing. However, if we follow the logic of the hon. member who just spoke—he said this is only for good planning—we wonder if this is being planned as well, and if it is not, is this then outside the scope of good planning? For example, the Solicitor General was asked recently whether he has already determined which prison population can be moved out so that civilian populations can be moved in. He chose not to answer that either.

People might say this is simply a scare tactic. If that charge is valid, why did the government not follow up on the commitment the Prime Minister has made since 1970 to bring legislation into this House? Why, in the stealth of night behind closed doors in cabinet, did a regulation have to be passed?

Mr. Kelly: Maybe it was in the stealth of day.

Mr. Paproski: Surreptitiously.

Mr. Epp: No matter what time of day it was, it was wrong, and the reason hon. members opposite are back pedalling as rapidly as they can is that Canadians are very conscious of the fact that when their civil rights are in jeopardy, there will be a reaction. People will react against any government which appears to take powers unto itself which should be left to the people.

People might think we are over-reacting because "it can't happen in Canada".

Mr. Paproski: Don't kid yourself!

Mr. Epp: Hon. members of this House have different backgrounds. I am not for a minute trying to equate this government with governments in other countries because I do not think that is a fair tactic. However, I want to put something before the House because someone has said that the only protection of civil rights is the constant vigilance of the electorate to maintain those rights. Why is it that Canadians who have ethnic backgrounds react so quickly to this kind of situation? They do so because they carry the scars of their own backgrounds. They carry the scars of bitter experiences in which governments have moved against people and the rights of those people. I want to tell the government very clearly that democratic rights can be removed very easily, and that can be seen to be very justifiable. However, a question remains as to whether the general public is willing to give up certain rights for the nebulous concept of immediate security. Many governments have sold the concept of restriction of civil rights for the illusory promise of security.

I said that many of us react because of our backgrounds. My own people, who were welcomed by this country, were able to escape, but some of our family members did not. My uncle, now passed on, spent 22 years in a Soviet internment camp. His crime? He was of the wrong political persuasion. What was that persuasion? He had never been involved in public life or political action. His crime was that he was a land owner. He had property. It was not even his property, it was his father's, and because he was the eldest, he expected to inherit it. He felt he had a responsibility to his father to stay on that land, and he paid for it with 22 years of his life. His children, who happen to be my relatives, still cannot move back to the Crimea where the family once lived. They have never been back, and today they still live in Kazakhstan, in the so-called virgin lands, because of the crime of their father in that he was a land owner.

• (1730)

I am repeating myself because I do not want what I am saying to be equated with what this government or any Canadian government is doing. I am simply saying that all of us in the House must be vigilant and must not exchange supposed security for our rights. That is dangerous, extremely dangerous. The reason the government is in trouble on this issue is not necessarily to be found in all its provisions. The reason rather, is that the government chose again to act by order in council. The government did not see the need and definitely did not take the action of bringing the emergency order into the House in legislative form.

One must ask the question: how many times does the issue of government by regulation have to be expounded on the floor? When will the government learn that every time it does this it removes a little more of the rights of Canadians and of the responsibilities they have given to their representatives on this floor.

This issue is extremely critical in the minds of Canadians today because they are worried about their economic security. They are worried about the world scene in terms of a nuclear holocaust. They are convinced that they should not allow government to trample over their rights through orders in council and regulations for the supposed security and orderly planning which the government indicates is inherent in this emergency order. I commend the members of the House who have forced the government into debate through this mechanism. I regret that again legislation was not seen to be the best vehicle to bring the issue to the floor of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order. It was called to the attention of the House that according to Standing Order 48(2). I must now interrupt the debate, 90 minutes having expired. At this point a minister on behalf of the government—and I believe the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) seeks unanimous consent to be recognized on behalf of the government—has five minutes to reply, followed by the mover of the motion. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Thank you, Mr. Speaker—

Mr. Deputy Speaker: Is the hon. member for Yukon (Mr. Nielsen) rising on a point of order?

Mr. Nielsen: Mr. Speaker, I am rising on a point of order so that the House will realize that the practice of a parliamentary secretary replying for a minister designated by the rules will not be taken as a precedent.

Mr. Deputy Speaker: The Chair asked for unanimous consent of the House, recognizing that it was necessary, and there appeared to be unanimous consent.

Mr. Nielsen: There is in fact unanimous consent. I simply stated that this should not be taken as a precedent.

Mr. Smith: Mr. Speaker, I thank the House for its consent. I assure the hon. member for Yukon (Mr. Nielsen) that we will not assume this to be a precedent. I am simply batting for the minister because unavoidably he is unable to be here.

I regret that this issue has aroused a number of unfortunate concerns in the minds of hon. members of the House and of Canadians as a whole. Some of the things which have been said really represent a misunderstanding. I do not question the intentions of the hon. member for Surrey-White Rock-North Delta (Mr. Friesen) or of the hon. member for Provencher (Mr. Epp). I think some of the statements which have been made are misleading. I do not think they are deliberately misleading but they are misleading. I should like to point out a couple of facts.

First, obviously the order in council cannot give government any powers it does not already have. It has been suggested today that the government is taking powers unto itself by virtue of this order in council. That is simply not correct. The order in council designates to various ministers the lines of jurisdiction to which they should be looking, in terms of the areas for which they are expected to have plans drawn up.

Second, it is very important to bear in mind that the order in council is not a brand new one. It is a revision of a 1965 order in council. I have read the 1965 order quite carefully. In fact there are previous orders going back to the 1940s, which I have also read quite carefully. They were not as comprehensive as the 1965 order in council. In the 1965 order there was reference to internment camps in wording identical to this one. It was delegated to the minister of justice in the 1965 order as opposed to the solicitor general, but it is in there; there is nothing new about it. What I am saying is that obviously the order was on the books the entire time the government, of which the hon. member for Provencher was a minister, was in power. If there was something in it which offended them about internment camps, they should have cancelled the order. But it was on the books the entire time they were in government. With regard to the internment camp issue, it would only come into force in the event of war. If Part I and Part II of the schedule are read carefully, that point can be quite clearly understood.

Reference was made today to vigilance on the part of the government and of the Canadian people. Can anyone seriously suggest that the government would be living up to its obligations if it had no plans to deal with emergencies in the country? I would suggest not. It is incumbent upon the government to have in place plans to deal with certain emergencies which in fact could arise.

With regard to the motion before us today, is the government trying to hide anything? No, we are not trying to hide anything. We are agreeable to the motion. As hon. members know, we cannot table the documents until they have been translated. They are quite voluminous. Translation has been under way for some time but is not yet completed. I had discussions with other members of the House and the consensus was that we would be agreeable to an order which could be issued if the House gave its unanimous consent, indicating that the papers be tabled as soon as the translation is completed. If unanimous consent is not forthcoming on that, then we would vote for the motion. We have nothing to hide. Canadians have nothing to fear. This is good, sound planning with regard to possible emergencies—

Mr. Deputy Speaker: The hon. member's time has expired. The hon. member for Surrey-White Rock-North Delta (Mr. Friesen).

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I want to say at the outset that I have no problem accepting the validity of the word of the Parliamentary Secretary to the President of the Privy Council (Mr. Smith). I think he was sincere in saying that the government was willing to turn the papers over. However, I am not willing to accept the word of the PCO or the PMO on this, which I think is the greater concern. I put this motion to the House last fall. The government could have been getting these documents ready since then, if it were serious about it.

Mr. Nielsen: That is six months.

Mr. Friesen: I put the motion on the floor because the government's argument has been that this is in preparation for an emergency. If in fact that is the case, the government could have begun with legislation out of which regulations would have flowed. The government has had plenty of time. As the parliamentary secretary said, the government has taken this from the 1965 order. I have read the 1965 order as well as this one. I would say with respect to the hon. member that this is not a simple redrafting. It is an entirely new order, if one makes a simple comparison between the 1965 order and this one.

If in fact there is no national emergency, then the government has time to bring forward legislation. If there is an emergency, then people have the right to know the nature of it, if the government really has trust in Canadians. There are some serious questions in the minds of Canadians, not the least of which rests upon a bedrock series of betrayals as the public sees it, from the leadership of the government. It is not simply this order which has betrayed the trust of Canadians; it is a long series of them. This is the culmination of those betrayals which the Canadian people feel.

• (1740)

I would add that it is the introduction of the new Constitution that raises questions. My friend and colleague, the hon. member for Red Deer (Mr. Towers) would have liked to have spoken on this and asked what the effect of this order would be on Clause 11, subclause (g), of that new Constitution, which reads:

—not to be found guilty on account of any act or omission unless, at the time of the act, or omission, it constituted an offence under Canadian or international law—

Whatever that means. Are we now subject to international law? Subclause (g) continues:

—or was criminal according to the general principles of law recognized by the community of nations.

Just yesterday I raised an issue with the Prime Minister (Mr. Trudeau) regarding Crown prerogative. What are the limits of Crown prerogative? The Prime Minister said to me here in the House, as reported in *Hansard* at page 16005, the following:

Certainly I am on sound ground in saying that any prerogative, royal or otherwise, can be limited by statute.

There is no statute, Mr. Speaker. Is that not saying that there is no limit to the Crown prerogative which the Prime Minister could invoke in times that he deems to be a matter of national emergency?

When the co-chairman of the Standing Committee on Regulations and Other Statutory Instruments wrote to the Prime Minister, the letter was redirected to the President of the Privy Council (Mr. Pinard). That letter confirms the fact that Crown prerogative would have precedent over any other aspect of these provisions.

We have a choice in our country and that is whether we are going to be governed by man or by law. It has been the history of our land and all democratic societies that freedom rests upon law. The reality of Crown prerogative within the loose context of these provisions indicates that we are easily becoming the victims of rule by man. I hope we never come to the stage in our country where a man, under the provisions of this law—this order in council—has control over censorship, and has control over all the powers of information. Surely the public needs information in order to make decisions. The public can be easily swayed, and if we are going to be ruled by a man with both kinds of powers that I mentioned, then surely we are falling victims to the powers of a dictatorship.

Mr. Deputy Speaker: The hon. member for Northumberland-Miramichi (Mr. Dionne) is rising on a point of order.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, my point of order has to do with the comments made by the parliamentary secretary in offering an alternative motion of tabling the papers, when available, in both official languages. He went on to say that if the opposition would not accept that, the government would vote for the motion.

Mr. Deputy Speaker: Order, please. The hon. member is making an argument. He does not have a point of order.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I am coming to the Official Languages Act.

An hon. Member: Sit down.

Mr. Epp: Question.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker,—

Mr. Deputy Speaker: Order, please. The hon. member is making a point of argument which could have been made during the course of debate. I have to rule at this point that he does not have a point of order.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I have a question of privilege.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: The hon. member for Northumberland-Miramichi (Mr. Dionne) is rising on a question of privilege.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, the Official Languages Act was not debated under this motion. I am talking about tabling. I assume from what the parliamentary secretary said that the government would agree to table these documents.

An hon. Member: Question.

Mr. Dionne (Nothumberland-Miramichi): But he has said they are not available in both official languages.

An hon. Member: That is the government's problem.

Mr. Deputy Speaker: The hon. member has made his point. However, at this stage the Chair feels obliged to put the question.

Is the House ready for the question?

Mr. Paproski: Mr. Speaker, I rise on a point of order. Instead of showing the hon. member for Hillsborough (Mr. McMillan) as being the seconder of the motion, I would appreciate if the hon. member for Red Deer (Mr. Towers) could appear in the record as being the seconder instead. The hon. member for Hillsborough is not in the House.

Mr. Deputy Speaker: The hon. member is out of order. The Chair read a record of the motion as originally put to the House. The record of the proceedings of the House will so indicate.

Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed to the motion will please say nay.

Mr. Dionne (Northumberland-Miramichi): Nay.

Mr. Deputy Speaker: In my opinion, the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Friesen) which was agreed to on the following division:

● (1750)

(Division No. 157)

YEAS

Messrs.

Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Benjamin
Berger
Blaikie
Blenkarn
Bloomfield
Bockstael
Bosley
Bossy
Bujold
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Cardiff
Chrétien
Clark (Yellowhead)
Collenette
Cooper
Corbett
Côté (Mrs.)
Cousineau
Dantzer
Darling
Daudlin
Deans
de Corneille
de Jong
Demers
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dubois
Dupont
Dupras
Ellis
Elzinga
Epp
Ethier
Fennell
Ferguson
Fisher
Flis
Forrestall
Fretz
Friesen
Frith
Fulton
Gamble
Gass
Gendron
Gimaïel
Gourde (Lévis)
Guilbault
Gurbin
Heap
Henderson
Herbert
Hopkins
Howie
Hudecki
Huntington
Irwin
Isabelle
Jarvis
Jewett (Miss)
Joyal
Kaplan
Keeper
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Korchinski
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Lewycky
MacBain
MacDonald (Miss)
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mayer
McCauley
McCuish
McDermid
McKenzie
McLean
McMillan
McRae
Miller
Mitges
Murta
Nicholson (Miss)
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Ouellet
Paproski
Parker
Penner
Peterson
Portelance
Prud'homme
Regan
Riis
Robinson (Etobicoke-Lakeshore)
Rose
Rossi
Roy
Sargeant
Schroder
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Smith
Speyer
Tardif
Taylor
Tessier
Thomson
Tousignant
Towers
Turner
Vankoughnet
Watson
Weatherhead
Whelan
Wise
Wright
Yanakis—160.

NAYS

Messrs.

Allmand
Breau
Corbin
Dionne (Northumberland-Miramichi)
Savard—5.

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to.

Madam Speaker: It being past six o'clock, I do now leave the chair until eight o'clock this evening.

At 6.09 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House resumed consideration of Bill C-97, an act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces, as reported, (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs, and Motion No. 1 (Miss MacDonald) and Motion No. 2 (Mr. Blaikie).

Mr. Don Blenkarn (Mississauga South): This afternoon, Mr. Speaker, we were treated to the hon. member from Gloucester (Mr. Breau)—who was privileged to go around the country with the fiscal arrangements task force, its report being known as the Breau report—coming before the House and trying to justify what he said was political morality. He indicated that, despite the terms of that report, which clearly dealt with what is described now as revenue guarantee, he was prepared to sell that principle out. He was prepared to sell out the principle that the report sets out in Chapter X. I read the relevant parts of that chapter into the record on second reading. In political morality one must wonder about the attitude of the member for Gloucester, particularly when he compares the settlement eventually arrived at with his province. He says somewhere along the line "We lost, we lost a great deal of money on established programs; but we picked it up on equalization." The fact is, if he would read his own report—he was the chairman of the task force—with respect to equalization he would find that the province of New Brunswick was diddled out of equalization and is being diddled now,

with his concurrence and consent, with respect to the established programs financing act.

The only interpretation, Mr. Speaker, that can possibly be given to the member for Gloucester of his performance here this afternoon is that he is looking for a cabinet position. He is looking for a cabinet position and probably he is not going to get it. He is prepared to sell out his province, sell out his university, sell out the hospitals, because he thinks he is getting more for them under this deal than he would get if he stood behind his own report, a report to which he should be proud to attach his name. I and other members of the committee sat with him as our chairman, and we came up with a report that was virtually unanimous, saying very clearly and unequivocally that any cuts in the established programs would cut into muscle and sinew, and would make those programs not viable.

From time to time, Mr. Speaker, as it goes in political contest, when you have a member from one party representing one part of the city and a member from another party representing another part of the city, we often find we are in debate locally. So I want to make some reference to the speech made to the House this afternoon by the hon. member for Mississauga North (Mr. Fisher).

He was refreshingly honest. He made no bones about it. He said clearly that $937 million in cash is being taken from the provinces that would normally go to health and post-secondary education this year, and $1,058 million next year. He said quite clearly the government could not accept the amendment of the hon. member for Kingston and the Islands (Miss MacDonald) because we are in a period of restraint. He said the government had no intention of spending that kind of money on post-secondary education and health care.

• (2010)

He was not refreshingly honest, unfortunately, with respect to the question of restraint. He followed the attitude expressed by the government in that respect, restraint in every program except the programs that mean most to the people of Canada. We see no restraint in the CBC. Their budget goes up by $73 million. We see no restraint in CIDA. Its budget goes up $146 million. We see no restraint on government advertising. We will have more programs with Canada geese flying across the TV screens. We see no restraint with regard to the programming for the forthcoming Royal visit. We see no restraint with the Enterprise Development Board which is blowing $125 million on Consolidated Computer. We see no restraint in the enterprise development loan guarantee program and the Enterprise Development Board. The Minister of Industry, Trade and Commerce (Mr. Gray) clearly admits this will cost us millions and millions of dollars as loans are defaulted on one after another because of inept, incompetent and incapable management.

We see no restraint with respect to guarantees under the Export Development Program, for example, guarantees to make 10 per cent or less money available to Algerians to build monuments to the revolution. One colleague suggests it was two bananas and a doughnut around it and a McDonald's sign on the bottom. This is what our money is being spent on. There is no restraint on money to subsidize interest on loans of over $600 million to the Soviet Union to build gas pipeline facilities.

The restraint is on what the people of Canada want. Talk to them. Talk to them in your riding, Mr. Speaker, or the ridings of Lincoln, Parkdale or Hamilton West. Ask them whether they would rather have restraint on foreign aid programs or restraint on medicare.

The people of Canada are not concerned about which government pays the bill. There is only one taxpayer. The established programs financing act is part of the fiscal arrangements of all of Canada. It happens to be convenient in order to spread the risk in Canada. It happens to be convenient in order to make sure that we have decent medical and post-secondary education facilities across the country. That is the way we organize a co-operative federalism.

This government does not give a damn about co-operative federalism. Because these programs may, under the Constitution, fall within the ambit of provincial responsibility, the government is prepared to say they are open to drastic cuts, almost a billion dollars this year, $1 billion next year and $2 billion in two years. That is the attitude of this government clearly expressed by the hon. member for Mississauga North. That is where the restraint is going to be.

That hon. member will have restraint even in his part of Mississauga where a new hospital is to be built. He will have us restrain the growth of that hospital as well as the medical fees to doctors. There will be reduced services for his constituents and mine. We live in the same city. That is the restraint he would have.

He is quite prepared to vote for more foreign aid, a larger budget for the CBC and more Liberal advertising bunko on television. He is prepared to vote and to recommend, as his minister does, that medical services be cut back, that funds for Erindale College and the University of Toronto be cut back. He would have cutbacks for young people trying to build a future because the expenditures are not made directly by the federal government but are financed in co-operation with the provincial governments.

Some effort was made in the bunko leading up to this proposal by the Government of Canada that the provinces were not carrying their weight. The purpose of our amendment is to allow a task force to inquire into that in order to find out how these established programs should be financed. We say there should be another two years so this can be properly looked at.

I want to bring to the attention of hon. members evidence produced before tha task force committee with respect to medical services. The federal government's share of provincial health programs was 47.9 per cent in 1979-80. In 1980-81 it was 47.6 per cent. As the years go by, this becomes smaller. Indeed, the outlook prepared by the Department of National Health and Welfare indicates that even if the established programs financing stays the same, the federal share of health

financing will continue to decrease. Therefore, all this talk about the provinces not carrying their weight with respect to health care financing is nonsense. All the members opposite have to do is to read the documentation produced by the Department of National Health and Welfare to the task force and produced on April 14, 1981, in, of all things, a slide presentation.

Mr. Epp: Slide?

Mr. Blenkarn: Yes, to sell us on the deal.

Mr. Epp: I thought it was a sly presentation.

Mr. Blenkarn: It is a slime presentation today, but the truth is what they said in April, 1981. It is slime today because they do not say the same now as they said in April, 1981. Today, in the mirage and smoke and mirrors of tax points, they say they are not cutting. The Minister of National Health and Welfare (Miss Bégin), bless her soul, is totally incapable of calculating anything. As a matter of fact, she takes pride in the fact that she cannot make a calculation. She says in the House that she is increasing health expenditures by 13.4 per cent. The Parliamentary Secretary to the Minister of Finance says that we are ripping them off by $937 million this year. The Minister of National Health and Welfare says there will be a 13.4 per cent increase and he says there will be $937 million less.

• (2020)

Well, it does not take a great deal of intelligence to read the figures—maybe grade three learning. The hon. member for Mississauga North has at least that level of education and he can tell us the correct figures. In fact, he has told us the correct figures and perhaps he could go to the ministry of health and give its minister some correct figures.

While he is doing this, he might as well talk to the minister in charge of lotteries. I say the minister in charge of lotteries because the Secretary of State (Mr. Regan) has abandoned any claim he has to represent the interests of post-secondary education. He is the minister of lotteries and the minister of "gimmes", the quick buck fix. He has no intention of giving fair consideration to what is happening. He indicates that education spending is rising by 12 per cent, but the member for Mississauga North is correct—the budgets are being cut and cut drastically. These cuts will apply to every student, teacher and everyone who wishes to progress and better himself in our society.

We hear stories of libraries being cut back and publications going down the drain. Witnesses who have appeared before the committee have told us that. Essential community courses such as English as a second language are being cut out because they are no longer essential. People are told it is no longer essential because they speak the language of the country. This is the kind of attitude which the government takes toward development which is necessary to make our country grow and prosper again.

Cuts are taking place in some of the most essential services. These cuts are occurring because of the intention of government to restrain its expenditures. There is no restraint by this government. Its intention is to eliminate moneys over which they do not have absolute control. It is an attempt to make the provinces pick up a deficit in some areas so that it can have a larger deficit in other areas. The government is not showing restraint; it is only attempting to transfer deficits.

The hon. member for Mississauga North said that maybe I am a spender. We are not talking about a change in spending patterns. We are discussing the question of established programs. This is a new spending program for new foreign aid ventures, new spending for new CBC development, new spending for new advertising ventures. This is ensuring that the medical health care systems we have are retained and that the established education programs which we have organized in Canada remain.

When our party proposed that the existing programs be extended for two years, it is because there has been a feeling across the country that the provinces have not paid their share over the years. Therefore, if that is the case, we make the same suggestion as the Association of Universities and Colleges of Canada has made. Let us have a task force on education to find out who should finance these programs. Should they be financed by a voucher system, as suggested by the Secretary of State? Should they be financed as they presently are? Should they be financed by a 50-50 contribution between federal and provincial governments? Perhaps they should be financed by direct grants to universities and colleges from the federal government, but certainly we should have an inquiry into the subject, which is the reason for proposing a two-year hoist on the matter. Any sensible Liberal member would accept that suggestion.

The same argument applies to health causes. We have evidence of people having to wait from three to six months for a hospital room in order to get to the operating room. We have evidence of people who are in fact dying because they cannot be operated on for a heart condition. We have evidence of people who must lie on stretchers in hospital corridors and some who can only get into a hospital because of an emergency. These incidents must stop. I suggest that the government members, and particularly backbenchers in the government, must fulfil their obligation to their constituents and recognize what is happening to our established programs.

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, I have no intention of letting some of the comments of the hon. member for Mississauga South (Mr. Blenkarn) go unchallenged. Let us set one matter straight for the record immediately. In the report to which he referred he used the words "virtually unanimous". When a recommendation is not accepted unanimously all we know is that it was approved by a majority of the members.

Mr. Blenkarn: It was unanimous.

Mr. Herbert: I will repeat here what I said in the committee. As far as the revenue guarantee is concerned, I was opposed to its continuance. I said that in committee previously,

said that in committee today and I am repeating it on the floor of the House tonight. I was not in favour of the continuance of the revenue guarantee which has already been continued for five years too long.

With respect to the effect of the discontinuance, since 1972 the provinces were supposed to readjust their financing by themselves within the ensuing five-year period as they have the right to levy their own taxes as they see fit. There is absolutely no logical reason at all for continuing this payment.

However, I would like to make an important point. It is that the revenue guarantee was approximately $800 million this year. If the hon. member for Mississauga South is honest he will know that in the spring of this past year, 1981, when we were reviewing the amount which was being transferred to the provinces in the past year—we had the estimates—we were looking at transfers in fiscal equalization amounting to approximately $3.4 billion, of which $1.7 billion was going to my own province of Quebec.

What the opposition has chosen to ignore is that a program of equalization is based on the capacity of various provinces. During this past year there has been a change in the amount that has been paid due to necessity. In fact, the province of Quebec during this year which has just terminated on March 31, 1982, will have received from the equalization program a total of $2.1 billion, or $400 million more. For the total program, including all Maritime provinces, the increase alone was over $800 million. I am not referring to the increase that applies to the Canada Assistance Plan. If you consider those amounts combined, the amount that the provinces received extra in the last year which they could not possibly have counted upon at April 1, at the beginning of last year, is in excess of $1 billion. Therefore, anyone who does not talk about that but chooses to talk only about what they see as cuts on the other side is giving a false impression.

• (2030)

He made another point with which I do not agree. He said they want to dispose of the revenue guarantee, which they cannot control. Will he please acknowledge that post-secondary education funding is completely and unconditionally transferred? There is nothing which obliges the provinces to use these moneys for post-secondary education and, in fact, there are two provinces to which the federal government transfers more in cash than those provinces actually spend. I want that on the record too.

Some hon. Members: Hear, hear!

Mr. Herbert: Furthermore, when it comes to health care, we transfer a sum on a per capita basis or on a population basis. It is block funding but, in essence, right across the board we transfer an equivalent sum per province according to its population. Once again, although the funds are earmarked for a certain purpose, we do not decree the amount that should be spent on health care. That is a provincial decision, and if there is any reduction in services, the responsibility is one hundred per cent that of the provinces.

Today a very right wing group, the Canadian Medical Association, appeared before the committee and gave evidence which annoyed me intensely. I will quote some of its remarks as follows:

> We see no reason why the Government of Canada must give every province exactly the same amount of money per capita for health care regardless of the health care needs or financial ability of the provinces. We see no reason why the Government of Canada should not promote reasonably comparable health services in every part of this country by providing 60 per cent or 70 per cent of health care costs in some provinces and only 40 per cent or 30 per cent in richer ones. Why not incorporate the principle of equalization into federal support of medicare? Why not establish a program earmarking federal health care funds directly related to the health care needs and inversely related to the fiscal capacity of the provinces?

I had to laugh when I heard that and after listening to the approach of that association today because it seemed to me that it would mean less money going to the richer provinces and more going to the poorer provinces, which is a means of equalization. I do not oppose that, but I merely say that if we take these figures and extrapolate them according to the populations of the richer and poorer provinces, the net effect will be a transfer of fewer dollars, and to me that does not make too much sense.

The point is that, in fact, the amount of money that has been transferred in the past year, which ended yesterday, has increased, by the very nature of the programs themselves, by more than $1 billion. That is $1 billion that the provincial governments could not have included in their budgets for this past fiscal year. And it is equally possible, depending on the way the economy goes in the ensuing year, that there could be equivalent increases.

Hon. members opposite continually harp on the fact than any reduction in services is a federal responsibility. First, the federal government does not control in any way the spending of funds for health care. Second, the federal government does not even earmark transfers for post-secondary education which, as I have indicated, in some cases amount to more than the amount spent by the provinces. The federal government transfers unconditionally all equalization payments to the provinces. When the federal government pays the bill for the Canada Assistance Plan, it writes the cheque according to the amount a province decides to spend. The decision in each one of those programs rests entirely with the provincial governments. As long as the federal government is transferring 20 per cent of its budget to provincial treasuries for responsibilities which are entirely provincial, I do not think the provinces should come back and spit in our face for our generosity.

Some hon. Members: Hear, hear!

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I must say that I was amazed at the speeches we heard, first from the hon. member for Gloucester (Mr. Breau) and now from the hon. member for Vaudreuil (Mr. Herbert). Any resemblance between the speech made here by the hon. member for Gloucester and the report of the all-party task force which he chaired is purely coincidental.

Let me spend a few moments dealing with the speech made by the hon. member for Vaudreuil. He was defending the action of the federal government as enunciated in this bill, which will mean that in the next five years the funds which the federal government has paid to the provinces—in block funds, but which originally were directed to help finance health care and post-secondary education—will be reduced by $5.7 billion.

Mr. Herbert: Not true.

Mr. Gauthier: Not true.

Mr. Orlikow: The hon. member says it is not true. I have the figures. I do not mean the figures I used this afternoon which, as the hon. member for Gloucester said, were last November's figures. I have recent figures. Let me put on the record what the reduction for the province of Quebec will be in the next five years. It will not be a reduction in actual funds from what Quebec received this year but from the amount it would have received—

Mr. Gauthier: Ah, a reduction in the increase.

Mr. Orlikow: It is the reduction from the amount Quebec would have received—

Mr. Gauthier: A reduction in the increase.

Mr. Orlikow: —if we had continued with the present formula. The reduction in the next five years for the province of Quebec will be $1.399 billion. Since I have been a Member of Parliament here in Ottawa, almost every day I have read either *The Montreal Star*, when it was being published, or the Montreal *Gazette*, and almost every day I read about cutbacks in hospital services in the province of Quebec. Almost every day I read about the increasingly difficult situation of universities, and particularly English universities in Quebec such as McGill University and Concordia University. I hope five years from now the hon. member for Vaudreuil is still around so that he can explain to his constituents why the services and the standard of education at McGill University, Concordia and Macdonald College have been cut the way they will be cut and why hospital services have been cut.

Mr. Gauthier: Blame the provinces. Put the blame on the provinces.

Mr. Orlikow: I am told that Quebec is now the heaviest taxed province in the country.

Mr. Gauthier: There is a socialist government in charge there.

Mr. Orlikow: It will not do the people of Quebec very much good and it will not help them very much if they are told it is the provincial government which has to cut the services. The fact is that the standard of services for the people the hon. member for Vaudreuil represents will be cut very substantially because of the attitude he takes.

The hon. member for Gloucester tried to say this afternoon that the province of New Brunswick, his province, would not suffer. Well, the amount of money in the next five years that the province of New Brunswick will get less than the amount it would get under the formula we have had until now is $133 million.

I want to put on the record some of the conclusions of the all-party task force which the hon. member for Gloucester chaired. Let me read just a couple of paragraphs from a news report which appeared in *The Globe and Mail* the day after the report was tabled so that hon. members will not think I am somehow misrepresenting or editing unfairly what that task force, headed by the hon. member for Gloucester, said.

Mr. Deans: You wouldn't do that. We would never think that of you.

Mr. Orlikow: Let me quote from the article, as follows:

> There is no fat left in federal-provincial spending on health, post-secondary education and social assistance programs, according to the parliamentary task force that has been investigating major shared-cost programs.

There is no fat, yet the federal government introduces this bill. I think the hon. member for Vaudreuil was on that committee.

Mr. Epp: He signed it.

Mr. Deans: He signed the document.

Mr. Orlikow: But he is willing to go along with this very substantial reduction in federal funding. The article went on to say that there is:

> —no fat in post-secondary education, no excess spending in social assistance, little redundancy on social services . . . serious cuts in program funding would cut into muscle and sinew, not fat.
>
> Federal cutbacks, the task force says, would almost certainly mean shifting the load. In health, this would mean more reliance on user charges and extra-billing; in education, higher tuition fees. "In either case, basic national objectives of equity and equality of access would suffer," the report says.

Another paragaph reads:

> —there does not exist a long-term structural mismatch between the revenue capacities and expenditure responsibilities of the federal government. It cannot be claimed that the capacity of the federal government to raise revenues has reached a structural (as opposed to a political or discretionary) ceiling.

• (2040)

They are not alone. The Minister of Employment and Immigration (Mr. Axworthy), that great representative from my city, spoke at a meeting earlier this week in Winnipeg. In reference to the brief prepared by the Canadian Association of University Teachers, of which he was one of the less distinguished members before coming here, he said that the CAUT statement was full of hyperbole unsubstantiated by fact. He has not been away from the city of Winnipeg and his teaching role that long. He ought to know—and I am sure he does—that the university at which he taught is short of space. Its library is a disgrace and its laboratories have 50-year-old equipment. This is the situation of the university at which the minister taught. Also he knows that the new government of Manitoba was left with a deficit of almost $300 million when it took office a few months ago, and that the deficit will be larger

this year. When the federal government cuts back on funding, which should have been allocated and directed as it was until a few years ago to post-secondary education, it will be difficult if not impossible for provincial governments, with the possible exception of the government of Alberta, to pick up the deficits with which they will be saddled by the federal government. Yet we have members of the task force—

Mr. Tousignant: Mr. Speaker, I rise on a point of order.

Mr. Deans: There is nothing out of order.

Mr. Orlikow: I do not mind.

Mr. Tousignant: The hon. member is talking about deficits all over Canada as if the federal government were responsible for them. Is he trying to tell us now that if a woman becomes pregnant in Canada, it is the fault of the federal government?

Mr. Deans: Listen, are you denying it?

Mr. Orlikow: Mr. Speaker, I do not mind answering questions with some common sense or of relevance. I cannot say that I heard anything relevant in the question just addressed to me.

Mr. Gauthier: We feel the same way you do.

Mr. Orlikow: The Liberal federal government has a deficit. The Conservative government of Ontario has a deficit.

Mr. Tousignant: The Saskatchewan government has a deficit.

Mr. Orlikow: Yes, the NDP government of Saskatchewan has a deficit. Will we severely cut services so that they will not meet the needs of people, because we are afraid of deficits? We are saying that it is necessary to maintain and even to improve services. Even if deficits get bigger, we are prepared to accept it.

I should like to put on the record a few quotations from some of the presentations which were made to the parliamentary task force on federal-provincial fiscal arrangements. The task force did not arrive at its conclusions in some mysterious way or take its arguments out of thin air. Some of the most prestigious, knowledgeable organizations in Canada appeared before the task force and gave all the arguments as to why the federal government should not reduce its contribution to post-secondary education and health care as it is. The Association of Universities and Colleges of Canada appeared before the task force and in part indicated:

> The task force rightly concluded that " . . . there is no fat left in the post-secondary education system . . . " Provincial grants to universities since the introduction of EPF have in large part been below the rate of inflation.

It went on to argue that the federal government should continue to fund institutions as it has in the past.

I wish the Minister of Employment and Immigration were here because he frequently worked for the Social Planning Council of Winnipeg which also appeared before the task force. In part it said:

> Obviously, the federal government cannot continue its commitment to minimum standards of human services and at the same time reduce expenditures in the social affairs envelope.

This is precisely what the government is doing. Then it went on to indicate:

> Services currently funded by the Canada Assistance Plan and the Vocational Rehabilitation of Disabled Persons' Act, are widely admitted to be in their early developmental stages. Indeed, some services, such as home care, are not yet available in large parts of Canada. Clearly, minimum standards in these areas have not been reached and can never be achieved with expenditure reductions.

The council is calling for more expenditures, not just because they would improve services. In fact, many of those expenditures would save money. Providing a part-time worker to go into the home of a senior citizen who cannot manage by himself may cost $25 per day under home care. It would cost $200 or $250 per day for the same person to be in hospital, as so many of them are. We should not be cutting back or reducing our services. We need to improve our services, to change them, and to take another serious look at how they are doing.

I should like to refer to the presentation of The Canadian Council on Social Development to the parliamentary task force. The organization includes in its membership virtually every government, private and non-profit agency in the field of social development. It is highly respected, and it should be. Many federal government departments have representatives in that organization. Among other things, it said:

> —the impact of specific federal reductions will be generalized and spread over all social programs by provincial budgetary processes. Since health, welfare, and education programs compete for the same allocation of provincial treasuries, the loss will be shared across all three sectors and the unpopularity of resulting tax increases will be blamed on the three sectors equally.

We will see a reduction of services. It cannot be any other way. We know that seven of the ten provinces now have deficits. Faced with substantial cuts in funding by the federal government, what are their choices? Should they raise taxes, which is almost impossible at a time like this? What about user fees? It is not so many years ago that people who had someone in the family afflicted with a long-term illness were wiped out. I remember when in 1956 someone in my family spent three or four months in the hospital. I had to sell my house because hospitalization costs then were not covered by a universal plan. Thousands of people in Canada face the same situation. Tens of thousands of people in the United States—and not just poor ones—have been wiped out because of long-term illnesses in their families. The tuition fees in some of the United States universities today are running $12,000 to $14,000 per year.

If we are to have universities in Canada with any stature, particularly in have-not provinces such as New Brunswick represented by the hon. member for Gloucester, or Manitoba from which I come, it will be because the federal government over the years helped to build those institutions. In 1976-77 the federal government put close to $2 billion into post-secondary education. What we will see now with the passage of this bill

will be a steady and inexorable decline in the standards of our universities and in the kinds of health services provided the people of Canada, about which all parties have been very proud until now. However, we are beginning to see the dismantling of most of the things that we accomplished in the last 25 or 30 years. I will not say that this Liberal government is being as brutal as President Reagan is in the United States, but it is a matter of degree, not a very big difference in degree. What we are seeing, however, are the first steps in the same kind of process, that has been such a disaster in the United States.

• (2050)

Mr. Herbert: Mr. Speaker, would the hon. member accept a serious question?

The Acting Speaker (Mr. Ethier): Would the hon. member for Winnipeg North (Mr. Orlikow) accept a question from the hon. member for Vaudreuil (Mr. Herbert)?

Mr. Orlikow: Yes, Mr. Speaker.

Mr. Herbert: Mr. Speaker, does the hon. member for Winnipeg North (Mr. Orlikow) recognize that the province of Manitoba is one of the three western provinces which restricts entry of out-of-province students to 5 per cent of its university enrolment, whereas the two largest central provinces have something in the order of 30 per cent enrolment of out-of-province students? Would the hon. member try to get his newly elected government to change its 5 per cent limit on out-of-province students in order that there can be fair sharing across this country for students who would like to transfer from one province to another?

Mr. Orlikow: Mr. Speaker, I am not aware of the fact to which the hon. member refers. I am not saying that it is not true, I am saying that I am not aware of the fact. If the hon. member will give me the details, I will be happy to take up the matter with the government of Manitoba. I want to say to the hon. member that there are many things about education with which I am not happy. I am not happy about the very high fees which some universities are charging foreign students, which means that only students from wealthy countries and wealthy families can come to our universities. If the hon. member wants to join me in that crusade, I will be happy to have him with me.

The Acting Speaker (Mr. Ethier): Order, please. The question is on Motion No. 1 standing in the name of the hon. member for Kingston and the Islands (Miss MacDonald).

Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): All those in favour of the motion please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed to the motion please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to Section 11 of Standing Order 75, a recorded division on the proposed motion stands deferred.

The question is on Motion No. 2 standing in the name of the hon. member for Winnipeg-Birds Hill (Mr. Blaikie). Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): All those in favour of the motion please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed to the motion please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to Section 11 of Standing Order 75, a recorded division on the proposed motion stands deferred.

Order, please. The House will now proceed to the consideration of the motion of the hon. member for Provencher (Mr. Epp).

Hon. Jake Epp (Provencher) moved:

That Bill C-97, an act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces, be amended in Clause 2

(a) by adding immediately after line 19 at page 7 the following:

"(7.1) Notwithstanding sub-sections (1) to (5) and (7), but subject to sub-section (8), the fiscal equalization payment that may be paid to a province

(*a*) For fiscal years that begin on April 1, 1982 and for the duration of this part shall not be less than the amount equal to the sum of the percentage increase in fiscal equalization payments of the province with the second lowest percentage increase in entitlements in the absence of this section and that provinces' fiscal equalization payment for the fiscal year that begins on April 1, 1982, if any,

(*b*) In the event that a province's fiscal equalization entitlement for a year commencing after April 1, 1982 in the absence of sub-section (7.1) declines, its fiscal equalization entitlement under this section shall be reduced by the same amount";

(b) by striking out line 24 at page 7 and substituting the following therefor;

"determined under sub-section (6), (7) or (7.1)";

and

(c) by striking out line 29 at page 7 and substituting the following therefor:

"(7.1) for that year".

He said: Mr. Speaker, in view of the time this evening—and I know other members of the House want to speak—I will try to be as brief as possible.

The House might be somewhat surprised in terms of who the mover and the seconder of this amendment are, but I want to thank the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) for seconding the motion.

This matter arises from the situation that has developed through the negotiations in federal-provincial fiscal arrangements as they affect Manitoba particularly. I said during second reading debate, and others in this House have said it as well, that I did not want to be provincial or parochial in the debate, but when one looks at the figures in terms of the equalization formula, one finds that without question the formula impacts on Manitoba most severely. People who have studied the formula, quite apart from those who come from the province in which I reside, generally agree about the impact. You will find there is a non-partisan approach to this matter in terms of the Progressive Conservative Party, the New Democractic Party here, and in fact, members of the Manitoba legislature, and it is on that basis that I raise it.

The debate that has taken place so far, and I do not want to reflect on the preceding voice vote, has generally focused on the established programs financing and cutbacks in that field. That matter has been dealt with very adequately in the amendment standing in the name of the hon. member for Kingston and the Islands (Miss MacDonald). In terms of waiting for two years, they were not simply there to delay for the sake of delay but to be utilized for the purpose of negotiation, accommodation and agreement. That was the purpose. But what is unique is that the equalization formula is the major crux of the problem faced in Manitoba.

Prior to the negotiations that took place, we had the ten-province base. Then, when the federal government came in with its proposal, it brought in the Ontario base. The fear at that time was that Ontario as a province could become eligible for equalization payments. The argument then was that Ontario should not be eligible for equalization and, no matter what the financial factors were in Ontario relative to the rest of the country, Ontario would always be the base. That obviously reflected negatively on the province of Ontario, in fact, on the formula generally. Consequently, there was an amendment whereby a five-province base was used, the so-called have provinces.

• (2100)

The province I want to reflect on today is the province of Manitoba. Mr. Speaker, we heard in committee today the finance minister of Manitoba saying a number of startling things. He pointed out that his province would continue to face record high deficits for the next five years. We do not know what they will be, but the general projection is a minimum of $300 million per year. This will impact severely on that province's taxpayers not only in the sense of increased taxation but, equally importantly, on the ability to maintain national standards. That is another reason for the amendment by the hon. member for Kingston and the Islands. The fact is that Manitobans would have to lower their standards of health care and post-secondary education, which is unacceptable. The question then remains whether adjustments could be made in the transitional period to lessen the impact on Manitoba.

The Manitoba finance minister also said that while their deficit would increase, the federal government's deficit would decrease. I do not agree with the second part of that equation. When I look at the federal government's deficit position, my fear is that it is going to increase for the following reasons. As the economy flattens out, the Minister of Finance's projections in his November 12 budget concerning the deficit are out the window. In addition, the National Energy Program has had the effect of lowering the output of the have provinces. The province of Alberta, on which a lot of revenue projections were based, has not seen the growth projected in the NEP and in the energy agreement between Alberta and Canada.

Mr. Speaker, could we have some order?

The Acting Speaker (Mr. Ethier): Order, please. Those hon. members who are carrying on a conversation can perhaps do it behind the curtain and give the hon. member who has the floor the opportunity to complete his remarks.

Mr. Epp: Thank you, Mr. Speaker. As I was saying, I think the reduced deficit projections are now out the window. So what does the federal government do? Is there a transitional point whereby, for example, Manitoba would not be affected as greatly as it is under the five-province base? A number of us have looked at that question, and that is why you have the amendment. I said I would not be too long because I do not want to infringe on the time of other members, but the amendment proposes the following. I know there have been meetings with the Minister of Finance (Mr. MacEachen), and I think even he has been somewhat surprised at the negative impact the equalization formula has had on Manitoba. What is being proposed is that the percentage share of equalization for Manitoba could not be less than the second worst percentage of any given year, relative to the other have-not provinces. The figures show, Mr. Speaker, that in 1982-83, Manitoba would receive equalization payments of 10.7 per cent, when the national average will be 13.6 per cent. In 1983-84 it would receive 10.7, when the national average will be 11.3 per cent. In 1984-85 it would receive 10.7 per cent, when the national average will be 10.5 per cent. In 1985-86 it would receive 10.7 per cent, when the national average will be 10.3 per cent, and in 1986-87 it will be 10.1 per cent, when the national average will be 10.3 per cent.

You will find, Mr. Speaker, and I mention this because of the transitional period—which is why the hon. member's amendment appeals to me because it impacts very heavily on Manitoba in the first two years—that we would be willing, if that amendment were carried, to let this amendment go by because I think we would then have taken care of that first two-year period. So in order to meet that transition problem for Manitoba, we are proposing to use the second worst percentage formula, if I can describe it in that fashion. If

one looks at the formula today, Manitoba would lose $582 million net over five years. It was $747 million, but the Minister of Finance recognized the disparity and the loss has been reduced. So there has been recognition that a problem exists. I am simply saying that Manitoba taxpayers cannot afford to be locked into an equalization formula for five years which will impact on their ability to maintain national standards.

Lastly, Mr. Speaker, there is the question of whether the amendment is in order. I know members who serve on the committee are familiar with the argument that, on the basis of the House rules and because it involves some $300 million over the life of the formula, the amendment is in violation of the royal prerogative in that the expenditure of public funds has to be a government initiative. Well, I accept that. If the government, for example, wants to move this amendment, or if it wants to modify it, I would be willing to look at the modification. I would be willing to have the government, after the discussions it has had, move an amendment similar to this one. The seconder of the motion can speak for himself, but I think he would want to consider that as well. We are simply saying that we do not approach this on a provincial, parochial or selfish basis. Rather, if we believe in equalization as it is to be entrenched in the Constitution, then surely it stands to reason that before we do that on April 16 we must have in place an equalization formula which is in fact not an equalization formula. We could have used any formula, for example the Alberta formula, and then everyone would have been eligible. I would suggest to the Parliamentary Secretary to the Minister of Finance (Mr. Fisher)—and he is in the House tonight—that if he is willing to examine this question from the suggested perspectives, I would be willing to discuss with him what modifications should be made. If he wants to adopt the amendment as his own, I accept that, but I say to him that the manner in which this equalization formula impacts on the taxpayer of Manitoba is not fair. Therefore, I commend the amendment to members of the House.

• (2110)

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, as the seconder of the motion now before the House I would like to add to what the hon. member for Provencher (Mr. Epp) has said about the reason this particular amendment is so important. It is only days before the new Constitution is proclaimed here in Canada. Equalization payments to the provinces will be included as part of the very Constitution of Canada. If we are able to proclaim that particular section of the Constitution with any kind of integrity and consistency, then I think the amendment now before the House must be approved by the House. The amendment would redress the way in which the province of Manitoba is now affected by the proposed equalization formula.

Before I go into any more of the arguments, I would like to put on the record what I know other hon. members have stated, even at second reading. I would like to tell the House about the way in which Manitoba is treated so unequally by this formula. In the first year of this five-year agreement, the percentage increase for Manitoba will be 9.9 per cent. What will it be for the other have-not provinces? It will range from 21 per cent to 10 per cent. In the second year of this five-year agreement, the percentage increase for Manitoba will be 6 per cent. What will it be for the other have-not provinces? It will range from 14.4 per cent to 10.7 per cent. The third year is when Manitoba will really get kicked in the teeth. Our percentage increase will be 2.8 per cent. What will it be for the other have-not provinces? It will be 11.3 per cent, 11.2 per cent, 11.8 per cent, 11.4 per cent and 10.7 per cent, compared to our 2.8 per cent increase. In the fourth year, what will be the percentage increase for Manitoba? It will be 3.8 per cent. Again, we are looking at figures of 11 per cent and 10 per cent for all the other have-not provinces. In the fifth year we will get an increase comparable to the other provinces, around 10 per cent.

The over-all effect is that over the five-year agreement Manitoba will receive a percentage increase in equalization payments of 37.2 per cent. The next lowest will be Quebec, at 66.1 per cent. That is from 37 per cent to 66.1 per cent. The other four have-not provinces, the Atlantic provinces, will all receive percentage increases in the 80 per cent range.

I simply ask, where is the justice? Where is the equalization in this? Where is the equality in this particular kind of proposal? What madness, vindictiveness, error or absence of mind led the government to develop and then to propose a formula which would treat a particular province, the province of Manitoba, in such a way? I am simply baffled. I am sincerely baffled as to why the government picked this particular formula out of all the formulas it could have picked. Other formulas would still have had the effect of reducing the government's over-all payments through equalization but would not have singled out any province as much as the province of Manitoba has been by this particular formula.

I therefore plead with hon. members on the government side to consider seriously the fact that this amendment has been moved with the support of both opposition parties. The government ought to consider making this amendment its own and bring it in before this bill goes forward.

What would be the effect of the amendment? The effect of the amendment would not be to bring Manitoba up to the highest level, to make sure that Manitoba gets exactly as much as everyone else. We realize that the formula, in order to stay a formula, must be treated with a certain amount of respect. Manitoba differs, in its fiscal capacity, from the Atlantic provinces. All this amendment asks is that in every year of that five-year agreement, Manitoba be paid a percentage increase which is at least as much as that paid the second worst province out of the six have-not provinces. That seems to me to be a rather humble proposal. We are not asking to be elevated to the top. All we are asking is that Manitoba be treated the same as the second worst province, as it works out in this formula.

I do not see any reason the government cannot accept this proposal. I want to put it very bluntly to the only two Liberal members from Manitoba. If this amendment is not passed and if the government does not make this amendment its own, I

promise the hon. member for St. Boniface (Mr. Bockstael) and I promise the hon. member for Winnipeg-Fort Garry (Mr. Axworthy) that I will make sure the fact that they did not stand up for the interests of Manitoba in this House at this particular time will be carried to every doorstep in their ridings, bar none—they can count on it—in the next election.

An hon. Member: Let CUPE do it for you!

Mr. Blaikie: They are already in trouble. Between this matter and VIA Rail, we should be able to get rid of the hon. member for St. Boniface with no problem at all. The hon. member for Winnipeg-Fort Garry will look after himself.

Some hon. Members: Oh, oh!

Mr. Taylor: The Prime Minister (Mr. Trudeau) will hire him.

An hon. Member: The Senate. Senator Axworthy!

Mr. Blaikie: I am quite serious, but I look across at the hon. members, and they are smiling, having a bit of a jape among themselves. If they think this will not have some political impact on their fortunes in Manitoba, then they are kidding themselves. God knows, it could not get much worse, but they still do elect people out there. This will have an effect on the province of Manitoba and that effect will be made known to the voters of Manitoba by the provincial government and by members of both the Progressive Conservative Party and the New Democratic Party.

There is an argument which has been offered concerning the reason Manitoba should not be complaining too loudly about the way it is treated by this equalization formula. Just for those who might have the misfortune of hearing it, the argument is that payments to Manitoba in the last five-year period were quite generous and that the formula has just worked out differently this time. One gets lucky in one five-year period and the next five-year period one gets unlucky. We really got unlucky this time, but that is another matter.

The reason that the equalization payments to Manitoba appear to be so generous in the last five-year period is that they are viewed in relation to the payments it received in the five-year period before that. One cannot view these equalization payments as a little snap photograph in history somewhere and then say, "Look what you were getting last time." The equalization payments Manitoba received from 1977 to 1982 were higher because it had received a bad deal for 1972 to 1977. It seems that the Liberals go in cycles. Now it seems that we are supposed to get a bad deal again. However, as I tried to point out, this time we are really getting a bad deal. We are getting such a bad deal that one finds the province of Manitoba getting a percentage increase which is approximately half of what the second worst province in the formula receives, or 37.2 per cent as opposed to 66.1 per cent, which is what Quebec will receive over the next five years.

• (2120)

All we are asking in this amendment is that the province of Manitoba be raised up to the level of the second worst province in the formula. I want to repeat Mr. Speaker, why would you have a formula that does this to one particular province? I cannot understand it. It does not make any sense.

When I came down here as a new Member of Parliament, it may be because I come from Manitoba—where we are a kind of combination of political and cultural values, with Ontario and the west and ourselves right smack in the middle—I did not really have a kind of regional consciousness. I did not come down here to be a spokesman for Manitoba, I came down here to be a member of the Canadian Parliament and to figure out what to do for the whole country.

I must say that over the last few years, sitting here and looking over there, and seeing what can be done to rail service, seeing what can be done to the Crow or what is proposed to be done to the Crow, and the whole attitude of the government, I found myself developing more and more a regional consciousness here in the House. In a way I regret it. I did not come down here to see myself as a member from one region opposed to members from another region. The fact of the matter is that this is what is beginning to happen to me, and I regret it. After these last few weeks, after looking at a formula that treats my home province in this particular way, I cannot say that I am exactly on my way to retreating from that regional consciousness of which I spoke.

I plead with the hon. members, on the government side in particular, not to allow this present equalization formula to go through in the way it is. It would be a tragedy for Manitoba, it would also be a tragedy for our whole view of equalization. It makes a mockery of the very notion of equality between the provinces and the ability of all provinces, no matter which province it may be, to provide public services at reasonably comparable levels.

We had some other amendments to move, Mr. Speaker. I want to mention some. We moved them in committee. If we spend all our time now and we vote on this amendment, so be it, because this is one of the most important amendments in this particular package. I am going to sit down so that others can have a chance to speak.

I want to put on the record that in order to pay more attention to this particular proposal we have forgone our opportunity to debate our amendment dealing with the way in which the federal government is discriminating against the province of Saskatchewan by not forgiving them what the province of Saskatchewan owes them due to census readjustment, when we are forgiving all the other provinces that owe the federal government money.

We have forgone our amendment which tries to get rid of the GNP cap that the Liberals have put on the equalization payments. That is another way of deconstitutionalizing equalization payments, by saying that equalization has its limits and it is going to be tied to the GNP. We have forgone that amendment.

There is one other amendment that we have forgone that I want to mention. It is one in which we want to build into this fiscal package an opportunity for review before the next fiscal arrangements are negotiated, in the same way as happened in an ad hoc way, as a result of the setting up of the special parliamentary task force on federal-provincial fiscal arrangements. I thought that was a particularly good exercise. I began to have my doubts about it as I listened to members of the very task force that I was on and who signed the same paper that I signed. Yet I saw the hon. member for Vaudreuil (Mr. Herbert) and the hon. member for Gloucester (Mr. Breau) get up here and I can hardly believe that these are the same people with whom I spent 265 hours in hearings, and that those are the same people who signed the parliamentary task force report. That report made a lot of recommendations, and good recommendations, that this government has completely ignored, including some of the central recommendations, like the revenue guarantee, leaving the money attributable to the compensation in the revenue guarantee. This particular package was taken out; that was a main recommendation, but they ignored it.

Not having lost faith in democracy, Mr. Speaker, I would suggest that by the next time we have that kind of review, we might have a different government. Who knows, we might even have a New Democratic government. Wouldn't that be the day! Then we would have a government that would pay attention to those people who come to these hearings and who give their views. We might pay attention to them. So, Mr. Speaker, I hope that we will pass this amendment, redress this injustice to Manitoba and then truly have the kind of equalization formula that we ought to have.

Some hon. Members: Hear, hear!

Mr. Charles Mayer (Portage-Marquette): I would like to take a few minutes of the time this evening, Mr. Speaker, to make the case that the mover and seconder of this motion, the hon. member for Provencher (Mr. Epp) and the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) have made.

When listening to this discussion and the debate that has gone on so far, I wondered whether someone coming here, listening to the debate for the first time, would wonder whether he was a citizen from another planet or from another part of the world. Someone capable of being a little more objective than many of us are would wonder whether we were talking about two separate sets of taxpayers; one set of taxpayers paying tax to the provincial government and one set of taxpayers paying tax to the federal government. It seems to me that we have lost sight of the fact that the same people whom we are discussing, asking whose ox is going to be gored, happen to be the same taxpayers of the country, whether they pay those taxes to the provincial government or to the federal government and whether they get the services back from the provincial government or from the federal government. It seems to me that we should be concerned about the taxpayers as citizens of the country who are expecting some services back for the taxes that they pay. If we could keep that in mind, we might have a better attitude to what goes on in the House and set a better example to those who watch the debate and the proceedings in the House.

It is up to us to set the proper tone, to realize that we should both be aiming at serving the people who pay the taxes and those who are expecting the services back—and in this case we are talking about the equalization payment.

I have two or three other quick points, Mr. Speaker, and I am glad to see that the parliamentary secretary is here and paying close attention. I know he has a close relative in Manitoba. It is not that I expect anything in the way of a favourable decision or any judgment that he may have in this matter. I just point out that he has a relative who comes from Manitoba and, having regard to that, I expect he is well aware of the province and some of the problems we have there.

As to the point of whether we should or should not have more from the federal government I think that what concerns us in Manitoba—and this is a non-partisan topic in Manitoba, or at least it should be—is that whatever point has to be made for Manitoba, or whatever cuts there are, we expect they should be equal across the country.

All kinds of figures have been given by the two hon. members who spoke ahead of me. Many people talk about percentages and statistics. The point, to my mind, is that Manitoba, over the next five years, will receive an average increase of about one-third over what we have now, whereas the next lowest increase will be approximately two-thirds. Looking at it on that basis, it is not a small amount, it is a large amount. We will get about half as much, on average, as far as the increase goes over the next five years, as the lowest province next to us. So we are not talking about a few fractions or a few decimal points here and there, we are talking about almost half as much of an increase as the province of Quebec will get, which will be the next province above Manitoba.

When we are dealing with figures like this, it sometimes takes a long time to fully understand them, regardless of whether we want to be critical of the Department of Finance or the Minister of Finance (Mr. MacEachen) or whoever is in power, and there is a possibility that something has been overlooked. I do not think we can use that excuse any more after tonight, because the issues have been well aired in committee and it has been well aired in the House of Commons. Up until now, if we wanted to be kind about it, we probably could have given the government the benefit of the doubt and said it was an honest mistake; but we are drawing the attention of the government to it this evening and hereafter I do not think that excuse will hold water any more, so clearly we have to make clear the position it is going to put Manitoba in by this new equalization formula.

• (2130)

It puts us in a particularly bad situation because, as the Manitoba minister of finance said this afternoon, talking about that province, "We are heading to greater deficits at the same time that the federal government is heading toward lower

deficits." There is another problem that we have. At the same time the federal government is attempting to lower its deficit, if Manitoba wants to maintain the services that have been provided in the past, there will be larger deficits for the province of Manitoba. I think all members will find that acceptable. One would expect the federal government to have some sympathy for that position if it believed its projections and, if those projections come about, because the federal government is heading toward a lower deficit.

Another point needs to be made with regard to the equalization formula. Over the past number of years our record in terms of economic growth has stayed relatively constant. As the hon. member for Winnipeg-Birds Hill said, there is no reason why over the next five years we should be treated so much worse than the average. It appears there is nothing, in terms of the formula, which would cause us to be treated less well in terms of less equalization payments than we have been in the past.

I really cannot understand why this amendment should not be passed. I do not want to get into the threats made by the hon. member for Winnipeg-Birds Hill. We do not threaten to campaign against the two Liberal members who have been elected in Manitoba. We want to get the job done for the citizens of Manitoba. If the government would take that kind of attitude, it would see fit to support this amendment. Whether it be in the name of the mover and seconder is immaterial. We are interested in seeing that the citizens of Manitoba are treated equally, relative to other citizens throughout the country.

I wish to close by referring to something said in the throne speech on April 14, 1980, almost two years ago. In the throne speech it was said that Members of Parliament who are not government members have a special duty to represent those areas of the country that are not represented by government members. On the other hand, we have a special duty to represent our part of the country here in the house and to represent Canada in our constituencies. This is an opportunity for the government to put that into practice.

If we are to do a good job in terms of being federal members and standing up for our country, we have to be treated fairly. I throw that admonition back to the government members to ensure that we are not treated unfairly in Manitoba, so that we can be proud to be part of this part of the country and are treated fairly.

I do not want to prolong the debate. I hope that the two Manitoba members who sit on the government side will prevail upon the government to correct what is obviously a very bad situation for Manitoba when you look at the equalization payments in the new formula.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, it is my pleasure once again to comment on Bill C-97 following the three previous speakers, especially the last one who reminded me so touchingly of my close family ties in Manitoba. I am not sure whether it is appropriate or not but I would like to take this occasion to say hello directly to those members of my family who might be watching right now. It is a real pleasure.

Before I go into some of the arguments on the other side, I would like to put on the record again, as was done earlier today, some of the statistics that are involved. This will help the people of Manitoba to cut through the rhetoric that has been thrown out by all parties.

This year $895 million will be going to the people of Manitoba under the equalization and established programs financing. Over the next five years that will grow until 1986-87, when $1,280 million will be sent out. That gives a grand total of $5,363 million. Included in those figures is a total of $165 million being sent to Manitoba to help that province in the change from one calculating formula to another. That $165 million is broken down as follows: $82 million this year, $56 million next year and $27 million in the third year. It is a diminishing transition payment intended to cushion the blow of moving from one formula to another.

There is a third payment that has not been included in these calculations, that is, $31 million going to Manitoba in the form of forgiveness for some calculations on population size. That $31 million was included in payments made previously. When the new population figures were provided, it was found we had overpaid by that amount. That amount technically is being forgiven. That is an extra $31 million for the province of Manitoba.

This afternoon in committee and now in the House we have heard talk about the formulas and the basis for calculating them as if there were some kind of competition between the provinces. That is misleading. Equalization payments are exactly that; equalization payments make provinces equal to a mathematical standard. The minister clearly explained this when he visited the committee last Monday. I would like to pass along a couple of comments which the minister made. He said:

> The formula is intended to bring all provinces up to a standard . . . Obviously, at a certain stage, particular provinces get close to that standard, and because of that the yield of equalization decreases and some provinces slip out of the equalization formula because of their improved fiscal capacity.

The minister pointed out a couple of other things, particularly with respect to Manitoba. He said it is still true that even with the transitional payment, calculating the rate of growth percentage-wise year to year in certain years, the rates of growth for Manitoba are less than for the Atlantic provinces or Quebec. He answered by saying:

> If an equalization system is to measure fiscal capacity it cannot yield similar results for every province.

In other words, let we remind our friends from the NDP of one of the age-old principles that they like to present to the Canadian people; that is: from each according to his ability; to each according to his need.

We do not give the same amounts to every province. For example, we do not yet give any equalization to Ontario. Bill Davis might put us in the position where we eventually have to make an equalization payment to Ontario, but we are not yet in that position. Should Ontario then come to us and say that

it is receiving less equalization on a percentage basis than Manitoba and therefore it should get a special grant to make up for that? It sounds ridiculous. It is equally ridiculous for Manitoba to say that it is receiving less than the Atlantic provinces and therefore it should get some flat payment in forgiveness. That is what is being presented here, a kind of competition among the provinces where they would say: "Because we do not get as much on a percentage basis, we want a special payment." That is what the members are telling the federal government. I am sorry but I cannot agree with that.

• (2140)

Let us review some of the statistics involved. From 1976-77 to 1981-82, Manitoba's equalization entitlement had increased more rapidly than those of any other province. It went up in Manitoba by 156 per cent, and it went up in Nova Scotia by 72 per cent. How did this happen? Why did Manitoba get 156 per cent and Nova Scotia only 72 per cent?

The treasurer of Manitoba answered that question in the committee this morning. He said:

> Over the last five years, the Manitoba economy has performed well below the national average, and a number of indicators, such as real growth, job creation and investment show our performance to have been the worst of any province.

Since the performance was bad, equalization payments were greater in order to lift Manitoba's share up to the national standards. Now that Manitoba is closer to that standard, the percentages will not be so high. It is a very simple calculation.

Mr. Blaikie: That is a completely false argument.

Mr. Fisher: It is not a competition between regions; it is a measurement against a standard.

Mr. Blaikie: You do not even know what you are talking about.

Mr. Fisher: When you get closer to that standard, you get a lower percentage. It is unfortunate that the members have decided to present it as some kind of competition between regions. I can assure the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) that he is at his best when he is not slipping into the narrow regional interests which he presented earlier. He should keep his sights high and keep himself on course.

What are members asking for, Mr. Speaker? Let us be specific. They are saying that the special $165 million transition payment is not enough. The federal government has taken some steps to soften the change-over, yet some hon. members are saying that it is not quite enough and would like just a little bit extra—just $300 million extra. They say that $165 million does not quite get us there, but $300 million would get us home.

Members are expressing some other views. They are saying that Manitoba should not only have that extra gift—virtually two times more than what it is receiving—it should also have a special status in order to enjoy that gift so that no other province would get it. I cannot accept that because it is asking for far too much.

We must recall that it receives less because it is closer to the standard. It is no longer experiencing the hardships described by the treasurer.

Mr. Blaikie: Mr. Speaker, on a point of order—

Mr. Fisher: I will answer questions at the end.

Mr. Blaikie: If the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) would answer a question—he made a commitment to answer a question at the end of his remarks.

The Acting Speaker (Mr. Ethier): That question will be permitted with the consent of the Parliament Secretary to the Deputy Prime Minister and the Minister of Finance and the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

Mr. Fisher: Mr. Speaker, the hon. member has had ample opportunity to speak. I think that the hon. member must admit that I have listened with great interest and attention to his comments, which is why I am now in a position to be able to answer some of them.

Miss Jewett: You started it.

Mr. Fisher: What is the federal government proposing for Manitoba apart from the $165 million transition payment, the $31 million special population payment—

Mr. Blaikie: That is included in the figures we were using.

Mr. Fisher: —and a very healthy growth in our support for general programs? We want Manitoba to get out of the conditions which have been forecast to be so terrible by the treasurer. On this side of the House my two colleagues do not look upon the world with the same gloom and doom as the treasurer did today, describing that province's future in such terrible terms. It is my hope that their varying transitional payments are unnecessary, I hope that the special gifts are unnecessary and that their economic health brings them to the point where their equalization payments are similar to those of Ontario, Alberta, British Columbia, and other rich provinces, that is, zero. If we can get Manitoba to the point of zero—

Miss Jewett: Typical Ontario patronizing.

Mr. Fisher: —what better gift to give that province than that kind of payment?

Some hon. Members: Hear, hear!

Mr. Blaikie: Mr. Speaker, I rise on a point of order. I understood from the hon. member that he would permit a question at the end of his remarks. Will he permit a question?

Some hon. Members: Sit down.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Blaikie: Mr. Speaker, it just shows that the Liberals will clap for anything. My question to the parliamentary

secretary is this: does he realize that this amendment provides that if the economy of Manitoba improves, the equalization payments will go down—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member has participated in this debate once and he can only do so again with the unanimous consent of the House. I gather that there is not unanimous consent.

Mr. Blaikie: Mr. Speaker, I asked a question. I did not make a statement. I asked the hon. member whether he realizes that the formula provides that—

The Acting Speaker (Mr. Ethier): Order, please. I must tell the hon. member that he can only ask a question with unanimous consent, and I gather there is not unanimous consent.

Mr. Blaikie: Mr. Speaker, I would like to know what the devil is the matter with my question? I asked whether he realizes the formula provides that if the economy of Manitoba improves, the equalization payments would go down.

The Acting Speaker (Mr. Ethier): Order, please. There are many ways to present an argument and to seek the floor but certainly not under the guise of a point of order. This is not a point of order. For the hon. member to ask a question, he must have unanimous consent of the House, which he does not have.

● (2150)

The question is on Motion No. 3, standing in the name of the hon. member for Provencher (Mr. Epp). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to Standing Order 75(11), the recorded division on the proposed motion would stand deferred, but since there are no further amendments, shall I call in the members?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on Motion No. 1 (Miss MacDonald) which was negatived on the following division:

(*Division No. 158*)

YEAS

Messrs.

Baker (Nepean-Carleton)	Gamble	Murta
Beatty	Gass	Nickerson
Benjamin	Gurbin	Nielsen
Blackburn	Heap	Nystrom
Blaikie	Howie	Oberle
Blenkarn	Huntington	Ogle
Bosley	Jarvis	Orlikow
Cardiff	Jewett (Miss)	Parker
Clark (Yellowhead)	Keeper	Riis
Cooper	Kempling	Roche
Corbett	Kilgour	Rose
Darling	King	Sargeant
Deans	Lawrence	Scott (Hamilton-Wentworth)
de Jong	Lewis	Scott (Victoria-Haliburton)
Ellis	Lewycky	Skelly
Elzinga	MacDonald (Miss)	Speyer
Epp	Manly	Stevens
Fennell	Mayer	Taylor
Forrestall	McCuish	Thomson
Fretz	McDermid	Towers
Friesen	McKenzie	Vankoughnet
Fulton	McKinnon	Wright
	Miller	Young—68.

NAYS

Messrs.

Allmand	Dubois	Lefebvre
Appolloni (Mrs.)	Dupont	Loiselle
Axworthy	Dupras	MacBain
Bachand	Ethier	MacGuigan
Baker (Gander-Twillingate)	Evans	Mackasey
Beauchamp-Niquet (Mrs.)	Ferguson	MacLaren
Bégin (Miss)	Fisher	MacLellan
Berger	Fleming	Malépart
Blais	Flis	Maltais
Bloomfield	Foster	Marceau
Bockstael	Fox	Massé
Bossy	Francis	Masters
Breau	Gauthier	McCauley
Bujold	Gendron	McRae
Burghardt	Gimaïel	Nicholson (Miss)
Caccia	Gourde (Lévis)	Olivier
Campbell (Miss) (South West Nova)	Guilbault	Ostiguy
Campbell (LaSalle)	Henderson	Ouellet
Campbell (Cardigan)	Herbert	Parent
Chrétien	Hopkins	Penner
Collenette	Hudecki	Peterson
Corbin	Irwin	Pinard
Cosgrove	Isabelle	Portelance
Côté (Mrs.)	Joyal	Prud'homme
Cousineau	Kaplan	Regan
Daudlin	Kelly	Reid (Kenora-Rainy River)
Dawson	Killens (Mrs.)	Robinson (Etobicoke-Lakeshore)
de Corneille	Lachance	Rossi
Demers	Lajoie	Roy
Deniger	Lalonde	Savard
Dingwall	Lamontagne	Schroder
Dion	Landers	Smith
Dionne (Chicoutimi)	Lang	Tardif
Dionne (Northumberland-Miramichi)	Laniel	Tessier
	Lapierre	Tousignant
	Lapointe (Charlevoix)	Turner
	Lapointe (Beauce)	Watson
	LeBlanc	Weatherhead
	Leduc	Whelan
		Yanakis—113.

● (2215)

During the taking of the vote:

Mr. Blackburn: On a point of order, Madam Speaker. I realize I am a long way from the Clerk at the Table, but I did not hear my name called out. Could that be checked please?

Mr. Benjamin: What is your name again?

Madam Speaker: Order, please. The hon. member's name was not called. We will call it now.

The Clerk: Mr. Blackburn.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Which side?

Mr. Nielsen: Which way did you vote?

After the taking of the vote:

Madam Speaker: I declare the motion lost.

Motion negatived.

Madam Speaker: The next question is on Motion No. 2 standing in the name of the hon. member for Winnipeg-Birds Hill (Mr. Blaikie).

The House divided on the motion (Mr. Blaikie) which was negatived on the following division:

(*Division No. 159*)

YEAS

Messrs.

Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Cardiff
Clark (Yellowhead)
Cooper
Corbett
Darling
Deans
de Jong
Ellis
Elzinga
Epp
Fennell
Forrestall
Fretz
Friesen
Fulton
Gamble
Gass
Gurbin
Heap
Howie
Huntington
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Lawrence
Lewis
Lewycky
MacDonald (Miss)
Manly
Mayer
McCuish
McDermid
McKenzie
McKinnon
Miller
Murta
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Riis
Roche
Rose
Sargeant
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Speyer
Stevens
Taylor
Thomson
Towers
Vankoughnet
Wright
Young—68.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chrétien
Collenette
Corbin
Cosgrove
Côté (Mrs.)
Cousineau
Daudlin
Dawson
de Corneille
Demers
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Dupont
Dupras
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Gauthier
Gendron
Gimaïel
Gourde (Lévis)
Guilbault
Henderson
Herbert
Hopkins
Hudecki
Irwin
Isabelle
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
MacBain
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Penner
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Robinson (Etobicoke-Lakeshore)
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tousignant
Turner
Watson
Weatherhead
Whelan
Yanakis—113.

[*Translation*]

Madam Speaker: I declare the motion lost.

Motion negatived.

[*English*]

Madam Speaker: The next question is on Motion No. 3 standing in the name of the hon. member for Provencher (Mr. Epp).

The House divided on Motion No. 3 (Mr. Epp) which was negatived on the following division:

(*Division No. 160*)

YEAS

Messrs.

Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Cardiff
Clark (Yellowhead)
Cooper
Corbett
Darling
Deans
de Jong
Ellis
Elzinga
Epp
Fennell
Forrestall
Fretz
Friesen
Fulton
Gamble
Gass
Gurbin
Heap
Howie
Huntington
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Lawrence
Lewis
Lewycky
MacDonald (Miss)
Manly
Mayer
McCuish
McDermid
McKenzie
McKinnon
Miller
Murta
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Riis
Roche
Rose
Sargeant
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Speyer
Stevens
Taylor
Thomson
Towers
Vankoughnet
Wright
Young—68.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Caccia
Campbell (Miss) (South West Nova)

Messrs.

Campbell (LaSalle)
Campbell (Cardigan)
Chrétien
Collenette
Corbin
Cosgrove
Côté (Mrs.)
Cousineau
Daudlin
Dawson
de Corneille
Demers
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Dupont
Dupras
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Gauthier
Gendron
Gimaïel
Gourde (Lévis)
Guilbault
Henderson
Herbert
Hopkins
Hudecki
Irwin
Isabelle
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
MacBain
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Penner
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Robinson (Etobicoke-Lakeshore)
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tousignant
Turner
Watson
Weatherhead
Whelan
Yanakis—113.

● (2230)

[*Translation*]

Madam Speaker: I declare the motion lost.

Motion negatived.

[*English*]

Mr. Chrétien (for the Minister of Finance) moved that the bill be concurred in.

Mr. Nielsen: Madam Speaker, we were prepared to divide on the report stage of the bill. May I suggest that you call for those in favor and those against.

Madam Speaker: All those in favour of the motion please say yea.

Some hon. Members: Yea.

Madam Speaker: All those opposed please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more then five members having risen:

Madam Speaker: Shall we dispense with the bells?

Some hon. Members: Agreed.

The House divided on the motion (Mr. MacEachen) which was agreed to on the following division:

(*Division No. 161*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chrétien
Collenette
Corbin
Cosgrove
Côté (Mrs.)
Cousineau
Daudlin
Dawson
de Corneille
Demers
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Dupont
Dupras
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Gauthier
Gendron
Gimaïel
Gourde (Lévis)
Guilbault
Henderson
Herbert
Hopkins
Hudecki
Irwin
Isabelle
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
MacBain
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Penner
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Robinson (Etobicoke-Lakeshore)
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tousignant
Turner
Watson
Weatherhead
Whelan
Yanakis—112.

NAYS

Messrs.

Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Cardiff
Clark (Yellowhead)
Cooper
Corbett
Darling
Deans
de Jong
Ellis
Elzinga
Epp
Fennell
Forrestall
Fretz
Friesen
Fulton
Gamble
Gass
Gurbin
Heap
Howie
Huntington
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Lawrence
Lewis
Lewycky
MacDonald (Miss)
Manly
Mayer
McCuish
McDermid
McKenzie
McKinnon
Miller
Murta
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Riis
Roche
Rose
Sargeant
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Speyer
Stevens
Taylor
Thomson
Towers
Vankoughnet
Wright
Young—68.

● (2240)

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to.

Madam Speaker: When shall the bill be read the third time? At the next sitting of the House?

Some hon. Members: Now.

Some hon. Members: At the next sitting of the House.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been made.

EXTERNAL AFFAIRS—FUTURE OF GIBRALTAR WITHIN NATO

Mr. D. M. Collenette (York East): Madam Speaker, I wish to expand on the question I asked the Secretary of State for External Affairs (Mr. MacGuigan) on Monday, March 29, 1982, concerning the dockyard closure in Gibraltar, the answer to which in my mind was unsatisfactory.

The people of Gibraltar are now facing two serious economic problems, namely, the closure of the dockyard and the opening of the frontier with Spain. The closure of the dockyard was announced in November of 1981, to take effect in 1983. This follows a British defence review, and clear indication given at that time. To prevent the closure of the dockyard now would not appear to be feasible politically. The announcement that both the Chatham and Portsmouth dockyards in Great Britain will close gives an air of finality to the closure of the dockyard in Gibraltar. It would appear that the only alternative left to the Gibraltar government is to find a commercial use for the dockyard.

An in-depth study of the dockyard was made by consultants following the British defence review. These consultants had made an earlier study on the Gibraltar port and its future, giving special consideration to an open frontier. The conclusions of the consultants' report was to the effect that commercialization was a feasible prospect, provided that requisite sums were spent by way of investment, to ensure that technical skills were of sufficient quality and once this was done it was hoped that within a period of five years the commercial yard could be successful.

In general terms, there were three essential prerequisites to commercialization: first, the areas of the dockyard no longer required by the ministry of British defence be transferred to the Gibraltar government at zero price; second, subventions in the amount of £30 million over a five-year period; third, co-operation from the unions and work force. Without these three factors, commercialization is not feasible. The consultants, the Pedia Group, also went on to say that commercialization could not be undertaken by the government, if at the same time the government had to face an open frontier.

This problem is paradoxical in that an open frontier will provide considerable revenue to the people and the government of Gibraltar. However, the problem is that this will not be an easy matter. To understand this problem one has to consider the history of the blockade and the introduction of restrictions by the Spanish government. Prior to the blockade in 1963-64, th Gibraltar economy had been largely dependent upon its private sector, and the blockade was designed to destroy that private sector. However, these measures did not have the desired effect for two reasons: first, the British government determined to sustain Gibraltar and; second, the people of Gibraltar were prepared to make sacrifices in order to accommodate a new economy.

Therefore, as a result of the blockade, the private sector was greatly atrophied and the public sector increased enormously. In the new economic strategy a heavy dependence was made on the dockyard which, during the years of the blockade, had been the mainstay of the economy of Gibraltar, in that it accounted for the major inflow of foreign money to Gibraltar. This reliance on the dockyard was such that even the loss of 500 of the 2,100 jobs would be vital to the Gibraltar economy.

The policy of sustain and support introduced by the British government was conditional on the existence of the blockade and, as such, the opening of the frontier heralds the end of this policy and therefore of overseas development aid from Great Britain.

The people of Gibraltar are also faced with the fact that the Spanish government will reopen its border to Gibraltar on April 20, 1982, and that the re-establishment of these links may inadvertently undermine Gibraltar's political independence through economic dependence on Spain. Therefore, it is important for the Gibraltar government to undertake the revival of the economy which in effect will put that country in a similar position to pre-blockade days. This will therefore mean substantial investment to create a tourist infrastructure commensurate with the new tourism to be expected in Gibraltar following an open frontier, and encouragement to the private sector in order to allow it to expand and meet new demands. Similarly, attention will have to be paid to the losses to be incurred in the public sector.

• (2245)

The net result of the problems posed by both the closure of the dockyard and the opening of the frontier mean that the Gilbraltar government cannot face both, simultaneously. Regrettably, however, Gibraltar is being required to do so and this has caused considerable unease in Gibraltar.

It would appear, therefore, that in order for Gibraltar to survive the immediate economic future, the necessary aid required for commercialization should be forthcoming from the British government. Similarly, ministry of defence for Great Britain should have its land transferred at zero price. Without these two concessions from the British government, Gibraltar's future is bleak.

The British government's saving, following the closure of the dockyard, has been calculated at £10 million sterling per

annum. The savings would appear to be negligible in comparison with the value of Gibraltar, and the moneys required for commercialization do not, in my submission, appear to be unreasonable, even given the present state of the British economy.

One might wonder why I would raise in the Canadian House of Commons what the Secretary of State for External Affairs described on Monday as a purely internal British matter. With respect, Mr. Speaker, I believe that the minister implicitly answered this question when he stated on page 15897 of *Hansard* on March 29th, 1982:

—that the fact that the relations between Britain and Spain concerning this question appear to have somewhat improved, and the fact that Spain is now entering the NATO alliance, should help set the stage for more useful discussions.

He then went on to muddy the issue further by saying:

Therefore, although there should not be discussions in NATO itself, the joint membership of both countries in NATO should be a disposing factor toward a settlement.

What the Secretary of State for External Affairs was saying is that the future of Gibraltar, as a strategic component in NATO defence, is of concern to all NATO nations. In view of this admission, it is entirely appropriate for me and other members of this House to encourage the government of Canada to raise this matter with our NATO allies.

I understand that both the U.S. and Dutch governments have expressed their concern to Great Britain that the capability of Gibraltar's naval facilities could be gravely compromised unless time is given for the people of Gibraltar to make the transition from a defence-based economy to a tourist-based economy. At the very least, Mr. Speaker, Canada and our NATO allies should prevail upon the British government to phase out at least its financial commitment to the Gibraltar dockyard over a five or ten-year period so that the transition just described could be achieved. We are talking about a very small place in a sea of English language culture and a sea of other cultures in the Mediterranean.

I think it is incumbent upon members of this House to speak in defence of the people of Gibraltar who have valiantly fought to preserve their culture and linguistic traditions of the past 300 years. It is for this reason, and for the strategic reasons of NATO and Canada's role in NATO, that I bring this matter to the attention of the House this evening.

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I wish to thank the hon. member for York East (Mr. Collenette) for bringing this very important matter not only to the attention of the House publicly but, also, to the attention of members of the House of Commons and the Government of Canada.

The question is, are we affected as an ally with the closure of the royal naval dockyard in Gibraltar. We are concerned, but we have to caution our concern in these terms. Canada has no mandate to speak for the people of Gibraltar. Gibraltar is a British dependent territory. Therefore, it is essentially a question for Britain's domestic policy.

The history of Britain in Gibraltar goes back 278 years to 1704 during the war of the Spanish succession when Sir George Rooke took possession of Gibraltar. The possession was ratified legally in 1713 by the Treaty of Utrecht. We are not talking about something that is recent, but something that is directly within British jurisdiction for 278 years.

We are encouraged in Canada by the fact that the British government has a white paper entitled "The United Kingdom Defence Program: The Way Forward". In it, the government of the U.K. unequivocally acknowledges its obligation to support the economy of Gibraltar. Let us face it, Mr. Speaker, without the dockyard the economy of Gibraltar would be crippled. Under this paper the U.K. government confirms it is prepared to consider alternate means of investment if there is a dockyard closure. We have every faith that the U.K. government will honour its white paper—because it has historically looked to Gibraltar, and consequently we feel the issue of Gibraltar should not be raised at NATO at this time, whether inside that organization or through bilateral discussions with NATO members.

• (2250)

Having said that, I again want to thank the hon. member for raising this issue in the House. Historically we feel a part of Gibraltar, and it is appropriate that members of this House remind us of that from time to time.

HAZARDOUS SUBSTANCES—UREA FORMALDEHYDE FOAM INSULATION—REQUEST THAT LOANS BE GRANTED TO AFFECTED HOME OWNERS. (B) REFINANCING OF HOMES. (C) USE OF FUNDS ALLOCATED FOR HOME RENOVATION PROGRAM

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, on March 24, 1982, I asked the Prime Minister (Mr. Trudeau) if the Government of Canada, through CMHC, would give consideration to amending the National Housing Act to permit CMHC to make direct loans to people having trouble renewing mortgages or refinancing their homes due to the presence of urea formaldehyde foam insulation, which, from now on, I will call UFFI.

The subject was first brought up when we were discussing the housing bill in committee with the minister responsible for CMHC. At that time I asked the president of CMHC, if in fact under certain circumstances CMHC made direct loans to home owners. He confirmed that under certain circumstances they do, such as in resource communities where it is difficult to obtain private financing. I suggested to the minister that he consider bringing an amendment to the act to allow CMHC to do this. It would not cost the taxpayer any money, the loans would be at current rates, and it would help people who have a very serious problem.

Unlike the government, I feel it must assume some responsibility with respect to the UFFI problem. After all, a government corporation provided the UFFI to the people who put it in their homes. It gave grants through the CHIP program to those who used it in their homes, so it has to accept some responsibility, and this is one area where I feel it can.

I brought up the case of Mr. Jim Rogers of Norval, who happened to work in the insulation business. To set an example, I guess he insulated his own home with UFFI and then did a number of others. I gather from those who have had the insulation installed that he did an excellent job. When the government banned the insulation, he of course lost his franchise, his business, the special equipment he purchased, his truck and so on, and he went bankrupt. During his financial difficulties he lost his family and is now on the verge of losing his home because the people who provided private financing for his home have now purchased their own homes and want their money. At the end of May he will not have a mortgage on his home. He has gone to various lenders and they will not provide financing. He has a unique problem, one that I think the government has a responsibility to do something about. The solution is simple: CMHC can provide direct loans to people who are having trouble financing.

Another example is Mr. Gerald Prevost of Georgetown. He has a second mortgage on his property and, because of this insulation problem, he cannot refinance that privately held second mortgage. It is being called and he is, therefore, also going to have trouble keeping his property.

I plead with the government to take another look at the matter. The minister responsible for housing brushed it off in committee, said it was not his responsibility. The Prime Minister said they were already doing enough for the people suffering from this particular problem, which is not true.

• (2255)

The Minister of Consumer and Corporate Affairs (Mr. Ouellet) is remaining quiet about the whole thing. I plead with him to take another look at it.

In the one minute left remaining to me, I would also like to say that I suggested in the same series of questions that if the $30 million designated to create employment and to add to RRAP—the home improvement program—could be earmarked to remove the urea formaldehyde foam insulation, or help with a portion of the costs of removing it from homes which would not otherwise qualify under the program which the government has already set up, this would create more jobs than the government has proposed, because it would be so labour-intensive. At the same time, it would help to clear up the very serious problem in this country caused by the use of urea formaldehyde foam insulation.

With those two thoughts, I leave it with the government. I ask it to give serious consideration to those two programs. It will not cost the taxpayer a penny more than permitted now, and it will help with a very serious problem.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I appreciate this opportunity to speak regarding government assistance to people with homes containing urea formaldehyde foam insulation. I would like to respond to the issues raised by the hon. member for Brampton-Georgetown (Mr. McDermid). Questions have been asked about Canada Mortgage and Housing Corporation making direct loans to people with homes containing UFFI. The Canada Mortgage and Housing Corporation has a long established relationship with thousands of private lenders. That relationship has helped to provide billions of dollars to many millions of Canadian home owners. If specific cases of difficulty in financing or refinancing homes occur, the home owner or the Member of Parliament, such as the hon. member for Brampton-Georgetown, should inform the minister responsible for Canada Mortgage and Housing Corporation—

Mr. McDermid: I did! He brushed me off!

Mr. Flis: —the Minister of Consumer and Corporate Affairs (Mr. Ouellet) and the local office or headquarters of CMHC. They would want to know about any instances of established private lenders refusing to provide mortgages to people with UFFI in their homes. The hon. member for Brampton-Georgetown reported such an instance in the House last week. CMHC wants to receive full details from anyone knowing of such situations. I would urge any home owner who feels he is being discriminated against because of UFFI in his home to immediately take the steps I have suggested.

The hon. member also referred to the Canada home renovation plan which allocates $30 million to help pay the cost of home repairs. He asked about UFFI home owners benefiting from this program. As hon. members of the House know, more than $100 million has already been allocated as part of the government's response to provide direct assistance to UFFI home owners.

Mr. McDermid: Only if there are fumes.

Mr. Flis: I think all hon. members on each side of the House would like to be fully aware of just how much the government is doing to assist the owners of homes with formaldehyde insulation.

One of the first steps taken by the Minister of Consumer and Corporate Affairs was to establish the information and coordination centre on urea formaldehyde foam insulation. The centre has served as a focus for the government program by providing advice and information to thousands of concerned home owners. The centre has carried out an extensive testing program involving houses from coast to coast.

A new program was announced in December to help people who are experiencing serious problems and to restore confidence in the value of UFFI homes. The government, as the minister mentioned in question period today, is providing free tests on demand to determine whether the formaldehyde is above the acceptable level. This started on March 22, and several thousand more test kits are going out this week. It also provides for technical advice and assistance to home owners, registration of qualified contractors and laboratories and financial assistance to a maximum of $5,000.

Adjournment Debate

• (2300)

AIRPORTS—CHARLOTTETOWN AIRPORT EXPANSION

Mr. Mel Gass (Malpeque): Mr. Speaker, I would like to pursue in more detail a question I directed to the Minister of Transport (Mr. Pepin) on March 24 dealing with the expansion of the Charlottetown airport. My question dealt with the delay of the necessary approval of Treasury Board to proceed with construction of the airport.

In order to understand the anxiety we Islanders are feeling, Mr. Speaker, it is necessary to know that this matter goes back to 1974 at which time a federal-provincial planning committee agreed that a new air terminal building and a new cross-winds runway would be constructed on the present location of the Charlottetown airport. Following this, agreements were reached with the federal, the provincial and the municipal governments on a number of items, these being an environmental plan, public participation, zoning regulations, water and sewer hookup, diversion road construction, airport access interchange, and the airport terminal building.

The original terminal design was done in 1977; it featured a unique open design, a large tourist promotion area, rampside visibility, a children's play area, extensive landscaping, a VIP lounge and energy conservation features. The cost, in 1977 dollars, was $5,861,500.

On November 3, 1977, Treasury Board announced that tenders would be called for construction of the first phase, early in 1978, and it approved $21,531,500, subject to the following conditions: (a) The terminal building design be reviewed with a view to reducing its size and cost because of revised passenger forecasts; (b) annual reports be submitted to update the total cost, taking inflation into account; and (c) there be no increases in project scope. This resulted in a complete review of the passenger forecast figures which had been done in 1973-74 and upon which the size of the airport terminal was established.

In the early summer of 1978, three alternatives were put before the then minister of transport, the Hon. Otto Lang. They were: (a) proceed to Treasury Board with the original concept; (b) reduce the cost of the original concept; or (c)—and this is the one the minister chose—amend the original project by using a "Step" air terminal building modular design with a separate control tower.

During the summer of 1981, Mr. Speaker, discussions took place between officials of Transport Canada and the province of Prince Edward Island. The provincial officials were successful in pointing out the problems with congestion and the safety hazards connected with parking at the present terminal building. Transport Canada, with the assistance of the department of highways and public works, increased the present terminal building and included a new baggage-handling system. Transport Canada has assured the province that these minimal improvements are only temporary and it is hoped that the new air terminal building will be started in the summer of 1982.

The minister and I have had a fair amount of communication regarding this matter over the past few years, Mr. Speaker, and I am confident that he would like to see this issue settled almost as much as I would.

On February 11, I questioned the minister further on the delay and he promised to send me a letter giving me the agenda for coming developments. In fact, Mr. Speaker, the minister's exact words were: "The Charlottetown airport is on my mind all the time, with the Crow, at the moment; but I have not really been able to memorize the work agenda for each of Canada's one thousands airports, so I beg permission to send my friend a detailed analysis of every step in the coming hours."

Following question period, the minister and I did have a chance to talk but he did not give me a date as to when this matter is going to Treasury Board, although he did provide me with other related information.

On March 24, I asked the minister when the submission was going to Treasury Board. He replied that when I asked him the same question the other day he gave me a full report with a timetable and agenda and so on. He also indicated that if the submission did not go to Treasury Board exactly on the hour that he indicated, he would find out and report back as precisely as he did the last time. You have to give the minister points for being consistent. He has consistently told me he would provide me with an answer and he has consistently failed to do so.

While we are optmistic that now that the ball has started to roll it will continue to do so, but we are also painfully aware that, unless that ball picks up a lot of speed, the construction industry in P.E.I. will be facing an extremely bleak future. We appreciate the minister's support, but again we know that this redevelopment project also had the approval of the Hon. Otto Lang.

Mr. Speaker, those of us who make our home in Prince Edward Island, and who have been watching the so-called progress of the Charlottetown airport development over the years, know one thing for sure. We know that on November 3, 1977, Transport Canada received approval from Treasury Board for the redevelopment of the Charlottetown airport at a cost of $21,531,500. The present estimated cost of the project, including control tower and operations building, has now risen to $30,963,750. This is a disgraceful situation and should be rectified without further delay. Treasury Board must approve this project immediately so that we can get on with the job and provide a much needed facility, and also some relief to the construction industry of Prince Edward Island.

• (2305)

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, further to the information provided to the hon. member by the Minister of Transport (Mr. Pepin) on February 11, 1982, I am pleased to be given the opportunity to outline in detail the progress of the Charlottetown airport expansion. The purpose of this over-all upgrading of facilities is to ensure that the airport will be able to accommodate forecast growth in aircraft and passenger traffic in the coming years.

Redevelopment of the Charlottetown airport has evolved from a master planning study and has been conducted in co-operation with a joint federal-provincial planning committee, as indicated by the hon. member. It is expected that the final cost of the entire project will be in the $30 million range. Thus far, a combined services building has been erected at a cost of $2.2 million, and an aircraft parking apron and connecting taxi ways have been completed at a cost of $1.7 million. The hon. member will be pleased to know that the land acquisition program is proceeding well. Total cost of the program to date is close to $2 million. A sum of $770,000 is programmed for the design of a control tower-operations building during the current fiscal year, with tender calls scheduled for the spring of 1982.

Since the air carriers agreed to the most recent proposed layout for a new air terminal building, a Treasury Board submission has been prepared which seeks funding authority to hire consultants for design work and the preparation of cost estimates. The submission is now being considered by Treasury Board. I might add, for the information of the hon. member, that consideration of space for Canadian inspection services, including customs and immigration, is included in this submission.

Although the minister had hoped that the program documentation would be reviewed as originally anticipated, the construction schedule has not been jeopardized. Given a favourable decision from the board, Transport Canada still proposes that construction begin during the spring of 1983. I am certain that this information will be well received by the constituents of Malpeque.

The Acting Speaker (Mr. Ethier): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

At 11.09 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, April 2, 1982

The House met at 11 a.m.

• (1105)

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MR. MICHEL JOBERT, MINISTER OF STATE AND MINISTER OF EXTERNAL TRADE OF THE REPUBLIC OF FRANCE

Madam Speaker: I have the honour of calling the attention of the House to the distinguished presence in our gallery of Mr. Michel Jobert, Minister of State and Minister of External Trade of the Republic of France.

ROUTINE PROCEEDINGS

[*English*]

REGIONAL DEVELOPMENT

SUGGESTED EXPANSION OF GRANT PROGRAM—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, over the past two to three years we have been promised that new and large boundaries and guidelines will be created with respect to regional development incentive grants. In that time nothing has changed despite the fact the expansion of the grant program would provide incentives to industry either to locate in new areas or enlarge existing facilities, thus helping solve the problems of job creation and regional disparity in many areas not now included in the program. Therefore I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the minister responsible immediately announce changes involving regional development incentive grants which would result in the establishment of new and enlarged boundaries.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

INTERNATIONAL JOINT COMMISSION

IMPENDING DECISION OF SKAGIT VALLEY FLOODING—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I, too, rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On October 9 of last year the International Joint Commission said it would rule today on the fate of the Skagit Valley in British Columbia. The IJC is meeting at this moment behind closed doors in Washington, D.C., and may make a decision without a Canadian chairman because the Liberal government has left the position vacant for over a year. In order to protect the Skagit Valley from being flooded by Liberal indifference, I move, seconded by the hon. member for Mission-Port Moody (Mr. Rose):

That this House support the call for public hearings into the Skagit Valley issue, which is supported by all parties in this House, and that because of the Liberal government's failure to appoint a Canadian chairman to the IJC, an all-party committee be struck today to seek a Canadian of high repute who can serve on this important bilateral body.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

PRICE OF GASOLINE—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, at present gasoline prices in White Rock, British Columbia, are about 30 cents a gallon higher than in the State of Washington just a few miles away. The United States price reflects the world price, whereas gasoline prices in Canada have almost doubled in the last two years, most of the increases reflecting increases in taxation. Therefore I move, seconded by the hon. member for Provencher (Mr. Epp):

That the Minister of Energy, Mines and Resources indicate clearly whether it is the policy of the government to make consumers in Canada pay higher than world prices for gasoline to support excessive government taxation which finances programs which do not lead to energy self-sufficiency.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

INCOME TAX

FILING OF RETURNS—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, in only 28 days Canadians will have to file their 1981 income tax returns under threat of heavy fine and imprisonment should they fail to comply. However, the government has not even introduced the tax legislation emanating from the ill-conceived November budget which will dictate the taxes people will be forced to pay. Therefore I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the Minister of Finance immediately avail himself of one of the following options:

(a) Introduce the pertinent tax amendments;

(b) extend the April 30 deadline for tax returns; or, preferably,

(c) resign and take the Prime Minister with him.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1110)

HAZARDOUS SUBSTANCES

SUGGESTED ESTABLISHMENT OF RESEARCH COUNCIL—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, Canada, indeed the whole industrialized world, is sitting on an environmental time bomb. The very health and welfare of our children and of our children's children are at stake depending on, whether we act now to halt the poisoning of the planet, and how this is done. Dioxin, acid rain, PCBs, methyl mercury, and captan are only the tip of the iceberg, not to mention the stuff we deliberately put in our food, such as red dye No. 2 and sodium nitrite. Therefore I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House instruct the Minister of National Health and Welfare and the cabinet in general to consider the setting up of an independent national hazardous substances research council so that we can begin to make such research a priority to prepare ourselves for an already risky future, and that this research be partially funded by a levy on all the corporations which, over the years, have so carelessly and selfishly endangered the future of human life in the idolatrous pursuit of profit.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SHIPPING

MARINE FUEL SURTAX—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, Canada's 1982 Great Lakes shipping season starts Monday under a very serious cloud of uncertainty. The number of ships coming through the Great Lakes is down by estimates ranging up to 25 per cent of the total fleet. Lower levels of economic activity and higher energy costs are cited as being among the major reasons for the slump. Given the impact of high energy costs on water-borne commerce, particularly accentuated by the discriminatory marine fuels surcharge tax, I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That the government take immediate steps to roll back or rescind the discriminatory tax on Canada's shipping fleet so that it might be restored to its full competitive position.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

ARGENTINA—REPORTED INVASION OF FALKLAND ISLANDS—MOTION UNDER S.O. 43

Mr. Gary Gurbin (Bruce-Grey): Madam Speaker, I rise on a matter of urgent and pressing necessity. I note that this morning's news includes reports that Argentinian troops have landed and claimed possession of the Falkland Islands, historically a British protectorate. Ninety-eight per cent of the residents are of British descent and they have expressed a desire to maintain their British roots. I therefore move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House resoundingly condemn Argentina for its overt military aggression and send a letter of protest to the President of Argentina requesting the immediate withdrawal of military forces so that a peaceful and democratic solution to this conflict may be attained.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

SECRETARY OF STATE

SUGGESTED ACCEPTANCE OF ACFO COMPROMISE ON FINANCING—MOTION UNDER S.O.43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

In view of the Secretary of State's decision to break up the Association canadienne-français de l'Ontario by dealing directly with its regional branches; in view of the fact that this goes against the wishes of the majority of the members of this association and that the government's real reason for taking this action has been the positions taken by the ACFO during the debate on the Constitution, I move, seconded by the member for Beaches (Mr. Young):

That the House condemn the attitude of the Secretary of State (Mr. Regan) and recommend that the Secretary of State accept the ACFO's compromise solution for financing that organization.

Madam Speaker: The House has heard the motion presented by the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

AIR TRANSPORT

CARRIAGE OF RESTRICTED ARTICLES—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, whereas Canadian airline employees have detected a dramatic increase in the number of loaded firearms, and instances of restricted articles being transported in baggage and freight shipped on passenger aircraft, items which include toxic gases, leaking chemicals, acids and explosives, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the Minister of Transport immediately investigate the aforementioned serious situation and take corrective action.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1115)

ORAL QUESTION PERIOD

[*English*]

FINANCE

STATUS OF BUDGET

Miss Pat Carney (Vancouver Centre): Madam Speaker, the Minister of Finance has taken his "Show and Tell" on the budget on the road, but he won't show and he won't tell Canadians what, if any, further changes he is planning. In his absence, therefore, I would like to direct my question to the Prime Minister, if I can get his attention.

The Globe and Mail today says that finance officials are referring to the November budget and subsequent revisions as a working paper for a new budget. Could the Prime Minister tell Canadians exactly what is the status of the November budget? Is it a budget, or is it a working paper for a new budget? Or is it a myth?

Mr. Nielsen: It is a can of worms.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member could be reminded of the well-known rule of the House that we should not be asked to comment on newspaper reports—and for good cause. This is an erroneous report.

CONTENTS OF DOCUMENT REFERRED TO BY MINISTER

Miss Pat Carney (Vancouver Centre): Madam Speaker, the Prime Minister's response reminds me of that old saying, "Budgets, budgets everywhere, but not a bill insight."

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Miss Carney: The government's coyness over the budget is creating great uncertainty and hardship on many Canadians who are attempting to file their income tax returns and run their affairs. Now the minister is further confusing businessmen by telling businessmen at his meetings that there is a new document which is at the Queen's Printer and is being translated. What is that document, and when will it be presented to the House of Commons?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Minister of Finance answered that question in answer to a question put by the Right Hon. Leader of the Opposition. The Minister of Finance said that there was going to be a comprehensive ways and means motion which would permit various interested parties to examine the proposed bill in detail.

Mr. Nielsen: An omnibus ways and means motion.

Oral Questions

REQUEST FOR TAX DETAILS

Miss Pat Carney (Vancouver Centre): If the finance minister were clear on what he is proposing, we would not have to ask these questions continually on behalf of Canadians, who are thoroughly confused. These parlour games would be fun, except that in the real world they are creating real casualties. There are 10,000 miners in B.C. who this summer will be on temporary or permanent lay-off. That includes the Cominco smelter and mine at Trail and Kimberley, which has survived a great depression, World War II, 14 years of Trudeau government, and still cannot survive this budget.

Some hon. Members: Hear, hear!

Miss Carney: Cominco will have to shut down this summer for the first time in 40 years. When is the government going to end this charade and tell Canadians what they are going to pay and when they are going to pay it?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I fail to see really how Cominco's fate is linked to the hon. lady's question about a detailed Ways and Means motion.

Mr. Nielsen: It is linked to your government.

FILING OF WAYS AND MEANS MOTION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question to the Prime Minister is supplementary to the questions previously asked. The other day the Prime Minister suggested that Canadians should follow the 163 Ways and Means motions presently filed as a result of the November 12 budget, in preparing their income tax returns. The Prime Minister failed to mention that there were no ways and means motions filed with respect to the December 18 statement. There have been other statements by the Minister of Finance across the country. There is speculation everywhere that changes are going to be made or have been made.

Could the Prime Minister tell this House if and when new ways and means motions are going to be filed, so that people can have some understanding of where they are going? The Prime Minister must realize the uncertainty that is being caused by the general feeling that this budget is causing great damage to the community.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member asks if and when a new Ways and Means motion will be filed. The Minister of Finance said quite clearly in answer to a question by the Right Hon. Leader of the Opposition, as I have repeated in the House now, that there will be a detailed Ways and Means motion which will be put before this House, a practice which has been followed many, many times—

Mr. Nielsen: Never like this.

Mr. Trudeau: —and which was announced in the very budget read by the member for St. John's West when he was the Tory finance minister.

Mr. Nielsen: There never was this delay.

Mr. Trudeau: There is nothing new about this and there is nothing new about the rule that the taxpayer must file his report on the basis of the Ways and Means motions on the dates that have been announced. There are frequently amendments brought in when the detailed tax bills are brought forth. There may be some in this case, or there may not. If there are, the taxes will be adjusted in consequence.

Mr. Nielsen: The Department of National Revenue is in chaos.

• (1120)

DATE OF FILING

Mr. Don Blenkarn (Mississauga South): Madam Speaker, will the Prime Minister tell a tourist operator, for example, filing his 1981 tax return, what kind of capital cost allowance he is allowed in filing that return? When he buys a lamp, towel or something of that nature, does he write it off in full as the old law says, or is it half capital cost allowance? What do those who were students do with respect to money they thought they were getting back on their returns which they planned to use to pay their student loans? What about farmers who have bought equipment; do they depreciate it in full or at half depreciation rates? Can the Prime Minister tell us where we are going? Is this uncertainty going to continue?

It is now nearly five months since the budget. It has been changed and altered, and changed again. Will the Prime Minister come clean with the people of Canada today and state on what date these new Ways and Means motions will be filed? Will they be filed before the Easter recess?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not surprised if there is confusion in the minds of the people of Canada, because the opposition has been endeavouring for the past three months to create that confusion. I wish they would follow the time-honoured rules of taking the budget statements and the dates announced there for tax changes as the rules. There have been changes to every budget since I have been here. There are always some amendments, whether it be in one or another aspect of the bills, that are accepted. There may be some this time as well. If there were not, the opposition would accuse us of being stubborn and unreasonable.

There are already four of five tax bills before the House. They have been debated by this House, one having to do with housing relief as a most recent example. Therefore the budget is proceeding, the tax bills are proceeding, and there will be, as there is after every budget, a debate on the bills when they come before the House.

HEALTH

LEVEL OF DIOXIN IN LAKE ONTARIO FISH

Mr. Neil Young (Beaches): Madam Speaker, my question is directed to the Minister of National Health and Welfare. Yesterday the Ontario environment ministry found in a study that dioxin levels in Lake Ontario are the highest they have ever been. The study showed there were 27.4 parts per trillion of dioxin found in trout, and 59 parts per trillion found in minnows, in the Port Credit area. Will the minister advise Canadians who live in that community and who fish in Lake Ontario, in the immediate area of Port Credit, if in her opinion it is advisable for them to continue to eat fish found in Lake Ontario?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I did not receive notice of this question which involves a recent and technical situation. For the benefit of Canadians, I would prefer to look at the dossier first. I was in committee all morning and, therefore, did not have occasion to look at it. I will report to the hon. member as soon as possible.

MEASUREMENT OF DANGER LEVEL

Mr. Neil Young (Beaches): Madam Speaker, my supplementary is to the same minister. The minister's department set a level of 20 parts per trillion as being a danger level for fish found in Lake Ontario. The government of New York State set ten parts per trillion as being the danger level. The Ontario environment minister indicated that, in his view, dioxin levels in Lake Ontario present a long-term potential danger even for people drinking water from Lake Ontario. Does the minister intend to reduce the danger level of 20 parts per trillion to at least ten parts per trillion as has been done in New York State?

• (1125)

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I am not aware of new information received by my department, but in my last briefing on the question of the levels which we judge safe or not, we did not have reason to change ours. I will inquire and add that to the reply which I owe the hon. member.

REQUEST THAT MINISTER MEET UNITED STATES GOVERNORS

Mr. Neil Young (Beaches): Madam Speaker, the Premier of Ontario has indicated that he is so concerned about the dangerous chemical leakage into Lake Ontario that he intends to meet with the Governor of New York and the Governor of Michigan in the near future to express his concern. Would the minister agree to do exactly the same thing?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I think it is an excellent initiative to be taken by the Premier of Ontario. We already have committees at the federal level which are working in close co-operation with the States. And, of course, the fight to reduce unacceptable levels of dioxin is a primary objective of my government.

* * *

METRIC CONVERSION

STATEMENTS IN COMMISSION PAMPHLET

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the minister responsible for metric conversion in Canada. In his role as Minister of Consumer and Corporate Affairs he is supposed to guard Canadians against false and misleading advertising. Yet, as minister responsible for the Metric Commission, he is in fact dispensing blatantly false and misleading advertising to consumers about going metric. Will the minister explain just one misstatement from the pamphlet called "Moving to Metric," and it is riddled with misstatements, which tells us, "Conversion in Canada is being done on a voluntary basis". Does this signal a change in the government's metrication policy?

Mr. Baker (Nepean-Carleton): No more fines or imprisonment?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, as far as unwarranted statements and misleading advertising are concerned, these have certainly been indulged in by the member for Peterborough and some of his colleagues in the Progressive Conservative Party.

[*English*]

STAFFING OF COMMISSION KIOSKS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, at least the minister refrained from calling me a fanatic as he brands all people who happen to disagree with the government's metrication policy.

My supplementary question concerns Metric Commission kiosks, or advertising booths, which are dispensing this stuff. They are popping up in supermarkets and shopping malls across the country. Can the minister for metric tell us how many people were hired to operate these booths and how they were hired, since the government positions were not advertised? How did prospective employees know about these jobs?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the question could appropriately be placed on the Order Paper and then be given a written reply. I should be glad to provide one, if the hon. member wishes to submit a written question. I any case, I can assure him that these booths are providing a public information service to the Canadian people and that the information is very well received by consumers across the country.

[*English*]

SHIPPING

REQUEST THAT MARINE FUEL SURTAX BE RESCINDED

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. The government will be fully aware of the very serious decline in the number of Great Lake ships which will leave for the Seaway when it opens on Monday. To a large measure this is due to the marine fuel surcharge. At jeopardy here is not only the lowered activity of the Great Lakes fleet but it is, in a very direct way, a threat to the jobs of 1,100 and upwards to 1,700 Canadian seamen. Would the government consider, as a serious step to protect those jobs and enhance the competitive position of the Canadian Great Lakes fleet, rescinding or rolling back the very significant marine fuel surcharge tax?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to remind the hon. member, first, that there is no surcharge on Canadian lake ships employed in shipping between Canadian ports. The surcharge applies only when oil is used for international trips, and it applies equally to American or Canadian ships on the same basis. At the present time this charge is rather minimal, as a matter of fact.

• (1130)

I remind my hon. friend that all over North America the transportation industry generally is facing a difficult situation. This applies to railways, trucking, airways, and the shipping industry in general. The industry is having a difficult time, but not because of the cost of fuel. It is because of a slowdown in the economy generally in North America as well as in Europe. The surcharge is a very minimal factor in the general operations of a company, and it applies only to international trips.

Mr. Forrestall: Madam Speaker, my concern is about the protection of jobs. If the minister wants to dismiss lightly $8 million or $10 million in discriminatory charges with respect to marine fuels, that is his business. I think he should remove them.

EMPLOYMENT OF CANADIAN SEAMEN

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I would like to direct my supplementary question to someone over there who is concerned, perhaps the Prime Minister. What steps might the government take on a fairly urgent basis to ensure that these 1,100, 1,200 and possibly as many as 1,700 Canadian seamen do not in fact lose their jobs as a result of the slump to which the minister has just referred?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as the hon. member knows, Canadian shipping companies enjoy an advantage over their American competitors in terms of shipping between Canadian ports. They enjoy a benefit. They have enjoyed it in the past. We in this House are all concerned about unemployment in this country. We want the economy to go into high gear as soon as possible but, as my hon. friend knows, the whole world, the whole western world, is facing this particular crisis at the present time.

* * *

AGRICULTURE

BEEF STABILIZATION PROGRAM

Mr. Gordon Towers (Red Deer): Madam Speaker, my question is directed to the Minister of Agriculture. In view of the fact that the minister has been delaying the payment or the announcement of the pay-out under the beef stabilization program for three months, I wonder if the Minister of Agriculture would make an announcement to the House of Commons on what the pay-out will be, and when it will be. I hope he will not reply to my question with his pat answer, "Soon".

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker—

Mr. Epp: Now what are you going to say?

Mr. Whelan: —the cattlemen's association with which we met about three weeks ago is fully aware that if we used the Agricultural Stabilization Act as it is, there would be no pay-out for 1981 production. What the association is asking for is that I go past the statutory 90 per cent. It is suggesting I go to 95 per cent. That is being considered at the present time.

REQUEST PAYMENTS NOT BE LINKED WITH SUPPLY MANAGEMENT

Mr. Gordon Towers (Red Deer): Madam Speaker, I am wondering if the minister will guarantee cattle producers that the announcement about which he has been talking for some time, and which he might make in three weeks, will not be linked in any way with supply management.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member is confusing two things. Under the Agricultural Stabilization Act it is statutory that we make an announcement concerning the 90 per cent pay-out of the last five years' average using the current year's input costs. The other program is a program which has been suggested by various commissions over a period of time. They have suggested different ways of marketing beef. We hope to be announcing that program in three or four weeks. I believe the other day I said three weeks. We are working on that at the present time, but that has very little to do with the program we are talking about under the Agricultural Stabilization Act.

[*Translation*]

INTERNATIONAL MARITIME TRANSPORT

LEVYING OF TAX ON WORLD PRICES

Mr. Pierre Deniger (La Prairie): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources, and is supplementary to the question by the member for Dartmouth-Halifax East.

Could the minister inform the House whether he agrees with statements made by representatives of the Canadian shipping industry who held a convention here in Ottawa this week? They felt that levying the surcharge on marine fuel expended on international voyages in inland waters on Canadian entrepreneurs was discriminatory, and also that the surcharge was an infringement of the National Transportation Act, since it applied only to marine transportation and not to railway or highway transportation, and finally, that a large part of the traffic in American goods carried by Canadian entrepreneurs would now be carried by American shippers who, as a result of the surcharge would now be economically more attractive.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I must say I disagree with this assumption. First of all, we must not forget that there are certain taxes for land carriers, for instance trucks, which are different from those levied on marine carriers. We have always had taxation systems that varied depending on the type of transportation.

As far as international transportation is concerned, we have the same arrangement for American and Canadian ships, but there is no evidence that this factor has had any effect on the preference for Canadian or American carriers in international transportation.

Finally, I should like to remind my colleague that Canadian carriers have a considerable advantage in Canadian ports, and that this advantage could be put to good competitive use, even on international routes.

* * *

[*English*]

ENERGY

OIL IMPORT COMPENSATION PROGRAM

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I have a question for the Minister of Energy, Mines and Resources. It concerns a tax rip-off of about 18 cents a gallon to Canada's oil consumers. Why, in his announcement yesterday, did the minister not change the flat rate compensation formula, which does not consider the actual cost of imported crude but only the average, thereby today over-compensating certain oil refiners and oil importers in eastern Canada by as much as $9 a barrel?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am afraid my hon. friend does not understand the oil compensation charge very well. As he says, it is an average, and for every cent of advantage that a particular refiner might get on a cargo, he or his competitors will lose an equivalent cent on other cargoes because the charge is an average. The total net result, as far as importers are concerned, is exactly zero. For any money they will make on one cargo they, or somebody else, will lose it on another cargo, so there is no advantage over-all in terms of the import compensation charge.

Mr. Rose: Madam Speaker, perhaps I do not understand the complexities of the oil compensation charge, but I certainly do not understand the minister either, because the minister has come out with a policy to reduce exports, reduce prices, involve himself in swaps, and all the rest of it. If it does not make any difference, why bother?

REQUEST FOR CONSUMER REBATE

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, will the minister assure the House that he will institute either a better reporting system, involve himself in complete swaps, or at least, if there is over-compensation, institute a rebate so that the consumer can get money back from the over-subsidizing of oil importers in eastern Canada?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I noticed that the hon. member prefaced his last question with "if". I want to assure him that the system is built in such a way that there cannot be a profit made over-all in the system by the refiners or the companies. It is just impossible under the rules of the system which have been established.

As far as the total charge is concerned, the agreement with Alberta specifies quite clearly that the government should not make a profit, and the net result at the end of the year should be that the oil compensation charge should be equivalent to the cost of importing. If adjustments are required, we will, of course, make them, but the system, as it is built, is such that the industry cannot end up with an over-all profit.

* * *

MINING

REMISSION OF TAX ON NORTHERN LIVING ALLOWANCE

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is directed to the Minister of State for Mines. Earlier this week the Minister of State for Mines was visiting New York, and she was surprised to be addressed by several interested people in the United States on the future of the northern living allowance. I gather she was unprepared and unable to answer questions put to her down there. She has had some difficulty explaining why it is the government refuses to extend the remission order while at the same time it has not

come forward with an acceptable alternative program. I understand that the minister has privately told many people that she is in favour of extending the remission order. I want to ask the minister if she has made that recommendation to the Minister of Finance and other members of cabinet and, if so, why they are not acting upon it.

• (1140)

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I should like to correct the impression that the hon. member has left that the mission to New York was not successful. On the contrary, it was a very successful mission. In fact, the Minister of State (International Trade) is reading the press reports of that mission at the moment. I was able to reassure the investors in New York that their investments are indeed welcome in Canada.

As to the northern remission order, I was very pleased and somewhat surprised at the sophistication of the questions regarding this. I replied that the government, as has been said over and over again in the House, is committed to having a program in place to replace the remission order that is currently in effect, because we think it is inequitable. We feel that if we are going to do this it must apply fairly to citizens of the north and of isolated communities. The questions were answered fully in New York.

QUERY RESPECTING POSSIBLE ALTERNATIVE PROGRAM

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, the minister knows that the industry, including United States' interests in our iron ore industry, is very concerned because of the uncertainty created by the government. The replacement of the present system with respect to taxation will have a destabilizing effect on the northern economy, and the industry wants to know what the alternative is going to be.

On Tuesday the Minister of Indian Affairs and Northern Development was quite firm in dealing with the steelworkers who came here to see him. He told them that the only alternative system being considered was a grant-based system. I want to know if the minister agrees with the notion that the only alternative program would be something involving a per capita grant in the order of $500 per person. If that is the case, there is no purpose in further discussion of this matter. Would the minister please clarify this point?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I was not at that meeting, and I do not think the hon. member was either. I think he is taking some stabs in the dark at the moment. I should like to inform him that a number of people are looking at a number of policies. A grant system is just one, but it is not the only route. We are consulting with the mining companies. A whole process of consultation is under way which includes the labour unions. Before we come forward with the policy we must make sure that all those involved, including the mining companies, know exactly what direction we are taking, so that there will be stability in the north.

* * *

LABOUR CONDITIONS

EFFECT OF GOVERNMENT POLICIES ON EMPLOYMENT IN NORTH

Hon. Jake Epp (Provencher): Madam Speaker, I should like to direct a question to the Minister of Employment and Immigration about the thousands of lay-offs in northern Canada, specifically in Manitoba and Saskatchewan, in such places as Flin Flon with Hudson Bay Mining and Smelting Co. Limited, Rattan Lake, Leaf Rapids, and Creighton, for instance. Can the minister explain why it is that the disastrous economic policies of the government have resulted in the lay-off of thousands of northern Canadians? They have lost their jobs and do not have a future. Could he explain how these economic policies have impacted so negatively on northern Canada?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member for Provencher makes one basic, illogical error, and that is to say that it is government policies responsible for the problems in the mines. As my colleague has indicated in the House several times, and as have many others, the mining industry in particular is facing a severe depression on a world-wide level. As a result, there are no customers for our mining products. I think the hon. member is learned enough to know that if the ore and other products are not sold, then there will be no work. That is why the lay-offs have occurred.

In the meantime, Madam Speaker, we are trying to protect the workers by offering them a number of alternative measures, such as a work-sharing program. We have now signed over 530 work-sharing agreements across the country. We have the unemployment insurance program in place which provides income security. We are using the full arsenal of programs to provide for some income security protection during these difficult times when the international markets are not working the way we would like.

JOB-CREATION MEASURES

Hon. Jake Epp (Provencher): Madam Speaker, I find it passing strange that whenever a job is created in the private or public sector the minister takes credit for it, but when jobs are lost the fault lies with someone else.

I should like to ask the minister if he has been approached by officials of the government of Manitoba, for instance, to see how these jobs can be restored and how people can stay in the area so that when there is an upturn in the world market they will be available for work. We should not lose these valuable people.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am pleased to tell the hon. member that we have had discussions with officials of the government of Manitoba. We have offered to use Section 38 of the Unemployment Insurance Act to create alternative employment. This would require the co-operation of the mining companies, the unions, and the provincial governments. We are encouraging the provincial governments to sign these agreements. We have signed with the province of Ontario and we are negotiating with several others. If the hon. member could use his good offices with the province of Manitoba to provide further encouragement, we would appreciate that. Our offer stands and we are prepared to respond as soon as Manitoba takes the initiative.

* * *

EXTERNAL AFFAIRS

ARGENTINA—ATTACK ON FALKLAND ISLANDS

Mr. Maurice Foster (Algoma): Madam Speaker, my question is for the Secretary of State for External Affairs. In view of the hostile actions of Argentina in attacking the Falkland Islands, a fellow democratic territory with Canada in the Commonwealth of Nations, can the minister report to the House on the situation there this morning? Can he tell the House what action is being taken by the Government of Canada to protest these unwarranted attacks on the Falkland Islands by Argentina?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, it appears that Argentinian forces either actually have landed or are in the process of landing in the Falkland Islands and other islands in that group. This is deeply shocking to the Government of Canada. It is shocking that a country such as Argentina should have recourse to violence in this way, in a situation in which there has been no change and where there is no reason of any kind for such action. This is particularly so because it flies in the face of a General Assembly resolution in 1976 when Argentina joined with the majority of countries in urging the parties to the dispute not to try to alter the situation unilaterally by force. In these circumstances we take a very serious view of the situation, and we will be communicating that view to the Government of Argentina.

TESTING OF UNITED STATES MISSILES IN CANADA

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is also directed to the Secretary of State for External Affairs. As the minister knows, the consultative group on disarmament met his ambassador for disarmament and senior officials from his department yesterday, and they are meeting again today. He also knows that this group includes such distinguished representatives as George Ignatieff of the United Nations Association, William Epstein of Pugwash, Murray Thompson of Project Ploughshares, and many others. The group has expressed enormous concern and frustration because its opinions and advice are never sought by people at the policy-making level, or by the minister. When he has this consultative group on disarmament available, why did the minister not consult with it before arranging a framework agreement with the United States to provide for the flight testing of the Cruise missile in Canada? Why did he not consult this group?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the hon. member herself gives the proof of consultation when she asks questions. The group was established by us for the purpose of giving us their opinions. As the hon. member has said, they have been meeting with my officials for the last day and a half. After question period I will be meeting them for lunch in order to discuss with them all the questions that they wish to raise.

ROLE OF CONSULTATIVE GROUP

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, the minister is getting very bad advice from his department. Does he not know that all day yesterday the consultative group was asking that its opinions should be sought out and that it should not, like the rest of us, have to read in the newspapers that we are going to flight test a missile or anything else? They want to be consulted before, not after the fact. Would the minister therefore make a commitment now that in future this consultative group will be consulted ahead of action being taken by the government?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the purpose of this consultation with the consultative group is precisely to take their views in advance of our position at the UNSSOD II meeting in New York in June. That is typical of the way in which we seek the advice of this group. The hon. member would surely not want to suggest that the Government of Canada cede its decision making power to the group. The fact that we do not share her party's view of NATO and do not share her views on various questions concerning the disarmament field surely does not imply we are not aware of them.

* * *

• (1150)

CANADIAN ARMED FORCES

EARLY RETIREMENT OF REAR ADMIRAL HUGHES

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of National Defence. It concerns the sudden and early retirement of Rear Admiral Hughes from the Canadian Armed Forces. Can the minister tell us whether Admiral Hughes was paraded to the minister's office last fall and warned that he was not to speak to the media on any subject because it might be considered by the minister to be criticism of the government?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I can assure the hon. member that I never said such things to Admiral Hughes when I had a conversation with him with the Chief of Defence Staff. I can say nothing more than I said six weeks ago, namely that the Chief of Defence Staff offered a posting to Admiral Hughes. Admiral Hughes refused it, and he decided of his own volition to take an early retirement.

ADVICE TO CABINET

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my supplementary question is for the same minister. On March 6, at a press conference held on the west coast, the minister disclaimed any participation in the early retirement of Admiral Hughes. When it was decided to offer Admiral Hughes an unacceptable posting as a method of retiring him, was the minister consulted or not? Will he tell the House whether he in turn advised the Prime Minister or his other colleagues in the cabinet of what was afoot?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the hon. member should know very well, because he is an ex-minister of defence himself, that postings are the responsibility of the Chief of Defence Staff. However, I am, of course, consulted on some of the postings. It is the responsibility of the CDS to post whomever he wants to wherever he wants. Most people go to the postings assigned. When an officer asks for early retirement, there is nothing else for us to do but accept his request.

* * *

COURT MARTIAL APPEAL COURT

APPOINTMENT OF PRESIDENT

Hon. Erik Nielsen (Yukon): Madam Speaker, I have a related question for the Minister of National Defence. It is with respect to a recent order in council which I understand has been passed appointing a new president to the Court Martial Appeal Court. If such a president has been appointed, can the minister tell the House why the individual so appointed who has never been a soldier, who has never seen military service, who is not a lawyer and who has no legal experience has been appointed as president of the Court Martial Appeal Court?

Mr. Paproski: What are his qualifications?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, when an appointment such as this is made it involves consultations with the justice department. In co-operation with the justice department we do appoint the man we think is most suitable.

Mr. Siddon: What are his credentials?

REASONS FOR APPOINTMENT

Hon. Erik Nielsen (Yukon): Madam Speaker, I will direct my supplementary question to the Minister of Justice. Why is it that such an individual who has no military service, who has never been a soldier, and who has no legal experience, nor is he a lawyer, found his way into this highly responsible and professional position?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): First, Madam Speaker, I will have to check to find out the name of the person involved.

* * *

NATIONAL SECURITY

EXPULSION OF SOVIET EMBASSY OFFICIAL

Mr. John Gamble (York North): Madam Speaker, my question is for the Secretary of State for External Affairs. Yesterday he announced the expulsion from Canada of a certain Mikhail Abramov, an official with the Soviet embassy, for carrying on activities which were illegal under Canadian law, namely, an effort to extract from Canada certain high-technology materials.

According to the Canadian businessman contacted by Mr. Abramov for the purpose of perpetrating his activities, it appears that there was at least one other official of the Soviet embassy involved with Mr. Abramov. Could the Secretary of State for External Affairs indicate whether this is in fact the case? If it is, why have no other officials of the Russian embassy been similarly expelled from Canada?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I have no further comments to make and no further details to add beyond what I said yesterday, except to say that the Government of Canada has acted in what it sees as the national interest.

STAFFING OF SOVIET EMBASSY

Mr. John Gamble (York North): Madam Speaker, according to the minister's own press statement, this is the third time in a period of four years that Russians have been involved in activities of this nature. As I recall, in 1978 12 individuals were expelled for espionage activities in Canada. It appears that trapping these people, who are carrying on these activities, has no impact on retarding the Russians in their efforts to breach the laws of Canada. May I suggest to the minister that it might be appropriate now to convey to the Russian government that if the Russians continue to engage in these activities in our country, we will have to take steps to make them realize we are serious, such as cutting the number of staff and Russian officials by one half who may remain in Canada, so at least there will be fewer people in this country breaking the laws of Canada.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the government will take what steps it sees as necessary from time to time. The hon. member must not underestimate the disruptive effect of an action such as the expulsion which is taking place. I might also mention that this does indicate the high technology sanctions, which were tightened as a result of the Soviet invasion of Afghanistan, really do have considerable bite. The Soviet Union is, therefore, in a position where it is obviously prepared to go to extreme lengths to obtain the kind of technology which is denied, and which we will continue to deny to it as long as that country continues its aggressive acts.

* * *

THE MINISTRY

ROLE OF MINISTER OF STATE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Member of Parliament for Hochelaga-Maisonneuve in his capacity as Minister of State. Would he tell us which minister or ministers he assists?

[*Translation*]

Hon. Serge Joyal (Minister of State): Madam Speaker, I am pleased to say, in answer to the question put by the Right Hon. Leader of the Official Opposition, that I am available to all my cabinet colleagues for the purpose of assisting them in explaining to Quebecers the scope and meaning of decisions made by the Canadian government and applying to Quebec.

[*English*]

POWERS, DUTIES, AND FUNCTIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question. Would the hon. member for Hochelaga-Maisonneuve indicate to us what specific powers, duties or functions he performs on behalf of those ministers?

[*Translation*]

Madam Speaker: Order, please! I believe this question should be directed to the Prime Minister. In fact, I am not altogether sure, but I think the House should be careful about this, although I have some hesitation as to what I should or should not allow at this time. I feel that it is up to the Prime Minister to be answerable for the responsibilities he gives his ministers.

[*English*]

Mr. Clark: Madam Speaker, I am quite happy to direct to the Prime Minister the question as to which specific powers, duties or functions are performed for any ministers by the hon. member for Hochelaga-Maisonneuve.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in terms of the Financial Administration Act the answer would have to be none. But in terms of the role of the minister in assisting other ministers, from time to time I do assign to him specific tasks to assist other ministers.

An hon. Member: What are they?

Mr. Trudeau: For instance, assisting the Minister of Justice during the constitutional debate, both in meeting with many groups throughout Canada—

An hon. Member: That is over.

Mr. Trudeau: I am giving examples, not of the future, but of what happened in the past.

Mr. Siddon: He was not a minister then.

Mr. Trudeau: Mr. Leader of the Opposition, would you convince your members that you have some importance in this House and that your questions are—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

PROVISIONS OF GOVERNMENT ORGANIZATION ACT, 1970

Hon. Erik Nielsen (Yukon): Madam Speaker, I have a supplementary question. Since the Prime Minister has mentioned the Financial Administration Act, could he inform the House what specific powers, duties or functions are performed by the Minister of State, the hon. member for Hochelaga-Maisonneuve, under Section 23 of the Government Organization Act, 1970?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the hon. member would refer to my previous answer, he will find that I answered that question in advance.

SUGGESTED ASSIGNMENT FOR MINISTER

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a question for the Prime Minister. Since there are no administrative duties assigned to the Minister of State, to whom we are referring, would the Prime Minister consider assigning the Minister of State to the Minister of Communications who is having great trouble in bringing on a freedom of information law despite the expressed commitment of his government?

• (1200)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I suppose the members opposite are welcome to give me suggestions in so far as they are of assistance to other people. Could I suggest to the hon. member that he himself should give more assistance to his own leader because—

An hon. Member: Oh, come on.

Mr. Trudeau: —his own leader is performing his duties very pitifully in this House.

ADMINISTRATIVE DUTIES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, now that the Prime Minister has been brought up to date and knows that the minister to whom he was referring was not a minister when he described the functions he thought that minister then performed, I wonder if the Prime Minister can tell us what duties, powers or functions of an administrative nature the hon. member for Hochelaga-Maisonneuve performs at this point in time for any minister?

Right Hon. P. E. Trudeau (Prime Minister): I answered that, Madam Speaker. None in the sense of the Financial Administration Act.

Mr. Nielsen: What about the Government Organization Act?

An hon. Member: What is he being paid for?

* * *

PETITION

TABLING OF REPORT OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and ninety-first report of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Thursday, April 1, 1982 and finds that the petitions meet the requirements of the Standing Orders as to form.

* * *

BUSINESS OF THE HOUSE

OMISSION FROM ORDER PAPER

Madam Speaker: I would also like to tell the House that through a technical error the order for third reading of Bill C-97 was omitted from Government Orders on today's Order Paper, but it will appear on Monday.

ROUTINE PROCEEDINGS

[*Translation*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

PRESENTATION OF EIGHTH REPORT OF STANDING COMMITTEE

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, I have the honour to present the eighth report of the Standing Committee on External Affairs and National Defence. Subject to the consent of the House—I have already obtained the required consent of the hon. members for Yukon (Mr. Nielsen) and Hamilton Mountain (Mr. Deans)—I shall later ask the House to concur in adopting the report.

[*Editor's Note: For above report, see today's Votes and Proceedings.*]

* * *

[*English*]

PETITION

MR. SIDDON—CARRIAGE OF BAGGAGE AND FREIGHT ON AIRCRAFT

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I have the privilege and responsibility to present to this House a petition signed by some 1,600 aviation workers employed by the air transport industry in Canada. They have noted a dramatic increase in the number of loaded firearms and instances of restricted articles being transported in baggage and freight shipped on passenger aircraft in Canada. They have called for the posting of restricted article signs at all check-in counters in Canadian airports.

They have also called for an amendment to the restricted weapons and firearms control regulations to allow the mandatory use of gun tags for all firearms carried on commercial aircraft. They have suggested that stringent penalties be imposed on persons who violate such regulations, and that an independent body be established to monitor enforcement of same.

These workers, Madam Speaker, have documented many potentially disastrous incidents involving loaded firearms, toxic gases, leaking chemicals, acids and explosives which have been discovered in baggage on Canadian commercial aircraft. This is a serious matter indeed and demands the immediate attention of the Minister of Transport (Mr. Pepin).

* * *

[*Translation*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

CONCURRENCE OF EIGHTH REPORT OF STANDING COMMITTEE

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, I wish to thank the hon. members for Yukon (Mr. Nielsen) and Hamilton Mountain (Mr. Deans) for granting permission to

table this report and request its adoption. I therefore move, seconded by the hon. member for Perth (Mr. Jarvis), that the eighth report of the Standing Committee on External Affairs and National Defence, presented earlier today, be concurred in—

[*English*]

—and I thank the hon. members for their courtesy in allowing me to do so.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,673, 1,697, 3,181 and 3,889.

[*Text*]

FINKELMAN REPORT ON EMPLOYER-EMPLOYEE RELATIONS

Question No. 1,673—**Mr. Herbert:**

Does the President of the Treasury Board intend to respond to each of the seventy-two recommendations in the Finkelman Report on Employer-Employee Relations in the Public Service and, if so, on what date can the comments be expected?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): The report to Parliament of the Special Joint Committee on Employer-Employee Relations in the Public Service contained 72 conclusions or recommendations made as a result of that committee's consideration of the Finkelman Report. The Finkelman report itself presented approximately 300 recommendations on employer-employee relations in the public service.

These recommendations are under study by the government which will propose in due course, amendments to the existing legislation. Also, please refer to part (b) of question No. 1,697 answered this day.

The President of the Treasury Board does not intend to respond to each of the recommendations individually.

LOCK-OUT OF PUBLIC SERVANTS

Question No. 1,697—**Mr. Herbert:**

Does the government have the right to lock out public servants and (a) if so, has it exercised the right in the past three years (b) if not, does it intend to seek the right in legislative proposals to be brought before the House?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): (a) The Public Service Staff Relations Act which governs employer and employee relations in the Public Service of Canada as defined in Schedule 1 of the Public Service Staff Relations Act does not contain a lock-out provision. Thus, the government does not have the right to lock out public servants and has not done so.

(b) The government is presently reviewing legislation concerning collective bargaining in the federal public service. That legislative review includes a review of the framework of collective bargaining and the processes for the resolution of disputes. As a result of the review, the government will be proposing, in due course, appropriate amendments to the Public Service Staff Relations Act and other legislation which may be affected.

STRIKES WITHIN PUBLIC SERVICE

Question No. 3,181—**Mr. Cossitt:**

1. What is the current government policy on strikes in the public service and Crown corporations, particularly in essential services?

2. Has the government considered or is it considering changes in the present legislation, limiting the right to strike in essential services and substituting some other method of settling labour problems?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by Treasury Board of Canada and Labour Canada as follows:

1. The Public Service Staff Relations Act, which received all party support when first passed in 1967, allows bargaining agents representing employees of the federal government to choose conciliation/strike as the dispute resolution method. The government respects that right. Section 79(1) of the Public Service Staff Relations Act also provides:

"Notwithstanding Section 78 (concerning the establishment of a conciliation board), no conciliation board shall be established for the investigation and conciliation of a dispute in respect of a bargaining unit until the parties have agreed on, or the board has determined pursuant to this section the employees or classes of employees in the bargaining unit (hereinafter in this act referred to as "designated employees") whose duties consist in whole or in part of duties the performance of which at any particular time or after any specified period of time is or will be necessary in the interest of the safety or security of the public."

Section 101(1) of the same act provides:

"No employee shall participate in a strike—

(c) who is a designated employee"

It is to be noted that the act refers to "duties . . . necessary in the interest of the safety or security of the public and not 'essential services'."

The current government policy on strikes in the public service is to endeavour, in negotiating with its employees, to avoid strikes. However, where agreement cannot be reached through direct negotiation and where the bargaining agent has chosen the conciliation/strike route, then the provisions of Sections 79 and 101 of the Public Service Staff Relations Act with respect to safety or security of the public apply.

Crown corporations are under the Canada Labour Code and thus the provisions of the PSSRA do not apply.

2. The government is presently reviewing legislation concerning collective bargaining in the federal public service. That legislative review includes a review of the framework of

collective bargaining and the processes for the resolution of disputes. As a result of the review, the government will be proposing, in due course, appropriate amendments to the Public Service Staff Relations Act and other legislation which may be affected.

Labour Canada

1. With respect to strikes involving Crown corporations, the government fully supports the free collective bargaining process, including the right of employees to withdraw their services or the employer to lock out his employees. Part V of the Canada Labour Code contains provisions which place certain requirements on the bargaining parties before lawful strike or lock-out action may be initiated; these include the filing of a notice of dispute with the Minister of Labour and the exhaustion of all conciliation assistance available to the parties at the discretion of the Minister of Labour. In addition, the code effectively prohibits strikes over rights disputes and on the question of union recognition, and allows for limiting the acquisition of the right to strike or lock out when Parliament is dissolved.

In instances where contract negotiations reach an impasse, the Federal Mediation and Conciliation Service of Labour Canada provides expert conciliation and mediation assistance to the parties in an attempt to resolve their differences and arrive at a mutually satisfactory agreement. The vast majority of disputes referred to FMCS are settled without resort to strike or lock-out action.

2. The government is not considering changes in the present legislation with regard to

(a) the acquisition and exercise of the right to strike; and

(b) the mediation and conciliation procedures for the resolution of disputes

with respect to the collective bargaining process in Crown corporations.

BUDGET ADVERTISING

Question No. 3,889—**Mr. Cossitt:**

Did the minister responsible for the Canada Mortgage and Housing Corporation state in the House of Commons that employees of Graphic Artists, Studio S & B, 400 St. Antoine St. West, Montreal were sworn to secrecy in connection with their work on the budget advertising and, if so (a) what was the exact date and time they were sworn to secrecy (b) who administered the oaths of secrecy (c) what were the names of all the persons to whom oaths were administered?

Hon. Paul J. Cosgrove (Minister of Public Works): No. (a), (b) and (c) Not applicable.

[*English*]

Mr. Smith: Madam Speaker, I ask that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—ECONOMIC CONDITIONS

Hon. Bill Jarvis (Perth) moved:

That, in the opinion of this House, major policies of the government have made economic conditions in Canada worse by forcing lay-offs, preventing job creation, slowing economic growth and driving out investment.

He said: Madam Speaker, as you will see from the text of the motion, its purpose is to focus attention upon major government policies, particularly those of an economic nature, or which impact directly on our economy.

I might say by way of introduction that government policies are the result of the exercise of political power. I would be hard pressed to find a government, indeed a political party, more obsessed with political power than the one opposite me. Unhappily, I believe it has been this obsession which has obscured and distorted the use of power. Without oversimplifying the matter, I suggest to you that political power is nothing more or less than the right and responsibility of a government to provide services to people. As a result of the exercise of political power, and implementation of government policy flowing from it, services should be delivered to Canadians.

They may be, Mr. Speaker, Canadians in a particular region where a government policy enhances the opportunities of the people in that region. They may be Canadians in a particular strata of society who are being assisted; the poor or disabled, for example. They may be Canadians in a certain sector of our society, such as farmers or manufacturers, or they may be social policies which would be of benefit to all Canadians.

The point is that, with very few exceptions, government policies should operate to benefit Canadians. I am not only sepaking of the expenditure by the government of the tax dollars that it has collected, because the government may opt to create, for example, a climate of opportunity, or a climate of challenge, or a climate of optimism, which is often much more effective and beneficial than the expenditure of billions of taxpayers' dollars.

• (1210)

What has prompted this particular motion is that recently major government policies have done exactly the opposite to what they were supposed to do and what they have traditionally and historically done. Instead of creating benefits and

beneficiaries, the government has created casualties and victims by the thousands, by the tens of thousands and by the hundreds of thousands. One casualty list alone has over one million names on it. That is the list of jobless casualties. They are in every region, in every sector and in every strata. They may be fishermen in our coastal waters or farmers in our rural areas. They may be miners, they may be factory workers, they may be the young who are trying to enter the job market or they may be the elderly on fixed incomes. They all have one thing in common: they are the victims of government policy. I want to deal with just one group this afternoon. I want to deal with the jobless. There are officially over one million unemployed, plus thousands who are not on the official casualty list, such as the young who are attempting to enter the job market, those without unemployment insurance benefits, and those who once received benefits which have now run out.

If I may focus, may I do so in a local sense. I do not attempt to focus parochially or to suggest for one minute that my riding is the microcosm on the perfect example of all ridings in Canada. However, it is obviously the one I know best. I would like to use the Stratford area as an example because our work force has historically been stable and industrious. Our incomes have been much lower than many communities. We do not claim to be on the top of the average income list. However, we have a good employment record. For example, concerning government make-work grants, we have never received a grant above the minimum in the more than nine years I have been here. These grants are presumably based on unemployment records. We have never received more than the minimum, whether it be under the local incentives program, Canada works, the young Canada works, or the new one, the community services program. Every time we change a minister, we change the name. However, we have never received more than the minimum and we have never claimed more.

We have experienced no dramatic increase in population, but we have had a community of home owners with confidence in themselves and in their community. We have had a community of stability, and we have had a community of optimism. We are typical of many hundreds of Canadian communities from one side of this country to the other.

Some hon. Members: Hear, hear!

Mr. Jarvis: What has happened to that one community—and we share the situation with many others—in five months? In the Stratford district we have a work force of 22,000 people. Three thousand five hundred people have been laid off in five months. Three thousand five hundred people have lost their jobs and have become victims along with the other thousands who are dependent upon those victims. There has been a decrease in manufacturing employment of 35 per cent. We have a Canada Employment Centre which has a caseload capacity of 250 people a day, but the present volume is 400 to 500 a day, which is double our capacity to handle. With respect to unemployment insurance services, our active claim load increased by 52 per cent this winter as compared to last winter.

I repeat, we are not unique in Perth county or in Stratford. Dozens of Members of Parliament represent constituencies in southwestern Ontario and right across the country. Their numbers change, but the scenario remains the same. The reality is that over one million people are out of work. My 3,500 jobless constituents want jobs, they do not want handouts. They are proud, productive and hard-working. They do not want to rip off a government system, and they are not ripping off a government system. They are victims of the government system.

What happens to a community when 15 per cent of its work force is laid off in five months? Indeed, what happens to a country with one million unemployed? There are three major, direct, adverse impacts: the economic impact, the social impact and the psychological impact. We have yardsticks to measure the economic impact, such as business bankruptcies which increased by 22 per cent in 1981 over 1980, and increased by 43 per cent over 1979. During the first two months of this year, there was another 28 per cent increase in bankruptcies. We also have the yardstick of housing starts. Last year the city of Stratford had only three new housing starts. Three, in a city of over 25,000 people! That is a yardstick. There are others, such as retail and wholesale sales and the percentage of productive capacity.

However, unhappily and tragically, the best yardstick is unemployment and the cost of unemployment. One should go to a municipal official and ask him or her what the cost of unemployment is to the welfare department of that municipality. In Ontario, one should go to the ministry of community and social services and ask those provincial officials what the cost of unemployment is to their budgets. If one wants to ask the federal government, one should go to the Unemployment Insurance Commission officials and ask them what the cost of unemployment is to their fund. Over and above every dollar, nickel and penny contributed by the employers and employees to that fund, the Canadian taxpayer will have to pick up a shortfall of $1 billion in that bankrupt fund.

An hon. Member: That is not right.

Mr. Jarvis: That is the cost to the Canadian taxpayer.

Let me deal with the social impact. Not long ago, a colleague of mine in this House dealt with the social impact resulting from unemployment. One of the ministers of the Crown said it was nonsense. Well, that minister was either ignorant or insensitive to a very real fact of life; that is, the absolute, direct relationship between unemployment and adverse social manifestations, whether drug or alcohol abuse, family breakdown, suicide, heart attack or crime of all kinds. The Department of Labour has a report to show the direct relationship. As unemployment increases, so does social tragedy increase. It is not necessary that Your Honour believe me. Talk to a law enforcement officer or a probation officer. Talk to a welfare official. Talk to children's aid caseworkers. Talk to family counsellors. Talk to doctors and hospital staffs. If one does this, one will find that the cost is staggering in

terms of dollars, if we want to be so callous as to measure social cost in terms of dollars. However, the real cost has no dollar value. That is the cost in terms of human misery, human despair and human degradation.

The third impact is the psychological impact. It may not be the most important, I do not know. I know that for me, and I think for many of my colleagues, it is the most difficult to understand. Unfortunately, I think it may be the most difficult to cure.

May I give Your Honour two examples from my riding. One group, which is likely next to my rural constituents in stability, is made up of skilled workers—machinists, tool and dies makers, electricians, carpenters and cabinet makers. These people have put their roots deeply into the community. They have purchased their own homes and are active participants in the community. They are people who purchased their own homes, who are active participants in the community, a stable, hard-working, optimistic work force normally.

• (1220)

What has happened to this group? This group is frightened. There are a lot of them out there now who are mad, and we all have constituents who are mad. Every weekend when we go home we hear about it. Anger boils up quickly and often dissipates quite as quickly. But fear is like a cancer that eats and eats and eats away.

I have the skilled labourers in my riding saying to me, to themselves and to their families: "Now that my house is mostly paid for, now that my children are mostly looked after and I am in the last half of my working career, is there going to be a job; is that company going to be in business for the last half of my working career?" That is what they are saying. Then they say: "Even if the company stays, is it going to move into a high technology field and am I going to be capable of being trained, or are services going to be there to retrain me?"

Therefore, you have one of the most stable sectors in your riding saying to itself, out of fear: "Am I going to tear up my roots; am I going to try to sell my house; am I going to move into a strange community, because I cannot survive here?" Sir, that is a very difficult thing to manage.

The other group, Mr. Speaker, that I want to talk about in my riding we all have, and I call them, for lack of a better name, the risktakers. It generally consists of the farming community and the small businessmen. I suggest they have been the builders of my riding and the builders of this country.

Some hon. Members: Hear, hear!

Mr. Jarvis: They are the men and women that at high personal risk will build and enlarge and improve. It may be the building of a new barn, the enlarging of a factory, buying a combine, a tractor or a delivery truck. They are willing to take a chance because they have always had confidence in themselves and they have had confidence in the country.

What are these risk-takers doing? I will tell you what a lot of those who had capital, those who are in a liquid position, those who were deterred by having to borrow at high interest rates, did, Mr. Speaker. They bought Canada Savings Bonds at 19.5 per cent interest. That is what the risk-takers did. They did not build a barn, they did not enlarge their business, they did not buy a new truck or car. If they had sufficient liquidity, they bought Canada bonds at 19.5 per cent. That is exactly what happened. What jobs in Perth county can be created by that? None. The traditional demand from risk-takers vanished, and with it vanished jobs. Part of those 3,500 jobs were lost in five months alone.

This is the tragic situation in my riding and I am sure in many others. A stable, productive, confident community has vanished, ravished by high inflation, deterred by high interest rates but, most important, brutalized by lost jobs.

What does the government do and say? It does nothing and it says: "We cannot do anything because we are simply part of an international recession and we cannot divorce ourselves from the economy of the United States". I do not accept that, Mr. Speaker, I do not accept it at all, but I will not debate it right now, I will go on and point out what a government's responsibility is in such a situation.

Let us assume that we can do nothing about those international pressures on the one side, and our economy tied to the United States on the other. What does a responsible government do then? Does it throw up its hands? Does it shrug in despair? Does it wait it out? Does it accept the loss of productivity and the one million people unemployed? A responsible government in this situation, Mr. Speaker, looks within its own country to those sectors that are unique to it, that may operate as a defence against those external pressures.

Have we in Canada anything unique? We have a number of things. We have one thing I would like to talk about, one very important sector. We have the oil and gas sector; that is one. What other industrialized countries have it? Name me one, in the industrialized world, that has the potential that this country has in the production of energy.

Let me discuss three energy fields where government policy has stolen the jobs of my constituents and the jobs of constituents of every member of this House. One, the tar sands megaproject of Alsands and Cold Lake; two, the Alaska natural gas pipeline; three, the conventional oil and gas exploration and drilling industry. The tar sands have $20 billion of direct investment in those two projects, with $40 billion of indirect investment flowing from the construction of those two projects. There is job creation far beyond the province of Alberta, because 25 per cent to 35 per cent of the expenditure of those billions of dollars goes to the provinces of Ontario and Quebec in the manufacturing sector, in the engineering sector, and the construction sector.

What has happened? Two years ago, Alsands should have started construction. Not one job has been created. Why? Because Canada and Alberta cannot agree. That means 3,500 people in my riding are laid off because Canada and Alberta cannot agree.

The Prime Minister of Canada (Mr. Trudeau) and the Premier of Alberta should say to their respective ministers of

energy: "Gather up your officials, gather up your reports and documents, go into that room and don't you dare come out of that room until you have that problem solved, to get those projects started". The failure to do that is costing my constituents their jobs and no one who is a leader in the federal government or in the government of Alberta has a right to do that. It means 25,000 man-years of direct employment, and 220,000 man-years of indirect employment, but they will not even go into a room to resolve the problem. Canadians were promised those jobs and we want that promised fulfilled. We know that four and one-half years ago in this House the Minister of Finance (Mr. MacEachen), then President of the Privy Council, made that promise. We want that promise fulfilled.

Now the natural gas pipeline, Mr. Speaker. Again there was an ironclad guarantee, another promise of jobs, but where is it? While the minister of energy of Alberta and the Minister of Energy, Mines and Resources of Canada (Mr. Lalonde) are in that room, I do not want the Prime Minister jetting around the world, I want him in the oval office in the White House in Washington, resolving the natural gas pipeline problem. Because failure to do so is robbing my constituents of jobs.

Let me talk about the third item. It is one on which the government does not have to agree with anyone else on. It is the conventional oil and gas service industry of Saskatchewan and Alberta and British Columbia. What has happened since the National Energy Program was implemented? Drilling in Canada is down 25 per cent and at the same time drilling goes up by 25 per cent in the United States. We find a 33 per cent decrease in rigs operating; 225 to 270 rigs have left Canada; 40 per cent of our drilling rigs have gone out of the country. This figure does not even include the service rigs. We have exported to the United States over $1 billion in oil and gas rigs. It is exactly the same, Mr. Speaker, as if I picked up a cheque book, wrote out a $1 billion cheque and handed it to the United States and said: "Here, go ahead, create jobs, thanks to Canada." That is exactly what has happened.

What effect has that had on Stratford? Stratford is far removed from the drilling area. The oil and gas industry is the biggest single consumer of trucks of any industry in Canada. It is not construction, it is not mining, it is not lumber, it is the oil and gas industry. What does Stratford make for trucks? It makes the brake cable, radiators, the interior trim, the filters, the fans, the bearings. Let me give you an example, Sir. I have a letter from the president of Cooper Energy Services Ltd. of Stratford. I will read part of it:

> Since late 1980, coincident with the National Energy Program, the demand in Alberta for reciprocating compressors in gas production and gas gathering applications has declined dramatically parallel to the departure of drilling rigs from Canada.

He goes on to say:

> Since the end of 1981, approximately 94 skilled tradesmen have been given lay-off notices.

In the energy industry, that Stratford plant should be bursting at the seams. It should be on three shifts a day. It should be hiring and training skilled labourers. However, 94 skilled tradesmen have been laid off since January 1. It is absolutely unbelievable that that should be going on in this country.

• (1230)

A headline in today's *Globe and Mail* states "55 laid off by oil service rig firm in Cambridge". This matter was raised yesterday in the House of Commons. That plant in Cambridge, a neighbouring riding, should be on three shifts a day, bursting at the seams and planning to expand. Every time a drill rig leaves this country, it costs Canadians jobs. In 1981 we paid $3⅓ billion of taxpayers' money to subsidize imports of foreign oil. Not one job was created with the expenditure of that money.

We import oil. What do we export? We export drill rigs, service rigs and thousands and thousands of Canadian jobs. The government's National Energy Program, and I will be as kind as I can, is a national disgrace and a national disaster. It is robbing my constituents of their right to work.

Mr. Gimaïel: Tell Mr. Lougheed.

Mr. Jarvis: I hear a Liberal heckler saying I should tell Mr. Lougheed. I will tell him to send his minister of energy into that negotiation room if he can convince the disaster that is the minister of energy for Canada to go in the same room with him. I would tell Mr. Lougheed to tell that minister to stay in the room until they have both worked out a deal. This government does not have the guts to do that and the Liberal backbenchers do not have the guts to put pressure on the Minister of Energy, Mines and Resources who is content to let people stay out of work. I am not content to let my people stay out of work because they want jobs.

I wish I had more time to spend on this. However, may I give one more example of a government gone crazy, the budget. One little item in that budget was capital cost allowance. I read in the paper that because of the implementation of the capital cost allowance provision, which reduces the ability of a taxpayer to write off part of the cost of depreciation on a car, 40,000 new vehicles will not be sold to the car rental industry. That is just one industry. It does not include the commission salesmen and all the other Canadians who use cars, just the car rental industry.

What right does the government have to do that at a time when the car industry and auto parts industry is at the lowest point since the depression? What could prompt a government, except insanity, to invoke a provision that would rob auto parts workers in my riding and across this country? It is the sheerest of folly. If the capital cost allowance provisions need review, fine; I do not mind reviewing them. I do not mind hearing the evidence to support that change. However, of all times in history, why on earth would the government deter the sale of cars and arrest the production of auto parts? It makes absolutely no sense.

This is a country beset with international problems; I acknowledge that. We have direct links with the United States economy; I acknowledge that. I also acknowledge that certain

Canadians are victims of those external pressures. However, in that situation these Canadians do not have to be the victims of a government policy that operates to cost them their jobs rather than provide employment opportunities.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I first want to thank the hon. member for Perth (Mr. Jarvis) for providing the House with this opportunity once again to address what has to be one of the most critical problems facing our country today, the economic difficulties in which we find ourselves.

More important, I want to thank him for providing us with this opposition day so that once again we on this side of the House can do whatever is possible to convince members opposite that indeed there is a very serious economic problem in our country. I still hear daily from various ministers as they respond to questioning the opinion that the problem is not that serious, that with any luck it will begin to turn around at the end of this quarter and, by the summer of 1982, we will see a recovery under way.

I do not think a single member on this side feels that way. Nor do I think does anyone opposite. That is why I appreciate the fact that the hon. member for Perth has again provided us with an opportunity to bring some facts to light and to raise some points of view that hopefully will get through to members across the aisle.

I also thank the hon. member for Perth for introducing a new concept as we struggle as a country to increase our exports. He identified a new export, the export of jobs. I know the government will find some convoluted way of using this to indicate that there is a major thrust forward and that our exports have increased. However, when we ask what they are, we will be told they are jobs, service rigs and so on. That is where my more complimentary comments will end.

As we begin to examine this economic challenge which faces our country, I do not believe it is appropriate or necessary to go into a litany of the problems. All of us on this side of the House are aware where the difficulties lie and what the problems are. It is appropriate that we emphasize the cost of these problems.

One need only look at what UIC payments cost Canadian taxpayers every year. It is fair to say, and I will watch my words very carefully, that we on this side are getting sick and tired of setting aside something in the neighbourhood of almost $5 billion a year for UIC payments. That is not to that say we do not want to provide UIC payments for those in need, of course we do. However, $5 billion of taxpayers' money going out needlessly to those folks who have lost their jobs is something we have to turn around. Last month this country paid out in excess of $600 million in UIC payments alone, not including the burden placed on every province in this country of having to make welfare payments to those folks most desperately in need.

Let us look at the statistics. I understand the Minister of Employment and Immigration (Mr. Axworthy) will be speaking later today. He will state that there are 1.1 million people who are out of work. That is not true. If one looks at the real figures of unemployment in this country, it is closer to 1.8 million. That is in excess of 15 per cent of the work force right across Canada presently out of work.

It is interesting to look at the constituency of the Minister of Finance (Mr. MacEachen). Statistics Canada reported that 9,000 people were unemployed in Cape Breton last month. However, what is interesting to note is that 18,000 people in Cape Breton were collecting UIC. This would mean an unemployment rate of over 30 per cent in Cape Breton as opposed to the figure of 16.8 per cent reported by Statistics Canada. In Cape Breton, the home of the Minister of Finance, the unemployment rate is 30 per cent.

• (1240)

An hon. Member: The same as Quebec.

Mr. Riis: The official number of unemployed in January of this year was 346,000. Even that number, which includes many people who are out of work and should be meaningfully employed, is not the right number. The number of those collecting UIC was not 346,000 but 417,000. If you take into consideration those people who recently applied before the statistics became valid, the unemployment rate was 589,000, or more than half a million people were applyng for UIC in the province of Quebec.

I remind hon. members that at the outbreak of the great depression in the early 1930s, the unemployment rate was just over 20 per cent. In parts of Canada today the unemployment rate runs from 30 per cent to 35 per cent, and in western Canada, one of the most prosperous regions of our country, the unemployment rate is nearly 25 per cent. In other words, those unemployment rates reflect those rates which existed at the beginning of the great depression.

What is the cost of unemployment? In monetary terms it represents $4.8 billion for unemployment insurance plus the cost of welfare to the provinces. Of course, another cost is all the revenue which is not collected since people who are not working and plants which are not operating do not generate tax revenue to the government. It is difficult to calculate what this lost revenue might be, but I suggest that it represents billions of dollars in taxes which are not flowing into the federal coffers as a result of these difficult economic times when nearly two million people are not working.

While it may be easy to calculate the economic costs of unemployment, I suspect that these are not the real costs involved. The real, most difficult and most important costs which tear at the fabric of society are the social costs. The hon. member for Perth identified a number of these costs. Examples of this are child abuse, wife battering, drug addiction, alcohol abuse and an increase in juvenile delinquency. Children are having difficulty at school. Crime rates increase, which necessitates larger police forces. These are some of the social costs which will not turn around at the end of 1982 or turn around when recovery begins. These are costs which may be

with us for years, decades and perhaps even one or two generations into the future. The social fabric of our society to which we have become accustomed is literally being torn apart. Those social costs will haunt us for many years.

We have heard from many members on this side of the House who I believe travel more often throughout the country to talk to the average Canadian than members opposite. There is an evident lack of confidence for the future of Canada expressed by consumers and investors. Until recently, with the exception of the height of the depression, Canadians have had a work ethic which was best described by Frederick Jackson Turner as the frontier ethic. The meaning of that ethic was that when you venture out and apply yourself, you know that your future will be better and your children will be better off than you. By applying that effort, people knew in their hearts that their children would progress and have greater opportunities in the future.

This Canadian ethic has altered somewhat in the last number of months. No longer do people feel that their sons and daughters will have greater opportunities and better lifestyles than their own. Our confidence and hope for the future has been dashed by this government. One result of this lost hope is that young people in school begin questioning the purpose of continuing their education. They ask, "Why should we struggle and study to graduate when the unemployment level in the country is nearly two million and going up every day? What is the point of continuing in school?" Of course, when people lose hope for the future, there is no future. This government, which has the responsibility of leading the country, has caused this situation as a result of its policies.

Two areas where the real problems exist can be identified as fiscal policy and monetary policy. The fiscal policy of the government is demonstrated by the November 12 budget of the Minister of Finance. This budget, which was introduced the day after Remembrance Day, will go down in history as the turning point in our economy when the government failed to provide the necessary economic and political leadership which was required at the time. The fiscal policy which was demonstrated in the budget was anti-development, anti-growth and anti-improvement. All the minister wanted to do was to cut, cut, cut. These cuts were similar to the mindless sort of suggestions we have often heard from members to our right. They have suggested that reduced government investment is the route to follow. We do not necessarily adhere to that mindless policy during these difficult times. I have yet to hear of a businessman who has become successful through cutting back in investment.

Mr. McDermid: In tough times they tighten their belts.

Mr. Riis: If you do not invest money you do not make money.

Mr. McDermid: Have you ever been in business?

Mr. Riis: I have been in many businesses and every one has operated on the theory of making money through investing money. That is why I say the mindless—and I use the term positively—cut-back mentality of the Conservative ethic is not what we need today.

Mr. McDermid: More government waste.

Mr. Riis: As a demonstration of this government's fiscal policy, the budget is hammering this country to death. The real problem does not lie with the fiscal policy as much as it does with the monetary policy. The present monetary policy, which advocates high interest rates as a solution to combat inflation, is having the most devastating impact that this country has ever experienced. The government decided in 1975 to begin a monetary policy to fight inflation by increasing interest rates in order to cut back the money supply. The feeling at that time was that it was the only alternative to use in the fight against inflation. I suspect that until recently that was the feeling of most of the members in the House, that we should cut back spending to fight inflation because inflation is caused by spending more than you are producing. Therefore, the obvious theory was to reduce spending in order to combat inflation.

The government introduced that monetary policy in 1975 and seven years later interest rates remain at a skyhigh level. Has inflation been reduced? Is it lower than it was in 1975? Not only is it not lower, it is higher and still rising—11.6 per cent last month over the same month in the previous year. How many years do we have to have a policy before the government admits it has failed? I suspect that seven years is enough.

If we were to ask the people of Canada, as opposed to Governor Bouey, what the government should be doing—which we should do if we believe in a democracy—I believe it would be difficult to find a handful of people who would agree that a high interest rate policy is the answer and will provide us with a dynamic economy. One would have to be quite a dreamer to believe that. You would have to believe in unicorns, Mr. Speaker.

There is no doubt that this policy has failed. I beg the government and the minister who is presently in the House to admit that the government has misjudged—not necessarily erred or made a drastic mistake but misjudged—its policy and has launched on a theory under the directorship of Governor Bouey which has not wrestled inflation to the ground.

This leaves the question of what alternative there is to fight inflation if we do not do it with this monetary policy. I believe that is a fair question, one which has not been given great attention by the press or elaborated on to any great extent by Members of Parliament. However, if inflation is caused by spending more than you are producing, presumably another alternative would be to increase productivity in Canada. If there is any country in the world today which has the built-in potential to increase productivity, it must be ours. It has to be Canada. We could not identify another country which has the built-in capacity for improved and increased productivity that Canada has.

• (1250)

Yet what is our fiscal policy doing? It is throttling the very life out of our economy. There is no development and no productivity. That is what the fiscal policy of this government is, and that is what the monetary policy of this government is. I say it is time for a change. After seven years of failure we have to do something else.

This is no better reflected than in the attitude of the government toward the small business community. I must say that I appreciated the comments of the hon. member for Perth who said that confidence is something we have to turn around. The small business sector is the only real Canadian-owned sector of our economy. It is virtually 100 per cent Canadian-owned, which is something about which all of us in this House should feel proud. We should want to see it continue. That is where research and development occur. The small business sector is where the creativity in our economy is. That is where jobs are being created. Statistics tell us that the overwhelming majority of jobs created in Canada over the last seven years has been in the small business sector. That is where there is creativity and growth, despite government policies. That is where initiative originates. That is where flexibility exists, and I emphasize the term "flexibility" because if there is a problem we face in coming to grips with some of our economic problems, that problem is bureaucracy. I do not mean government bureaucracy only. That is what we usually talk about, but I mean the slow-moving bureaucracy which exists in big business, and big labour as well. This bureaucracy makes it very difficult for business to react quickly to the changes and challenges which face us.

Mr. McDermid: Big unions.

Mr. Riis: I said big business, big government and big labour. How much clearer can I make it for the hon. member?

Mr. McDermid: You did not say labour.

Mr. Riis: I did say labour. This is a problem we face today, but the small business sector does not face that difficulty. The small business sector has the ability to move quickly to take advantage of new trends in the economy. That is the sector we must support and encourage. That is where research and development is taking place, certainly not in the government. Government expenditures on research and development in Canada are on a par with those of that progressive, technological, industrial nation of Egypt. I do not mean to put down the country of Egypt. It has its own difficulties, but leading the world in research and development is not its forte. It should be ours. When we measure our research and development expenditures at the level of developing, struggling countries such as Egypt and Turkey, I must say we have real problems.

What is the attitude toward small business? Today in committee the Minister of State for Small Businesses and Tourism (Mr. Lapointe) said he agreed that in spite of some of the attempts—with the emphasis on "attempts"—by the government to assist small business, the present high interest rates nullify all its efforts. When a small business person has to borrow money at 20 per cent and more, it does not matter if there is some little government policy or some system to aid him in some way; that 20 per cent-plus interest rate will kill him.

What we are seeing is the slow erosion, which is becoming faster all the time, of the small business sector in this country. What replaces that small business sector? Needs and demands still exist, but mergers start replacing that sector, and again international chains, multinationals and so forth begin to take over that sector of the economy. Very slowly we are exacerbating the problems which, presumably, high interest rates are attempting to improve. High interest rates are making the matter even worse.

As the hon. member asked earlier, why do we have a high interest rate policy? It is because of our connection or our relationship with the United States. Does our high interest rate policy remove us from that dependency? It increases that dependency, and the solution has now become part of the problem in more ways than one.

How does the Minister of State for Small Businesses and Tourism respond to the crisis faced by the small business community? In his response to provide assistance to those businesses wanting to expand their operations, provide more jobs and carry out more research and development? Absolutely not. That is not what the government supports or encourages. To do that we would need a bond called a small business "development" bond. Such a bond would assist small businesses and encourage them to expand. It would encourage the expansion of farms. But we changed that in the budget of November 12. We changed it, and it is now called the "small business bond". It is meant only to bail out those who are literally and beyond any doubt going bankrupt. It is a welfare system when we need intensive care. The small business sector of this country needs intensive care, but we have no real medical service and no preventive medicine to assist that sector. That is the kind of leadership we should be providing the small business sector, but we are not doing that.

Nearly two years ago the Minister of State for Small Businesses and Tourism told us that the financing of small business was the problem and that we had to study it, analyse it and identify what the problems were. That was two years ago and today the situation is still being studied. We still have not seen any report. Why does it take two years to identify the problems small businesses face in relation to financing? Surely to goodness if this is a priority we could find that out in at least six months. Two years later we are still waiting. Let us pray that it does not simply become another report which identifies a whole host of small business financing problems, makes a whole set of recommendations and then is tabled and the government says it has done its bit.

What can be done? What are some of the options available to us? In my short time remaining—

Mr. Siddon: Two minutes.

Mr. Riis: —I think we have to admit that anything short of almost putting the government and the country on an econom-

ic wartime footing would not be enough. Major steps are needed today. Major action is required today. We do not need the little programs here and the little programs there to which we have been referring. We need a program which would identify, along the lines of what the hon. member for Perth said, those areas of the economy where we have a strategic advantage over most countries in the world, and develop those growth areas where we can expand our economy. We should not continue to shore up those old areas which have never been productive, are not productive today and certainly will not be productive in the future. We should identify the strengths this country has and build on them. In other words, we should develop an overall, comprehensive industrial strategy, and the critical component is reduced interest rates.

Mr. Siddon: What specific projects?

Mr. Riis: It is in this area that we differ with our colleagues to the right. I am not sure whether they advocate lowering interest rates, maintaining interest rates as they are or increasing them, because I hear hon. members talking about all three options.

Mr. Parker: They support the banks.

Mr. Riis: I do not know what on earth they are recommending. It depends which speaker is making a speech and to whom he is making it.

Mr. Siddon: What would you do about interest rates, Nelson?

Mr. Riis: Interest rates have to be lowered as part of an over-all industrial strategy. If they are not lowered, we cannot expect a rejuvenation of our economy or a recovery to occur. Without a reduction of interest rates, economic recovery is impossible. I ask hon. members to ask themselves a question. Why is it that interest rates in Japan can be 7 per cent or 8 per cent?

Mr. Siddon: You tell us.

Mr. Riis: Why does any Japanese investor invest anything in Japan when he could bring his money to Canada and obtain a 20 per cent return? How can interest rates in Japan be 7 per cent? The reason is that the Japanese have a comprehensive industrial strategy in place. The Japanese have a government which is able to develop co-operation between labour, management, financial institutions and the government. That is something we do not have in this country, and at this moment we certainly have a long way to go toward developing that co-operation.

A comprehensive industrial strategy, including the reduction of interest rates, is the way to begin to turn the present recessionary trend around and the way to begin to develop confidence in our future.

Mr. Siddon: That was all very specific.

[*Translation*]

The Acting Speaker (Mr. Lachance): The hon. member's time has now expired. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

The House took recess at 1 p.m.

AFTER RECESS

The House resumed at 2.00 p.m.

[*English*]

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, unaccustomed as I am to this wild applause—

Some hon. Members: Hear, hear!

Mr. Axworthy: But in a more serious vein, today we are being treated to the likes of an opposition resolution which is designed to condemn the government for all sins of omission and commission and what other miscellaneous things they can find. I want to say though that the traditional routine to which we are usually subjected on Fridays has been somewhat enlivened by the highly theatrical performance of the hon. member for Perth (Mr. Jarvis). It befits the member who represents that centre of Canadian theatre, Stratford. It is appropriate the opposition sees fit to appoint someone who is so talented in the ways of the theatrical arts. It is the only way in which they can make their case convincing because there is actually no substance to what they have to say. They have to hide everything by using all kinds of wiles and guiles, of which only the member from Perth is capable.

When the hon. member talks about the problems of unemployment and when one considers his performance, I think a second career is called for on the stage at Stratford, not here. However, this brings to mind a quote from Macbeth, of which I am sure the hon. member for Perth will be aware. It reads:

> Away and mock the time with fairest show. False face must hide what the false heart doth know.

• (1410)

I would say that is exactly what we have before us. Judging by the subterfuge that is being presented by members opposite, it appears they are trying to present a case they know is not there. It is unfortunate that we are being treated to this theatrical performance as opposed to a serious debate. We all know how serious the situation is. We all know this country, along with many others, is facing a recessionary period. There is a serious downturn in employment. There is still an unacceptable rate of inflation. There are still a number of turbulences in the economy which must be straightened out and dealt with. I do not think it is to anyone's benefit to keep hearing what the hon. member for Perth and the hon. member for Kamloops-Shuswap (Mr. Riis) keep saying, namely that it is the government's fault. It is a question for which we as a government take some responsibility. Certainly there are many

others in this country who must share more of the responsibility for what has happened. But they must also share the responsibility for solutions.

We on this side of the House say constantly that we are ready, willing, and prepared to co-operate and join in partnership with the business community, with trade unions, with the opposition and with financiers in order that together we can come to grips with things during these difficult times. That cannot happen, Mr. Speaker, if the whole point and objective of the opposition is to create division and fractiousness; to create false alarms which constantly frighten people into stampedes in the hope that they will gain some momentary or temporary political advantage, as opposed to offering some reasonable and rational solutions to the problems.

This is unfortunate because the times call for more serious leadership than this. We are always being presented with blanket condemnations. When members get to the end of their speeches they say they will talk about the solutions. Before that happens, though, we have 28 and a half minutes of vitriol and fulminations about the perfidy of the Liberal government, and in the last minute or so we hear "I think we have a solution, but I am sorry, I cannot give it to you because I have run out of time". That is a classic example of what we hear in this House day in and day out. We hear "Boy, do we have problems, and if you would only give us the chance, we would give you the answers, except that we have just run out of time".

I have been through several opposition days in the last two or three months as befits my own position as Minister of Employment and Immigration. I can tell you, Mr. Speaker, that I am waiting to hear members of the opposition say something that makes sense. When members of the opposition can solve their own internal contradictions and resolve their own basic inherent conflicts in their caucuses, perhaps then we will have a clear and consistent position from the opposition as to what they think should be done.

On the one hand, we have the financial critic for the Conservative party who gave a speech in Toronto who said the only answer for Canada is Reaganomics. He said: In other words, "Let us do what President Reagan is doing and slash, cut and tie everything down. Let us go back to the Reagan formula, cut back social services, social welfare, training, employment—cut back everything". That is his answer.

Mr. Bosley: Absolutely the opposite.

Mr. Axworthy: Now we hear the hon. member for Perth (Mr. Jarvis) saying "Absolutely the opposite"—let us spend more money, let us do more. Let us stimulate. Let us have incentives. Let us have cash incentives. Let us do all of these other things. Well, who are we to believe? Who speaks for the Conservative party here?

Let me give another example. We have the hon. member for Perth decrying with the most eloquent crocodile tears the failures of the megaprojects. He says, "My riding is suffering because the Liberal government could not get an agreement with the Alberta government." He does not mention Shell, Gulf, or any other companies who are the ones who are actually pulling out of these projects, even though we are offering substantial subsidies and incentives. The hon. member says that it is their responsibility, and he asks: "What can we do about it? Let us get something going that will create work in my riding and in other ridings."

It was only a week ago today that I was in this very House debating an opposition resolution on transportation. I listened to the outrage and the outcrying of members of the Conservative and New Democratic parties, who kept saying, "Do not modernize the transportation system. Do not go ahead and spend $17 billion, even though by doing that it would create work in southwestern Ontario and right across the country." Modernizing the railway system would create $17 billion of investment and provide tens of thousands of jobs for Canadians.

That was the position they took last Friday. This Friday the hon. member for Perth says: "Go ahead and do it. Let us get the megaprojects on the road." Last Friday they told us not to go ahead and do that. I do not know what has happened in the last week. Maybe they had a caucus meeting and decided that today was turnaround time. But it simply comes down to the unalterable fact that we cannot find out what the Conservative Party wants to do.

Mr. Dionne (Northumberland-Miramichi): Neither can they.

Mr. Axworthy: That is the problem, Mr. Speaker. The hon. member for Northumberland-Miramichi (Mr. Dionne) just took away my punch line. The reason we do not know what the Conservatives want is that they do not know what they want either. It is endemic of that party. What they are doing is trying to tiptoe through these difficult times hoping that no one will find out that they have an internal mass of contradictions that are wrapped up in an enigma, led by a person who is less than an enigma.

We are trying to debate the serious topic of economic growth and development. We are looking for an opposition day to at least provide us with the kinds of answers that we think would enhance our sense of direction. They say they know what to do, yet all we see is this constant inability to have at least a consistent line of argument. So, Mr. Speaker, if at times we have a certain degree of skepticism about their sincerity and willingness to come to grips with the problem, I think it is justified. Every time we look at what they have to say, all we see are contradictions or gross exaggerations. The hon. member for Perth is guilty of the parliamentary sin of trying to create a sense of hysteria by using false figures. He says there is going to be a billion dollar deficit in the UIC fund which we will have to bail out. Where did he get those figures from? In fact, last year we had a $350 million surplus in the fund. We then reduced the premiums by 15 cents per $100 of salary. It is our estimate that even if unemployment averaged 9 per cent for the entire year—which it will not—the total additional cost would be $400 million to $500 million, which

means any extra premium cost would only be what we reduced the premiums by this year.

• (1420)

Now, that is an estimate, a judgment. We do not begin to forecast what the fund will be until the third quarter, but the hon. member for Perth has his own little abacus back there where he adds things up and gets this magical $1 billion deficit figure. Well, that is irresponsible, and I charge the hon. member with being irresponsible for using those kinds of figures. He has no business doing it, and he knows better because he is generally a responsible member of this House. However, I think he is getting carried away in a sort of caucus euphoria where they say we have tough times, let us see if we can burrow and dig and make things a little worse by using this kind of false figure. That is not the way to deal with serious conditions in a serious time. What we should be dealing with is realistic members, looking at the real problems and trying to come up with real answers.

At the same time we are also dealing with a situation where the Conservative party keeps fuelling the fire of its sins by insisting that somehow it has an answer for high interest rates even though as a government it was in favour of them. The Conservatives recognized—and I give them credit for it—that this is not a problem isolated to Canada; it is one which every industrialized country of the world is facing. So looking at this resolution which says the government is responsible for lay-offs and so on, if they use some sense of logic—and I hate to try and convince the opposition to use logic because I know it is a practice foreign to them—they would have to follow through and say that the American, British and German governments, indeed all governments, are dead wrong in their policies. Whether they be Social Democrats, Republicans, Conservatives, Socialists or Liberals, they are all wrong. Which means the only people who are right must be the Progressive Conservative Party of Canada.

An hon. Member: You have got it.

Mr. Axworthy: They are the only ones who have the answer—except we have not yet heard it, Mr. Speaker. So they are going to keep us wondering for another opposition day, and another one beyond that.

The fact of the matter is, Mr. Speaker, that if we want to come to grips with these issues, as do members on this side, let us at least be honest about it and deal with facts and reality, not the fiction and fantasy which appears every time we look at one of their resolutions. Let us deal with what is happening in Canada and with what kinds of solutions might be available.

The NDP finance critic says we do not have any policy, there is nothing there. Well, let us examine that because I think there are some interesting contradictions among our friends in the NDP as well. I wonder what their strategy is. One day I hear from the hon. member for Spadina (Mr. Heap) that we are not doing enough to bring people into the country; let us bring in more refugees and help these different groups of people overseas.

Mr. Baker (Nepean-Carleton): Jim Coutts will take care of him.

Mr. Axworthy: We are certainly hopeful of that.

Mr. Baker (Nepean-Carleton): You will be hoping for a long time.

Mr. Axworthy: The concern over immigrants is legitimate and one we respond to. But then last week the hon. member for Winnipeg-St. James (Mr. Keeper) said that this government is engaged in dastardly deeds; it is bringing in skilled workers. You cannot have it both ways, Mr. Speaker. They cannot say one day, "bring more people in", and the next day, "stop bringing in anyone at all". I guess one day they talked to one group of people, and the next day the CLC slapped their wrists and said, "Hey, we are not in favour of more skilled workers".

Mr. Rose: Mr. Speaker, I hate to interrupt the hon. member in full flight, but I wonder if he would permit a question. Does he make a distinction—

Mr. Axworthy: I will be very pleased to respond to a question if time remains at the end of my remarks, Mr. Speaker.

We have a situation, Mr. Speaker, where the NDP finance critic said: "Our strategy is to go for the growth industries; let us go for the winners in society, the guys who are on the way up." All right, I will buy that, but is it not exceedingly strange that the NDP, the great spokesmen for the working man, are prepared to forget the hundreds of thousands of workers in other industries who must also be protected? Is it not odd that this party, which carries the banner of labour and in fact does their bidding, is prepared to forget about the textile, footwear and garment industries, which are in some decline? They are not prepared to offer any assistance to them whatsoever.

Well, we are not as heartless as they are because we have an industrial strategy which is aiming to provide grants to help those industries develop new equipment and technology. At the same time we have introduced a number of programs to help workers affected by changeovers to adjust. There is a $350 million program for industrial labour adjustment which is now in operation in many communities represented by NDP members to help workers be retrained for new jobs.

The New Democratic Party members forget about things like that, Mr. Speaker. They do not want to talk about the worker whose only real security is in his or her skill. Oh, no, this is a party totally indifferent to skill training in Canada. I do not hear them congratulating this government when we increase the budget for skill training by 18 per cent this year alone, so that we will be spending over $1 billion this year and adding thousands of opportunities for workers to be retrained. What do we get from the NDP for that? They say, "Oh, that is not good enough; it is a gimmick, a trick, do not listen to them." What do we get from the president of the CLC? "Do not listen to them; that is not important. We do not care that

the government is spending $1 billion to help retrain workers in Canada. We do not care about retraining or adjustment."

The NDP finance critic said to just go for the big winners, the growth industries. Well, we are not prepared to buy that. We will help those people, and we are doing it now because we just put $436 million into the aero space industry, which is a new technology industry. The Minister of Industry, Trade and Commerce (Mr. Gray) has established six micro-electronic centres right across Canada—

Mr. Baker (Nepean-Carleton): Hear, hear!

Mr. Axworthy: —to provide for the development of a new technology industry. But at the same time this same government is also employing a program to help the textile and footwear industries. We are providing major assistance in places like Cambridge and Brant.

• (1430)

I would ask the hon. member for Kamloops-Shuswap to speak to his colleague, the hon. member for Brant (Mr. Blackburn), who has written letters of congratulation to me and other ministers thanking us for the ILAP program, which is helping thousands of workers in his riding to find adjustment in new jobs.

Mr. Baker (Nepean-Carleton): That is right.

Mr. Axworthy: Those are the kinds of strategies we are putting in place.

Mr. Riis: What about interest rates?

Mr. Axworthy: Let us speak about another major area of assistance that we do not hear the NDP speaking about. In fact, we hear them pouring scorn on the work-sharing program. As of today, we have signed over 530 agreements with trade unions and employers for work-sharing across Canada. That means that we are covering close to 30,000 workers and have avoided 13,000 lay-offs in this country within the two months that the program has been in operation. What do we hear from the New Democratic Party and the CLC? We hear, "Gimmickry, trickery! It doesn't mean a thing." I ask the NDP to go back to those areas and speak to those workers who are signing an average of 20 or 30 agreements a week, and ask them if they think it is a gimmick that we are saving their jobs and keeping them employed. Is that so much of a gimmick? Is that part of the NDP's callousness toward the workers, showing that it does not care that we are saving jobs?

What we are pointing out is that this kind of emotion which is constantly erupting on opposition days is not really based upon the reality of what we are trying to do in this country. This is evident, because we do admit we have difficult times and we have hard times; but we are also saying that we are trying to work our way out of it. At the same time we are trying to provide protection and security for working people.

Mr. Nickerson: You got us into it.

Mr. Axworthy: Let me consider another statement by the finance critic for the NDP which I think will be of enormous amusement to everyone in this House. He said, "I will give you the motto if you wish it followed. Let us do what the Japanese do." The Japanese have been pretty successful. Has the hon. member really considered the way the Japanese society is organized? Does he know that it is a fully corporate society where the large corporations make the decisions behind closed doors with government? This is the party whose leader stands up, day after day, and yells and screams and goes into a tantrum about the multicorporate state and the dominance of the American corporations; but now his finance critic is saying, "Why do we not do what the Japanese do and get that secretive corporate state together?"

Mr. Baker (Nepean-Carleton): American is bad. Japanese is good.

Mr. Axworthy: That is right. Somehow, the Japanese corporate society is okay, but if an American corporation tries to do something here, it is no good.

Again, we come back to the point that we would like to be able to listen with some respect to the propositions put forward by the members of the opposition. But surely, when we are faced with those kinds of statements, when one day they say zig and the next day they say zag, when one day they are up and the next day they are down, when one day they are left and the next day they are right, we do not know who speaks for whom. It is truly the party of total individualism because each of its members says something different.

We must find a more realistic approach. As we have said in this House many times, we have provided a budget and an economic program that we believe will make a difference in this country.

Mr. Baker (Nepean-Carleton): Yes, it sure will.

Mr. Riis: It will make a big difference. It has already made a difference. It killed us!

Mr. Axworthy: That is right. It is making a difference because the inflation rate has come down in the last two months.

Mr. Riis: It is 11.6 per cent.

Mr. Axworthy: The inflationary pressures are being reduced. We realize there is still a problem on the horizon. We still realize that a number of highly inflated wage settlements are being considered, and some of the major sons in the CLC are saying, "No truck or trade with anyone, boy, we are going for broke!" There is no co-operation, no partnership and no attempt to compromise. They are saying, "We are going straight down the line for what we want. We do not care about anyone else. We do not care about the country. We do not care about industry. It can go broke, for all we care. We are just going for the big bundle." That is what we are beginning to hear from the political masters of the NDP and from the CLC

executive. We must face that problem and find some resolution.

The hon. member for Kamloops-Shuswap said something which I thought was kind of intriguing. Maybe he gave us some kind of a clue as to what the NDP is really after. He said that what we have to do is go to a wartime footing. Whenever there is wartime there are wage and price controls. Are we hearing the first indication that the NDP is saying, "Aha, the real answer is wage and price controls"?

Mr. Baker (Nepean-Carleton): Emergency powers.

Mr. Axworthy: Maybe emergency powers. May it was the members of the NDP who were really the authors of the internment camp philosophy. Maybe they were really the ones who influenced our bureaucrats who prepared those papers stating that we should have internment camps. Maybe that was the basic source of all that difficulty.

Some hon. Members: Oh, oh!

Mr. Axworthy: The fact is that I find that to be exceedingly strange.

Mr. Riis: Sure you would.

Mr. Axworthy: I agree we are in difficult times, but this government is not prepared to go to wage and price controls at this time. We would prefer to have voluntary restraint. We would prefer that business, labour and government each showed a sign of restraint.

Mr. Baker (Nepean-Carleton): Get them together.

Mr. Axworthy: We have taken our first step by putting forward a budget which shows that restraint. Through that restraint we will bring inflation rates down and, by bringing inflation rates down, we will bring high interest rates down.

Mr. Riis: Are they bringing them down?

Mr. Axworthy: There is no artificial mucking around. Rather, we are doing it on the basis that that is the system from which there will be a natural market decision to bring the rates down, not an artificial decision which would produce all kinds of convulsions in international trade and in the flow of finances out of this country, and which would cause a higher rate of inflation because we would have to import products at higher cost from abroad.

Mr. Fennell: That is what has happened.

Mr. Axworthy: That is the kind of position we are taking. However, in addition, we have also put forward a major economic development paper which is now acting as the basis for discussions with a wide variety of participants from the private sector. It has put forward the basic element that we must stimulate research and development. I fully agree with the finance critic of the NDP. R and D is indeed important. That is one reason we have increased the budget of the National Science Engineering Council by 21 per cent this year. We have increased the budget of the Medical Research Council by 23 per cent. We put $436 million into the aerospace program and an additional $100 million toward the Telidon program. Therefore, there is agreement that that is a major area of investment.

It is the reason that our envelope of economic development commits $60 billion of government investment to provide incentives and subsidies in support of private industry in this country. It will help the Mitel Corporation of New Brunswick to supply 1,000 jobs to the workers in that depressed area. It will provide for major intervention in western Canada where we are setting up, in the province of Saskatchewan, the province of many of the hon. member's colleagues, the new hydrology institute which will do major research into water and ice conditions to provide for major expansion of agricultural production in that area. We are to provide for a major $150 million expenditure in the core area program of my own city to provide for redevelopment there.

Mr. Fennell: Sure.

Mr. Axworthy: It will provide for the development of 3,000 or 4,000 jobs, and $60 million will be provided for the application of a new computer facility for Air Canada.

Mr. Riis: It is called "ad hoc".

Mr. Axworthy: It is those kinds of interventions and investments that we are prepared to make.

Mr. Baker (Nepean-Carleton): We need a change in the tax system.

Mr. Axworthy: But at the same time, we believe that we must go beyond that. We must have a basic framework of restraint. We must see that those investments are strategically placed in those areas where they will have the maximum impact. However, we also need major co-operation from the other economic actors; we cannot do it alone. The government does not run the entire economy, it is run by all departments. Thousands of decisions are being made every day by businessmen, by trade unions and by provincial governments, which spend far more of the national purse than we do. If one adds up the provincial budgets, they have a much higher public expenditure than the federal government.

Mr. Baker (Nepean-Carleton): That is why you need co-operative federalism. You should never say it is dead.

Mr. Axworthy: That is right. That is why we we need better federalism and have tried to come to better arrangements in those areas. Therefore, we see there is a need for economic strategy.

I refer hon. members to the paper which was tabled at the time of the budget. It sets out the basic element of that strategy. That is what we should be debating today. Hon. members of the opposition would be well advised to concentrate their attention on it and say, "Let us improve it, let us modify it, let us change it", instead of condemning and contradicting in the

manner we have heard in the debate thus far. Our basic thrust in these difficult times is to develop some kind of confidence and to use the tax system.

• (1440)

One of the things we have to deal with is the position taken by our Conservative friends right from the beginning, where they want free markets, laissez-faire and free enterprise. They go and speak to the chambers of commerce and to businessmen and they say: "You make the decisions; you get the government out of the market place". Yet the Minister of Finance (Mr. MacEachen) did exactly that by reducing the over-all rate of taxation to Canadians and by plugging up some of those specialized loopholes, instead of saying, "You make the decisions as to where you want things done." There were some particularized, specialized investment loopholes.

Mr. Baker (Nepean-Carleton): You have not read the budget.

Mr. Axworthy: Let us reduce it down to the minimum. Let us say we will do it in that way, and then ask: "Where do you want to invest it?" That is the party of free enterprise, laissez-faire and free markets. Let us come back to the idea of providing more specialized incentives, more specialized subsidies.

They have been reducing the real rate from 60 per cent to 50 per cent. That is the normal rate of reduction. It could be a lot more, to provide expenditures and provide for businessmen to make these investment choices. They are doing it of their own making and in their own time, not being dictated to by government. We are doing what the opposition is asking us to do and what do we get for it? We do not get applause and we do not get any appreciation or any feeling of satisfaction. What we get is their acting as if they were on a stage, as if they were back in Stratford on opening night. I am afraid we cannot take them seriously on that account.

I would simply ask them, when their next opposition day comes around, to look at what is happening in the country and try to get their own act straightened out, rather than relying upon grease paint and coloured lights and magic lantern shows. They should come up with real propositions, real solutions and real contributions to this debate, so that Canada can get on and so that we can provide work for the unemployed.

The Acting Speaker (Mr. Evans): The hon. member for Lisgar (Mr. Murta).

Mr. Rose: On a point of order, Mr. Speaker. The minister said he would be pleased to answer a question of mine if I placed it at the conclusion of his speech. I wonder if he would be prepared now to entertain my question. He accused another speaker of a dramatic performance. I would like to congratulate him on his own performance. Some might feel it was a flop.

The Acting Speaker (Mr. Evans): Order, please. If the hon. member has a question, the minister has one minute left, if he would care to respond. He does not have to, obviously, but if he wishes to, he may.

The Chair recognizes the hon. member for Lisgar.

Mr. Rose: On a point of order, could I ask—

The Acting Speaker (Mr. Evans): Order, please.

Mr. Rose: I asked if I would be permitted to ask the minister a question.

The Acting Speaker (Mr. Evans): With the minister's consent, the hon. member can ask the minister a question. The minister does not have an obligation to respond, but if the minister so wishes he may. He has declined to respond, so the hon. member therefore cannot ask his question.

Mr. Rose: On a point of order, Mr. Speaker. The Speaker used up at least part of the time. I wonder if I could ask him—

The Acting Speaker (Mr. Evans): Order, please. The hon. member for Mission-Port Moody (Mr. Rose) has put a question. The time has expired and the hon. minister has declined to respond because his time has expired.

Some hon. Members: Oh, oh!

Mr. Taylor: On a point of order, Mr. Speaker, why do we not hear the question, by unanimous consent?

The Acting Speaker (Mr. Evans): The Chair can recognize the hon. member for Mission-Port Moody to ask a question and the minister can respond, if I have unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Evans): I have unanimous consent. The hon. member for Mission-Port Moody.

Mr. Rose: I thank hon. members of the House, Mr. Speaker, for this opportunity to ask a question.

Mr. Baker (Nepean-Carleton): Do not waste it.

Mr. Rose: I know the minister is very objective and would make a distinction between the importation of refugees or allowing refugees to seek refuge in this country and the importation of skilled workers, rather than providing training for our own Canadians. I know he does not wish to distort the attitude of the New Democratic Party in any way and I would like him to have the opportunity to clear that up.

Mr. Axworthy: With the agreement of the House, Mr. Speaker, which I appreciate, I would be very pleased to answer the hon. member's question. I would point out to him that the New Democratic Party have been saying, on the one hand, that we should bring more people into the refugee program and, on the other hand, that we should not be bringing skilled workers in. Even though they are skilled workers, they are

going to jobs for which Canadians are not sufficiently trained and for which the skills are not available at the present time.

The NDP are therefore providing a detriment and a handicap to economic growth, because the only basis on which we allow skilled workers to come into Canada is that they provide further economic stimulus or a skill which is not available here. That is one of the reasons we introduced the national training program, to make sure that more Canadians have those skills. The NDP cannot have it both ways. They cannot say: "Import more people without any skill" thus adding to the problem, and at the same time say: "Do not bring them in". Because they are adding to the economic productivity of the country.

Mr. Jack Murta (Lisgar): It was with interest, Mr. Speaker, that I sat through the speech by the Minister of Employment and Immigration (Mr. Axworthy). One certainly would not think that the two of us came from the same province, Manitoba, when one listens to the Minister of Employment and Immigration talk about how things are, that the government may be at fault to some extent but it is trying to work through its economic problems, but really it is the job of everyone else to go ahead and give it the support it feels it needs.

At the same time, one cannot help but think that one of the things that is destroying the confidence of people in the country at this particular point in time is that businesses, large and small, individuals, labour unions, anyone earning any kind of income, are totally at a loss on account of the budget which the hon. minister had some responsibility for bringing down.

The budget is one of the most disastrous pieces of legislation this House or this country has seen in a long, long time and is directly the responsibility of the Liberal government itself. It came down in the face of all economic indicators that said that the economy was moving into a recession and that what was needed was not the kind of negative budget that the government brought in at that particular time.

The minister never touched on that. He never mentioned anything in terms of the budget, the direction in which the government is going, the fact that we are in a depressed time, that it is income tax time and there are still a good many things that Canadians do not really know in filling out their income tax forms because the government has not given the proper kind of direction and leadership.

He was right on one point, and that is that individuals or the opposition parties cannot blame the government for all the ills. But the party in power that has a cabinet and a Prime Minister, and that is certainly taking credit for running this country when times are good, must give good leadership. They should give direction to the country and to the people so that at least we know where we are going. There has to be a feeling of confidence generated by the government and it has to get through to the people. That is not happening at the present time.

Mr. Baker (Nepean-Carleton): That is right; that is the problem.

Mr. Murta: The current outlook, Mr. Speaker, no matter how you look at it, whether from government sources or private sources, is very bleak; it is negative and frightening for the average Canadian. Statistics Canada in February warned that a current recovery is not imminent, that all indicators are negative and continuing to decline. In March they said a recovery is not yet imminent. Nothing really has changed. The outlook for exports, according to Statistics Canada, is not good for the automotive sector, particularly as it pertains to Ontario, and also the manufacturing sector is extremely bleak. I suggest that in April we will have roughly the same kind of scenario, that a turnaround in the economy is still not imminent.

The outlook is bleak, and that comes not only from government sources but other sources. One of the reasons is that we are still continuing to have double-digit inflation, and interest rates that are astronomical by any standards. I will mention more about interest rates and their effect later on in my remarks.

• (1450)

Unemployment in this country is far too high. The decline in business investment and the weakness in the United States on which our economy depends to a large extent rules out the possibility of a quick turnaround in economic activity. For many Canadians this means disaster, not only disaster with regard to their job in the coming year, but their homes and, most important, the dignity with which they conduct their affairs.

We know what brought this on. It is a combination of many things. We are paying for past sins. Government spending is far too high and it is still climbing. Inflation, which is part of the whole question of government spending, is running far in excess of what it should be.

There is a lack of confidence in the government. In some cases people do not trust any political parties. They certainly do not trust the government in giving economic leadership. I am not necessarily saying Canadians should follow that leadership, but the leadership should be there. It is not at the present time.

The economic situation is so bad that every day the government has to borrow $30 million. It is spending money it does not have. In order to borrow that kind of money, it has to compete. It competes with the private sector and with individual Canadians who must borrow money for mortgages and capital projects. The government, which is the regulator in our society, is one of the main purchasers of money in the marketplace. Canadians must compete with the government. If Canadians followed the same kind of spending program as the government, they would be broke.

This year Canadian taxpayers must pay $17 billion to service the national debt. This figure comes from the spending estimates tabled in this House by the government. The debt service charge is increased by $2.1 billion over last year. It represents 22 per cent of the total outlay of $76.3 billion. It is significant that the size of the expenditure is about ten times

the amount the government will spend on economic development.

In spite of this expenditure to service our debt, we are not getting ahead; it just pays the interest. It is similar to the situation of someone who has borrowed to the maximum from his bank and can get no further credit, so he goes to another bank to make a loan to pay the first bank. This government has gone to a whole series of banks around the world. We are not only mortgaging what is being done at present, but mortgaging the future of our young Canadians.

The public debt charge is the fastest growing area in government expenditures. The government must borrow more money simply to pay the interest on the $122 billion it now owes. If a business borrowed in that manner, it would soon go bankrupt.

Other members who have spoken in this debate today have dealt with the matter of where the money should be spent. In times such as this, there are basically two areas. Money should be spent to help those who cannot for various reasons help themselves. People require help because they have been hurt by inflation, a stagnating economy and the stumbling and bumbling by the government through its budget and other tax proposals. It is absolutely necessary to target money for housing and other such areas.

On the other side of the coin, the government through the tax system and tax incentives should give encouragement and direction to the productive sectors of the economy. One that I am keenly aware of and know something about is the agricultural sector. Over the last number of years we have lost the ability to compete in world markets for a good many products. Canada has the potential to become a superpower in one area, much like Japan and West Germany have become superpowers in some instances. That area is agriculture. We can produce food more efficiently than most countries in the world. We can produce it on a par with the United States.

If we are going to excel, we must have an industrial strategy. We must attack the areas of greatest potential in our economy, as the Japanese and West Germans have. If we are going to capitalize, it should be in this area. We have lost to other countries in electronics, notably radio and television, and in automobiles. We are having problems trying to keep down auto imports as consumers want to buy other than what is produced in this country.

We could become a superpower in agriculture. We should direct our attention to that area and develop an industrial strategy aimed at agriculture. About 4 per cent of the population produces the food, but approximately 40 per cent of the total economic activity in this country is a derivative of agriculture or an agriculture-related activity. This is not happening at the present time. We are not directing our efforts toward an industry in which we could be the best. It is unfortunate, but I believe that the United States will take away more of our markets.

• (1500)

We have the potential to be a superpower in agriculture. However, the government is not giving it the proper attention which it should. Nation wide farm bankruptcies are up this year from last year by 75 per cent in January and 54 per cent in February. Although the figures are not out yet, the number of bankruptcies will be high in March and probably just as high in April and May.

Many farmers discover that they cannot finance their operations to put seed, fertilizer and chemicals into the ground for the spring. This is a shocking situation and unfortunately it is only the tip of the iceberg. However, it is the best indicator of the situation which is developing within the agricultural sector. Many farmers are being forced out of business either by foreclosures or by sales. Farm costs in western Canada have increased by almost 12 per cent. Over the past decade farm costs have run at over 300 per cent. This is largely due, certainly within the last few years, to a 635 per cent increase in interest charges on farm debt.

I know of very few other sectors of our economy which uses capital in the way the agricultural sector does. Agricultural authorities estimate that in 1982 the cost of farm input will increase by at least 10 per cent while net incomes will decline by an enormous 15 per cent. The gap is beginning to widen to such an extent that many agricultural producers are no longer caught in a squeeze, they are in a death grip. We must keep in mind that if one industry in this country is capable of turning our GNP around and generate economic activity, it is the agricultural industry because Canadian farmers can produce agricultural products better than any other country in the world.

All other costs related to farm production have also risen significantly. For example, the cost of machinery is up by almost 20 per cent, building and fencing costs are up approximately 12 per cent, supply and services rose 20 per cent and crop production input costs rose 14 per cent. All this occurs during a period of declining real income for farmers.

What does the government do in response to this situation? It introduces a Farm Credit Corporation program which provides such a small amount of money to the agricultural sector that it is spent before the bill has even been passed. In effect, it is technically allocated through Parliament and it is snapped up in a matter of days because of the very small amount involved.

These serious difficulties arise in all probability because of the interest rate and monetary policy which the government will not reconsider in relation to the interest rate policies of the United States. We will see interest rates being paid by the agricultural sector which admittedly are similar to the private sector in the range of 17 per cent to 27 per cent, if the projections for December of 1982 are correct. The reason for this high interest is that there will be a great demand for money.

It is unfortunate that during a debate on an opposition day we are unable to achieve greater response from the government. It is unfortunate that opposition criticisms and some proposed strategies which we believe should be pursued only fall on deaf ears. I suppose the only alternative we can hope for is that Canadians who are concerned about what is happening in Canada and the direction in which it is headed will read our debates and listen to our speeches and apply pressure to the government and all members of the House to find answers to our dilemma.

It is my hope that we can develop a made in Canada interest rate policy. I believe this policy is overdue and that it is time for us to develop our own policies to protect the productive sectors of our economy.

• (1510)

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, today we are faced once again with an opposition motion on the state of the economy in this country. I heard the member for Lisgar (Mr. Murta) tell us that the government did not seem to be doing anything, and on another opposition day, he said the government did not seem to want to specify what measures it was taking to improve the economic situation. Mr. Speaker, I think the Minister of Finance (Mr. MacEachen) and other ministers, and just now, the Minister of Employment and Immigration (Mr. Axworthy), have mentioned a number of government projects and measures aimed at improving the state of the economy. We are being told time and time again that the problem is our high interest rates, and that we should have made-in-Canada interest rates. The Minister of Finance has discussed this matter several times, and has said that our policy in this respect will be aimed at reducing the deficit and slowing down inflation.

We are maintaining these interest rates with a view to turning around the economy, and I am sure all Canadians will realize this, as soon as we manage to get out of the economic recession that is plaguing all countries, not only Canada. As soon as Canadians realize that we are, in fact, getting out of this difficult situation, they will agree that our measures and our policies were the best, in the circumstances. I have a few words to say about the Progressive Conservative motion that says our economic measures and the economic situation are forcing lay-offs and preventing job creation. That is somewhat surprising, because within our own Department of Employment and Immigration, we have implemented a vast number of programs aimed at reducing lay-offs and creating jobs. During 1981-82, through eleven labour market programs including community development projects, local employment assistance programs, summer programs for students and programs for the handicapped, we have created nearly 180,000 jobs. Other programs have been implemented in order to preserve existing employment, such as the work-sharing concept I mentioned earlier. We have succeeded in saving nearly 12,000 jobs. There is another extremely interesting program that has been accepted by the Government of Ontario, and we hope other governments will follow suit.

Under the program, under Section 38, we have been able to provide 2,000 workers in Ontario with very interesting work which allows them to keep their jobs, while the community also benefits. I should like to give a few more details on the two programs I have just described. If we look at work sharing, for instance, this has probably been the government's most popular program in the past several years. During the last six months, we were able to sign nearly 500 work-sharing agreements across the country, which means that workers who would otherwise have been unemployed were able to keep their jobs in a number of Canadian businesses. Under the program, employees agree to work from one to three days a week and receive unemployment insurance benefits for the rest of the week.

Similar programs have helped a number of businesses to keep their workers employed and to remain competitive with other companies in the Canadian market. Last week, we had a striking example of this in Ontario, where a company that had agreed to the work-sharing formula was able to get three contracts for manufacturing instruments for other large companies. Mr. Speaker, if the company had been forced to shut down because of an economic slowdown, it would no longer have been able to compete on the Canadian market, and obviously, it would have lost the three contracts it was now able to obtain. That is why formulas like the work-sharing concept are extremely important to all areas in Canada. Ontario and British Columbia have signed the largest number of work-sharing agreements in Canada. Quebec has also had its share, and I hope that in the days and weeks to come, Quebec's industries will be able to benefit from this very popular formula, and thus safeguard the jobs of a great many Quebecers.

The other most important program, Mr. Speaker, is the new labour formula that we are now developing in consultation with the provinces under Section 38 of the Unemployment Insurance Act. Obviously under such a formula, workers who have unfortunately lost their jobs because of the economic situation and are now receiving unemployment insurance can come back onto the labour market and remain active, which means that they will be able to go back to their factories or to their former employers when the situation improves and be as productive as before. Such a program must obviously be developed in co-operation with the provinces, businessmen, industries and unions. The purpose is to create immediate opportunities for these workers who have unfortunately lost their jobs in the short term and wish to reintegrate the labour market. As I said earlier, we want to keep these workers busy so that later on they will be able to go back to their old jobs, and we are trying as much as possible to develop programs in the occupations where these people use to work.

As I said earlier, one province, namely Ontario, has signed an agreement with the Canadian government, thanks to which it has been able to keep or put back 2,000 workers in the labour force. Discussions are now under way with other provinces, including British Columbia, New Brunswick and Quebec. According to our most recent information, the negotiations with Quebec are still going on and we should be able to announce programs for Quebec within a few weeks. Of course, we are all aware of the problems of the forest industry in Quebec and other Canadian provinces. It will certainly be useful to come to an agreement with this government for reforestation and forestry programs which will give positive results in the future and will benefit the Canadian people and especially those who are employed in this industry.

As a matter of fact, as recently as March 25, the Minister of Employment and Immigration (Mr. Axworthy) announced subsidies of $220 million for the forestry and fishing industries. These subsidies, of which $170 million will be provided from the unemployment insurance fund, will create nearly 27,000 jobs in Canada. Of course, as far as fishing is concerned, we shall be able and we shall want to develop projects in areas such as the Gaspé Peninsula, the Magdalen Islands and the other eastern provinces. Naturally, when I speak of the Gaspé Peninsula, this also includes the whole North Shore of Quebec. All this shows that the subsidies which the Minister of Employment and Immigration announced last week are extremely important, and this is why we urge the government of Quebec to co-operate with the federal government to complete this process which is extremely important for these two industries, namely forestry and fishing. There is another sector of the economy which is very important and which must also co-operate with both levels of government. I am talking about the labour movement.

It has been suggested that the province of Quebec was somewhat lagging behind the other provinces in respect of the two programs I have just mentioned, because we have problems with labour. Mr. Speaker, some points that have been made are very compelling. In the March 24, 1982 issue of the newspaper *Le Soleil*, Mr. Fernand Daoust, who, I understand, is vice-president or general secretary of the QFL, is quoted as saying on the matter of work-sharing: "This is not a good direction for the Quebec labour movement." Mr. Speaker, it is my view that in the present economic situation, the responsibilities of governments, businesses, entrepreneurs and labour unions must go beyond individual ideologies or political partisanship. They should strike to create jobs for our workers and to improve economic conditions.

Only this week, the Prime Minister here in Ottawa made a speech on the problem and urged labour unions to cooperate more closely with governments. Mr. Speaker, I feel this is about the only solution for every group across the land, and particularly in the province of Quebec, as I stressed earlier, because our figures show that as far as work-sharing is concerned—and hopefully the same problem does not exist with agreements made under Section 38—it seems that in the province of Quebec, the reason why we do not have so many work-sharing agreements is because there are problems with labour unions, and according to that press report, it can hardly be denied. Mr. Speaker, that is why I believe that labour unions in the province of Quebec, and in Canada generally, will have to act responsibly in the current economic crisis and ensure that during 1982 and until we can feel and see that recovery, we will have to cooperate with all levels of government, whether federal or provincial, in order that agreements of this kind may be signed.

Other areas necessarily contributed to job creation, namely our community development programs and our Summer Canada programs. I think I can deal at length with our community development programs, because the constituency I have been representing in this house for over two years received its large share of community development programs. In a region such as ours, we succeeded in building infrastructures in some municipalities that allowed them to frequently hire permanent workers, and to make community space available to municipal councils and to every social club or group that applies for it.

With respect to fisheries, we have also repaired, developed and improved fishing ports to enable a great number of fishermen, who would otherwise have to file an employment insurance or social welfare claim to resume or continue their fishing operations. Since 1971, we have invested in the Bonaventure-Îles-de-la-Madeleine riding alone almost $17 million. We have to check the facts and see, how many jobs I admit they are temporary, but I would say in 60 per cent of cases, it makes it possible for some workers to make ends meet, to live decently during a 12-month period and to maintain a decent standard of living so that our area, despite its massive unemployment will still remain an enjoyable place to live.

The other sector, Mr. Speaker, involves of course summer jobs. Over the past few years, I think that our Department has shown that we could take action and implement programs to enable our young people to re-enter the labour market and get summer jobs. We announced at the beginning of January that skills-training program. We hope that the provinces will finally manage to sign agreements for the five next years. With this program we make it possible for young people to complete their training and thus obtain a job which is available but for which they cannot apply because of a very minimal lack of skill. That program is intended precisely for the young, under 25, so that they can at least apply for available jobs.

With regard to summer employment, this year we will be able to provide jobs for approximately 30,000 young people. In December, we announced a budget of $100 million for that program; in March, the minister added another $20 million which will enable us to increase by 10,000 the number of students who can work this summer. Accusing the government

of causing lay-offs and failing to create jobs is simply refusing to acknowledge those figures; above all it is to refuse to accept the facts. We have programs for the young, for the unemployed and people in difficulty, which can help them get back to the labour force, and cope despite the current economic depression in Canada and throughout the world. So, in closing, I would say that the programs we already have and are implementing are extremely helpful and if governments, unions and employers can work together hand-in-hand toward a common goal, we will be able to overcome the economic crisis.

• (1520)

[*English*]

Mr. Scott Fennell (Ontario): Mr. Speaker, first of all I should like to say that I am delighted that you are in the chair. I am sure you will understand the personal reasons that prompt me to make that statement. It will be a challenge for me to continue when you are not in your normal seat.

In his remarks the Parliamentary Secretary to the Minister of Employment and Immigration (Mr. Bujold) referred to shared work. In Germany, Mr. Speaker, that is called "short shift". I wonder if the parliamentary secretary has discussed with the Germans the problems it has created. It has been an abomination and has distorted the total unemployment picture. It has exaggerated the amount of money being paid out but it keeps the numbers low. Reference to the more than one million unemployed does not give the true picture which will become further distorted if this program is followed.

I will just pretend that the minister is in the House, Mr. Speaker, although it seems he could not stay long enough to listen to any positive suggestions that might be offered. He sloughed off the entire responsibility for the present situation to members on this side of the House. He said that we are totally responsible for all his problems. He also said we never make any helpful suggestions. We do, Mr. Speaker, but what good are they when he just talks and runs? I think he should stay here to listen or read some of the positive remarks that we have made in this debate.

The minister spoke about spending more money now. The problem with that is that the government has spent all the money over the past 14 years! It took the Keynesian theory and worked it in good times and now, in bad times, of course the Keynesian theory cannot work. The government got itself into this jam and now it is looking to us to get it out. We are supposed to save it from itself, and I think the public is starting to believe that.

The minister spoke about manpower training and the $1 billion that will be spent this year. He spoke of bringing 20,000 or 25,000 skilled workers into the country. But manpower training is a total failure, Mr. Speaker. It takes young people 18, 20 and 22 years old and provides them with an excuse to draw unemployment insurance while they are trying to learn a trade. I spoke to an instructor at Durham College in my riding about this. He wanted to know why the government will not allow them to put young people 15, 16 or 17 years old into a proper apprenticeship program; that is the age when they are malleable. Instead, the schoolrooms are filled with people who are not there to learn a trade but only there to collect unemployment insurance. Members on the other side may disagree that this is the case, but it is what I have heard. I think the minister should go out into the community colleges and sit in a classroom for 45 minutes or so. I am sure he would be amazed at what he found out.

The minister spoke of saving jobs but, Mr. Speaker, I have to go home this weekend and meet with 1750 UAW workers who have been let out this week. That is a tragic situation which was brought about by the incompetence of the Liberal government.

Members of the government talk about natural resources, about manufacturing, about industry, but what we are concerned with here is human resources, people who do not have jobs. The government has not taken any action to get them jobs, either.

We must be concerned with the social impact of this situation. It is not new, Mickey Mouse patch up jobs that these people are worried about; it is their mortgage payment, their car payment and the cost of fuel. The Minister of Energy, Mines and Resources (Mr. Lalonde) brought in the National Energy Program and the Minister of Finance (Mr. MacEachen) brought in a budget, but the one thing they forgot was people. They think they can get enough money by raping the oil industry, but there is only one resource that will generate tax dollars and that is people. But that is only if the people have jobs, Mr. Speaker. They are the only permanent tax base we have.

The Minister of State for Mines (Mrs. Erola) who is in the House this afternoon, has to admit that she has a problem. In Ontario for many years we have depended on our natural resources such as nickel, gold and copper but at present there is a lack of demand for those products, which is likely to continue. We will not get any revenue from our natural resources but the government still thinks it is going to make millions from oil.

The hon. member for Perth (Mr. Jarvis) reviewed the figures in the National Energy Program. We have all heard them, Mr. Speaker. Each month the situation gets worse. But before I get into that, I want to put on the record a sentence I read in a brochure that was sent to me following the budget. It reads as follows:

• (1530)

> Historically, left leaning socialist ideology tends to de-emphasize the profit motive and tax incentives and to promote government intervention.

That is really what we are talking about. Government intervention started with the National Energy Program. That program has done much damage to my constituency of Ontario. I am sick when I have to deal with my constituents who are wondering what they are going to have to do for their next dollar. They feel badly about receiving welfare. They are responsible citizens. They are embarrassed having to go

begging with their hands out. What this government is doing is to the public of this country to go begging.

A good example of that is what has happened to a company called Turbo Resources. Hon. members should take a look to see what that program has done to Turbo Resources.

Mr. Baker (Nepean-Carleton): It has torpedoed Turbo Resources.

Mr. Fennell: That is only an example of what has happened to hundreds of small independent oil companies and related services in Alberta, to the steel industry in Ontario, and to the car manufacturers in Oshawa. It is serious what this government has done. This government has put state intervention ahead of the people. That is what is killing this country.

I am sure that some of the multinationals are laughing because they are being subsidized as a result of this National Energy Program. They are being subsidized with foreign crude. That situation does not help this country. What it is doing is to export money from Canada, subsidize the multinationals on the one hand and take away the ability to develop new oil resources on the other. The only oil resources multinationals can develop are those located in Saudi Arabia, or the Middle Eastern countries, Venezuela and Mexico. What good is that doing for Canada? The National Energy Program is a very negative piece of legislation. It has really hurt the country. The minister has stated recently that he is going to open up the legislation again. He is taking a unilateral stand. He comes out with wonderful words. He is a master of words. I have great admiration for his ability to say so much without any content.

In western Canada we have 400,000 barrels of oil per day being locked in. We import 400,000 barrels of oil per day. We are exporting $16 million in cash a day. If that $16 million a day were to stay in Canada, think of the jobs it would create in the steel industry in Ontario, in the steel fabrication industry in Ontario and in the manufacture of half-ton pickup trucks in Ontario. This policy has hurt Canadians desperately. Interestingly enough, the government is paying out $16 million a day and the taxpayers are being asked to contribute $7 million a day from their pockets to subsidize this totally unsuccessful program. This program is a failure.

What has this program done to Canadian investment? There has been an exodus of 270 rigs from Canada. I understand that no one has been able to get a toehold on the amount of money involved, because it is so many billions of dollars, I certainly cannot keep track of it. I have heard that up to $18 billion is now being invested in the United States, Australia and in other parts of the world. But the real damage being done as a result of this is being felt right here in Ontario. Every day new statistics are announced. We hear about new lay-offs. Then we hear about a pipeline that is not going to be built. Directly affecting the steel industry.

But the seriousness of all this is the toll on human resources. In 1979, we produced in excess of 225,000 homes. This year, calculated on an annualized basis, it will be somewhat fewer than 100,000 homes. We will have a shortage of between 70,000 to 150,000 homes. Think of all the construction workers in Toronto who are unemployed. Think of all the lathe workers, the plasterers, the plumbers, electricians and woodworkers in my riding of Ontario, in Whitby, Pickering and Ajax who are unemployed. Those are the people for whom the government is doing nothing. This government is not dealing with the guts of this country. When I refer to the guts of the country, I am referring to the hard working Canadian citizens who have trades and who are capable of producing a product. Take a look at unemployment, Mr. Speaker.

In 1979, there were 800,000 people unemployed. That represented 7.5 per cent of the population. Today there are 1.1 million people unemployed, but as the hon. member to my left mentioned, the true figure is really 1.8 million. That represents 15 per cent of our work force who are unable to get a job to perform an important function for this country and to be productive.

What has happened to our money? We keep hearing from the government side that our government believed in high interest rates. That is what they told us. When we were in power, our interest rates averaged 11.57 per cent during 1979. Since the Liberals have been back in power, the interest rate for treasury bills peaked in August, 1981, at 20.85 per cent. These figures come from Statistics Canada. They are not dreamed up. They are statistics. What is the treasury bill rate today? The interest rate for treasury bills today is 15.32. The Liberals keep blaming everybody but themselves. We hear them say that it is the United States tight money policy; that it is what is happening in Europe and all over the place, that even the Conservative party is causing high interest rates. That is marvellous, but let us look at what causes high interest rates. Government spending causes high interest rates. The government is so grabby for funds because it wants to spend money.

Mr. Berger: What about the United States deficit?

Mr. Fennell: What has happened? Look at what was spent in the year between 1979 and 1980. The amount is $52 billion. Let us look at the current situation. If we look at the current estimates, the figure shown is $76 billion. You and I know, Mr. Speaker, and this whole House knows that spending will not be $76 billion, it will exceed $80 billion by the time the supplementary estimates are brought in. Together with the unemployment insurance problems and all the other problems facing this country, the government will not get away with less than $80 billion. Look at the increase in the figures. There has been an increase of practically $30 billion in two years.

I want to mention a word or two about manufacturing. Ontario was built on a manufacturing base. We have been proud of our manufacturing base. Today that sector is working at less than 50 per cent of its capacity. The Lake Ontario steel mill in Whitby is probably one of the most successful corporations this country has ever had. It expanded into the United States and with help through government loans—I will acknowledge that—it has expanded into England and into Ireland. It has been a very successful venture started by a very clever man who happens to be one of my constituents. They

are now in a position where they are not sure if they can hang on. This is a very creditable and highly productive company of which I am very proud. They are now in a loss position. In addition, they have an engineering company which employed worldwide about 40 engineers. They are now contemplating the winding up of that operation and moving to Texas. Isn't that sad? We are bringing in 25,000 skilled people and losing excellent engineers who know the steel industry thoroughly.

• (1540)

I do not know how many jobs we have lost and I am not going to quote statistics, but I do know one thing: There has been a net job loss in excess of 200,000 since 1979. Two hundred thousand proud Canadians standing there with their hands out, and hon. members stand up over there and say that with these band-aid solutions they are going to solve it all. Well, I am sorry, that is not good enough for my constituents.

Look at farm bankruptcies. They are up 93 per cent. Those are the people who founded this country. The farmers created what we have in Canada. I do not know how much longer this government is going to stand still. Almost 25 per cent of our total budget is used to service the debt the Liberal government has built up since 1968. And then they blame us for being too critical.

An hon. Member: Shame.

Mr. Fennell: Mr. Speaker, look at what they have done. It is disgusting. The fatal blow finally came on November 12 in what I refer to as a non-budget budget. I do not know what it is and I do not think they do either. They turned the whole thing into state intervention as opposed to tax incentives and removed the encouragement to people to put their necks on the line and start a business. That is a severe tragedy for this country. They removed the incentive to save. The only thing worthwhile is to buy their bonds in the fall at 19 per cent plus. If we cannot get this under control, then next year we will put it up to 20 per cent plus. It is a total government grab which they have worked in here.

How can you expect the private sector and free enterprise to survive with a government like we have on that side? It is destroying us. They say, "Yes, but we go out and buy foreign oil companies". I am sorry, but that has not created one job in my riding. In fact, it cost a number of jobs because one lessee of Petrofina has been ill-treated by that same organization. They talk about mobility of labour, but remove the ability of industry to move people around. That is now a taxable benefit. I have talked many times in this House about what we need, and then they started to turn it around and they—I cannot use the word, but they illegitimized our concept of the Small Business Development Bond.

Let us look at how the United States has done it in the past. They have the small business act which provides that people can start with zero interest while they are building a business, and then start paying interest up to a maximum, depending on their cash flow. That allows a company to build and—

The Acting Speaker (Mr. Dionne (Northumberland-Miramichi)): I regret to interrupt the hon. member but his allotted time has expired.

Mr. David Berger (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, once more we have had a fine example of bombastic rhetoric in this House where members of the opposition, as usual, assail the government for every problem imaginable. That is quite something coming from a party which claims to speak in the name of free enterprise. Yet every time a problem occurs they are the first to start yelling and screaming that, aha, it is the fault of the government. As we all know, Mr. Speaker, it is the government's fault that there are some 12,000 General Motors cars sitting on a dock in Halifax today.

Mr. Fennell: It sure is.

Mr. Berger: That certainly is the fault of the government. Yes, sir. Well, in a western newspaper, the Vancouver *Province* of March 30, there is an article, and what does it say? It says, "GM blows it". It does not say, "The government of Canada blew it", it says, "GM blows it".

Mr. Fennell: Read the *Oshawa Times* this week.

Mr. Berger: I would suggest, Mr. Speaker, that it is not the government which is responsible for all of these matters, but there are many serious ills in the North American automobile industry and in North American industry in general which have to be corrected by long-term policies such as the ones this government has adopted. These problems cannot be corrected overnight.

Mr. Fennell: You have had 14 years.

Mr. Berger: It requires, for example, training policies. It strikes me as amusing, Mr. Speaker, that every time the unemployment rate goes up by half a percentage point or something in that neighbourhood, we again hear cries of "introduce a new budget", or "bring in measures to create jobs". However, Mr. Speaker, I go back to my constituency every weekend, as most members do, and meet people in my constituency office, and—

Mr. Baker (Nepean-Carleton): Come back here on Monday with your tail between your legs.

Mr. Berger: —those people, Mr. Speaker, would not be helped with a new budget.

Some hon. Members: Oh, oh!

Mr. Nickerson: Ask them.

Mr. Berger: Many of these people, unfortunately, are suffering from what perhaps may be termed structural unemployment. They are people, unfortunately, who have graduated from high school or CEGEP and who do not have the skills to meet today's job market.

[*Translation*]

A few weeks ago, I met a young man who had just been laid off by CPR. He had been working for that company for three or four years, and as he was only 23 or 24 years old, he must have quit High School 5 or 6 years ago, having probably felt that 12 years of formal education were quite sufficient and that the time had come for him to enter the labour market. He had worked, as I indicated, for a number of companies, including, I think, a brewery where he worked as a deliveryman, and then as a shipper in a CPR warehouse before being laid off. Well, what did he want to do? He wanted to register for a course in aeronautics at the Edouard Montpetit CEGEP on the south shore opposite Montreal. When he contacted the Canada Manpower Centre, he was told that he had some catching up to do, that he would have to take two courses in mathematics and physics, following which he might be allowed to take a one-year course in aeronautics at the CEGEP of his choice. Which means that within a year and a half, after a year and a half of training and his course in aeronautics, he might get a job in a technical field, whether in aeronautics or some other highly technological trade.

To introduce a new budget at this time would not help this young man, because what he really needs is training and formal schooling to secure a place in an increasingly complex and technical job market. As everybody knows, the government is doing a lot for other young people in similar circumstances. A few weeks ago, the hon. Minister of Employment and Immigration (Mr. Axworthy) announced an increase of at least $200 million for job training programs. How did hon. members of the opposition respond to that? They said, "That is no good." Their message was: $200 million for job training programs, is not worth a damn. I should like now to repeat in English what I have just said for the benefit of my hon. friends opposite.

• (1550)

[*English*]

As I mentioned, here is a young man who has unfortunately been laid off because of present circumstances. He was working at an unskilled job. In rough times, who are the first to go? Naturally, it is those who are the most unskilled. However, at the age of 24 or 25, what has he decided to do? He has decided to take a course in aeronautics which will last about one year and a half because he will have to take physics and mathematics courses again before becoming eligible for this program. Perhaps a year and a half from now he will be able to find himself a place in this increasingly complex and technical job market that we know today.

When the Minister of Employment and Immigration (Mr. Axworthy) announced an increase of $200 million for job training programs a few weeks ago, what did hon. members of the opposition say? They said, "No, that is no good." Their message was, "It is not worth a damn", and it was sent to Canadians.

Mr. Baker (Nepean-Carleton): Oh, no, we did not say that.

Mr. Berger: I happen to know, as I have had the experience of meeting individuals every week, that that is probably one of the most pressing problems in Canada today. An effort by business and government is required. As we all know, it is not the Government of Canada which has the primary responsibility for education in this country. When students graduate from high school and do not have skills to become part of the job market, that is when the Government of Canada is expected to find miracle solutions.

We have all discussed the creation of a better climate here. Several weeks ago there was a tremendous debate on parliamentary reform. We all say that we want to improve this institution. However, as I have said on many occasions, the responsibility lies with both sides. The rhetoric that we normally hear from the other side of the House is not really conducive to getting to the bottom of our national problems.

Another example of this rhetoric was evident in the speech given by the hon. member. He made the usual charge that the government's answer to everything is to throw money around. He said that government intervention and government spending was the answer, rather than creating a proper investment climate. I have just indicated that the government has an extremely important role to play in the area of manpower training. I would also like to mention to the hon. member opposite that the present high interest rates in this country may just be the result of the fact that the government of the United States has projected a deficit this coming year which will be in the order of $90 billion, $100 billion or $120 billion. No one seems to know for sure. But when our government makes an effort to substantially reduce its deficit—

Mr. Nickerson: That is not true.

Mr. Berger: —and the financial requirement of the government will be reduced by $3 billion this year, hon. members opposite who talk out of both sides of their mouths are not happy with that either.

I would like to turn to the subject of government intervention and quote an article datelined Tokyo which appeared in the *New York Times* on January 3 entitled "Japan's Challenge to U.S. is Policies, not Products". It said:

> With much of the industrialized world stagnating, foreigners are studying Japan's approach. In France, Prime Minister Pierre Mauroy even tried to win support for Socialist nationalization plans by likening them, however speciously, to Japan's industrial policy. The United States, too, despite longstanding aversion to government economic intervention, seems increasingly interested.

Boy, oh boy! This is heresy! The United States is the bastion of free enterprise and capitalism, yet an article in this great capitalist rag, *The New York Times*, states:

> The United States, too, despite longstanding aversion to government economic intervention, seems increasingly interested.

In reference to the policy of government involvement and assistance in the economy, such as that practised by the government of Japan, Frank A. Weil, deputy secretary of commerce in the Carter administration, was next quoted in the

article as saying that he believed that "the absence of such a policy in the United States is a major underlying cause of some of our fundamental economic difficulties".

Another example from the United States is found in a series of articles which appeared last year in *Fortune* magazine. The first such article appeared last June 15, and the following articles were published in that magazine until roughly the middle of August. An article which appeared one or two weeks before this series started was along similar lines and referred to the new electronic chip industry. This is an article in *Fortune*, of June 1, 1981. It says: "Japanese Score on a U.S. Fumble." In this article they outline how a little-known Japanese company based in San Diego, California, has grabbed a preponderantly large share of the $250 million a year United States market for a critical component of the microelectronic industry. The component in question is ceramic housings for the finest of those tiny electronic chips. This Japanese company based in San Diego, California, provides no less than 70 per cent of the ceramic packaging for semiconductors made in the United States.

• (1600)

They point out in this article that, first of all, the Japanese parent of this company was started in 1959 with a borrowed $10,000, $30,000 bank loan, and big dreams. I suppose that is the way most companies start off in the private sector, whether in Japan, the United States, Canada, or anywhere else. They set up a sales office in the United States in 1968. In 1971, during the 1971 recession, Fairchild Camera, whose semiconductor operation was financially strapped, asked this company, Inamori, to buy its ceramic packaging plant in San Diego. At that time the company was losing $100,000 to $200,000 a month. That is quite a challenge for a small company based in Japan to take over a company based in the United States and losing $100,000 to $200,000 a month.

While the Japanese investors were putting their faith in the United States and in this particular company, what were other American companies doing? Buffeted by the 1970-71 recession, they were hastily leaving the field to cut their losses. The San Diego plant, they explained, was faced by management, production and quality problems.

The United States managers did not take too well to Inamori's "strive for the good of the group" management style. The plant continued to lose money, so they fired the Americans and installed five young Japanese as managers. These new managers worked as men possessed, the article says, from 6:30 a.m. to midnight, seven days a week, doing two or three jobs at once, even pinch-hitting for absent workers. As the confidence of this company grew, Mr. Speaker, the Japanese began introducing more and more of what they call the Japanese management techniques. What are these techniques? These techniques call for the development of mutual faith and trust among managers and workers. They demand people willing to work two or three times harder than anyone else. They also have quite a technique on quality. Most American industries apparently have a quality control system based upon casual inspection or sample inspections, under which they might inspect one item out of every 20 of their product, but this Japanese company inspected every single piece of merchandise that went out of the company. What was the result? Their product became known for being better, for being much more durable, and they garnered, as I mentioned, over a period of time, 70 per cent of the market.

I would suggest, Mr. Speaker, in conclusion, that our economic problems are a lot more complex and need more than just crying out that it is the fault of the government every time there are 12,000 cars on the dock in Halifax, which some country will not accept because they are a shoddy product. I am not saying that that is the fault of workers or of management or the fault of the government. We have all to bear a little bit of responsibility in that. If we could cut down the rhetoric in this House and address ourselves to some of these serious questions, questions of productivity and manpower training, we might get a little bit further on the road to finding a solution to these problems.

Some hon. Members: Hear, hear!

Mr. Albert Cooper (Peace River): I could not but wonder, as I sat here this evening listening to several government members, Mr. Speaker, if perhaps I was in the House of Representatives in the United States, and listening to the opposition.

They sit there and they talk about the Americans and their problems and you begin to think they are totally ignoring what is happening in this country. Certainly they would have us believe that they are not responsible for any of the problems we have here.

I was interested in the comments the previous speaker just made here, that the deficit in the United States this year will be somewhere around $90 billion. It is intriguing, if you put that on a per capita basis, that our deficit should be somewhere around $9 billion, but in fact we are up to $14 or $15 billion. We will know precisely in another year, after all the final figures come in.

I am pleased to have an opportunity to address this motion today. It deals with the crisis we are facing in Canada, in my riding and I believe the workers are facing the same crisis everywhere. Since the election of February 1980 the government has given us nothing but promises, promises that have proved hollow and often deceitful.

I want to begin by talking about two particular promises. The first promise is one that came out of the budget and was given to us by the Minister of Finance (Mr. MacEachen). I would just like to quote it. It reads as follows:

> The whole purpose of my fiscal strategy is to lay the basis for sustained growth in the future by clearing away the obstacles of high inflation and unprecedented interest rates ... The policies and programs of the national government are major instruments for managing and exploiting these development opportunities—

The second promise I want to quote is on the National Energy Program. It speaks on the action which must be taken by the federal government. It says this:

It must offer to Canadians, all Canadians, the real opportunity to participate in the energy industry in general and the petroleum industry in particular, and to share in the benefits of industry expansion.

We have been misled by those promises. Those promises have not been delivered. They have not been made good to the Canadian people. The government policies at the moment will bring about those promised results. The interest rates, as they say, should slow down the expansion of credit. They are supposed, then, because of the slowdown in the expansion of credit, to bring down inflation. Obviously, Mr. Speaker, that is not working. The reality of the situation is this, that in February 1982—just a month and a little better away—the loans by the chartered banks to businesses and farmers in Canada increased by 17 per cent. Inflation rose from 9.3 per cent in March, 1980, to 11.4 per cent in February 1982. The government policies are not having their intended effect. They are only hurting the people of Canada, they are hurting the small businesses, they are hurting the farmers, and they are hurting the Canadian workers. High interest rates are probably the biggest evil we are facing. Those high interest rates are great contributors to the farmers' difficulties, which I think are best demonstrated in looking at the bankruptcies, because that is probably the most obvious indicator of trouble. The farm bankruptcies have increased dramatically since 1979. In fact, in 1980 farm bankruptcies were up over 78 per cent from 1979. In 1981 they went up a further 18 per cent. What is going to happen in 1982?

• (1610)

As I travel through my riding, it does not look as if there will be any improvement. Many of our farmers have been forced to cut back on their production. They have been forced to sell off their assets. They are literally being taken off the jobs they have had on their farms. They are looking for jobs in the marketplace, only to find, as so many Canadians are finding that there are no jobs available.

High interest rates have discouraged our farmers from pursuing their livelihood. They discourage our young farmers from investing in land, farm equipment and buildings on their farm. They discourage even the most established farmers from developing, expanding and opening up new agricultural land which we so desperately need.

Our farmers are not laid off in the usual way, but every day we hear from farmers who are hit in almost every conceivable way with high interest rates, high input costs, high fertilizer costs and high energy costs. All those things are attacking our farmers daily. Our small businesses have also been hard hit by these high interest rates. A survey by the Canadian Federation of Independent Business recently said that one half of all businesses in Canada have cut back on their expansion plans, one third have laid off employees, three quarters have suffered profit reductions, 10 per cent have slipped into the red, in other words, no profit at all, in a loss position, all because of high interest rates.

When we look at the outlook for the future, if these high interest rates continue, we can expect that one third of the small businesses in Canada will end up closing, selling or losing at least part of their business. A large number expect that they may go into receivership or experience bankruptcy. That becomes particularly significant when you consider the fact that 97 per cent of all the businesses in Canada have annual sales of less than $2 million. In other words, that high percentage of our business is made up of small businesses.

When you see that large proportion of our business sector, with half of them cutting back on expansion, one third laying off employees, three quarters suffering loss in profits, obviously there is not much hope for our future and much opportunity for jobs. What hope do our workers in Canada have?

Small businesses are faced with a double whammy. They cannot withstand a recession very long. They simply do not have the economic base. They do not have the source of funds to draw on. They do not have a foundation to survive a long, difficult period. Already we are seeing evidence of soaring losses in small businesses. In 1981, losses in small businesses were up 46 per cent over 1980 and in January 1982, they were up a whopping 74 per cent over January 1981. We are left with nothing but a picture of tragedy, a future of unemployment and despair.

In my region, one of the industries most hard-hit is probably the trucking industry. Many small trucking companies in my areas have closed their doors. Large trucking companies have cut back to the levels of business in 1977. Some, in fact quite a number, have less than one half the number of employees they had a year ago. The rest of those employees are looking for work in a market where there are no jobs. They have been affected by the high interest rates and the National Energy Program.

Another industry that has been severely taxed in the area of Peace River is the forestry industry. In my riding, there are two major employers in that industry. The first, Canadian Forest Products, has been laying off employees since the last of October. Proctor & Gamble, another company in my riding, has severely cut back production. It has severely reduced the number of private contractors. This year, the first time in a long time, it will not be hiring seasonal temporary labourers. Until now, the main beneficiaries of that temporary labour have been students. Where will they get a job this year? How will they earn an income to complete their education and prepare to enter the job market?

Proctor & Gamble attribute these cutbacks to high interest rates. It is no wonder that high interest rates are hurting these industries when we look at what has happened to our building statistics and housing starts. No one today is building houses or apartments. In my riding, housing starts are the lowest they have been in a decade. That creates two problems. First, no longer are jobs being created in the construction industry. Anyone who knows anything about business knows that construction is often the industry that gets things started and stimulates the economy. Now there are no new jobs being created in that industry.

The second one, and this will become increasingly serious as each day goes on, is that there are no houses being built and no apartments being built. What is going to happen? Where are

people going to live? Not only are jobs not being created by the building of houses and apartments, but homes are not being provided for the families who are each day looking for apartments.

I have been told that in the province of Ontario if a landlord was to build a new apartment building and he were to consider his financing costs, in order to break even—not show a profit but break even—he would have to charge rent in the neighbourhood of $800 a month. I suspect that is not only true in Ontario but in other parts of the country.

The question is what worker can possibly afford to spend $800 a month on rent? Obviously the many people on unemployment insurance in this country cannot afford that kind of rent. we can see the trend is well on its way for some very serious problems in this country, problems that are not reaching crisis proportions.

Where has the investor confidence in this country gone? Where has all the available capital gone? An investment in our country would develop our country. It would create jobs, build houses and would restore a sense of pride in our nation. However, that investor confidence which is so important and necessary to our survival and a good healthy economy, has been badly shaken. In fact, it has been shattered. Money that should have been invested in this country is being invested in the United States and Australia.

The National Energy Program, the promise I began with today, said that the oil industry would expand. Anyone who knows anything about that industry knows that has not happened. It is not true. The industry today in Canada is smaller than it was two years ago. While Canada has been discouraging investment, the United States has been encouraging it. What is very serious is that it is not that American investors have returned to the United States or Australian investors have returned to Australia. What has happened is that Canadian investors have gone to the United States and Australia. They have taken money from Canada, money which would have created jobs here, and invested it around the world. Canada is no longer considered a good place to invest, a good place to create jobs or a good place to create hope. That investment image is tarnished and, in fact, destroyed. The result is a smaller and weaker energy sector, which in turn results in fewer and fewer jobs.

• (1620)

Due to the National Energy Program and the uncertainly which it has created, Alsands, Cold Lake and our various Arctic projects are further away from being built today than they were six months ago or even two years ago. The federal government and its policies are moving us backwards.

The investment climate was further shattered by the November, 1981 budget, which was very much like an octopus in its attempts to reach out and grab and look for money and gain control. It was only a swipe at the investment community, our small businessmen and a swipe at entrepreneurial attitudes and approaches which we so desperately need in this country. It was a threat to the capital that we had available.

The budget has been a setback to the development of our resources and the expansion of businesses in Canada. The National Energy Program caused an outflow of cash and an outflow of jobs from the country and caused drilling rigs to be moved south of the border. It is estimated that an extra 10,000 oil and gas wells will be drilled in the United States as a direct consequence of the National Energy Program. The outflow of 10,000 oil wells becomes a significant factor just in terms of employment alone when one recognizes that each rig would employ 30 people directly. All of those jobs could have been and should have been in Canada. The use of those rigs should have been benefiting all Canadians by creating jobs and creating a flow of money throughout our various communities and into the housing, automobile and steel industries. This money would have come out of a constituency such as mine and into the heartlands of Ontario and Quebec. Instead of the economic development which the government has promised us, we are seeing that economic development in the United States.

In our region alone we recently had 60 oil rigs working. Today, we have nine. That is less than one sixth of the rigs which were there a short period of time ago. If that is multiplied by the thirty direct jobs associated with each of those rigs, plus the untold spin-offs to the construction, housing and auto industries, it represents 60 per cent of the manpower that has disappeared. In other words, 60 per cent of the jobs that have been associated with the service of the petroleum industry are gone.

Where are those people? They are lined up at the unemployment insurance offices and they are out pounding the pavement looking for work. But they cannot find that work anywhere. There has not been any further economic growth in my area for over a year. In fact, there has been no economic growth in Canada—our unemployment figures of more than 1.119 million proves that. Fifteen per cent of our young people in Canada, our future and our potential, are unemployed.

If you talk to people in my area about the National Energy Program and ask them about its benefits, they will turn around and ask, "What benefits? Where is the expansion of the industry? Where are the benefits we are to share?" To these people the National Energy Program has been nothing more than a cause of high unemployment in northwestern Alberta. A year ago, unemployment in that area was approximately 4 per cent. Since the introduction of the National Energy Program it has tripled to close to 12 per cent.

Early in 1982 there were 1,500 people looking for jobs in the city of Grande Prairie. There were only 90 jobs to choose from. The job vacancy as shown at our local employment office indicated there were only 90 jobs to choose from. In 1980 job vacancies peaked at 522. In other words, there were 522 jobs which were required to be filled. In 1981, that plummeted to 138 jobs which were required to be filled. As I just mentioned, job availability in 1982 went all the way down to 90, with 1,500 people trying to compete for them.

Unemployment insurance applications in my region have risen by 60 per cent in one year. While this tragedy occurs, the

government blames it on the United States and talks about its wonderful programs.

The fact is that people are losing their jobs on a daily basis. What is important about this is that unemployment which is occurring in my region is affecting established residents who have never before being unemployed or laid off. Our construction industry has always had a shortage of manpower. Today, it has too many workers. Skilled people in our region have always been in demand. Today, they cannot find work anywhere.

I have had discussions with our business people. They receive calls every day from people who are looking for jobs. They receive up to ten calls a day and they have to say to those people, "I am sorry, I do not need anyone today because I may have to lay off some of my staff this week."

I get angry when I talk about this subject because there is massive potential in my area. We have massive proven gas reserves; we have foresty potential; we have agricultural potential; we have silica sand deposits, and I could go down the list.

If someone from anywhere in the world entered this part of the country, they would begin to dream of the opportunities, of jobs, of investment and security. This government has turned those dreams into a nightmare of tragedy and despair. This government has abused its right to govern and has abused the privileges which it was given in the last election.

• (1630)

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Madam Speaker, this is the first time I have had an opportunity to speak in the House as parliamentary secretary to the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. I am very pleased to do so, especially after hearing the motion this afternoon, in which once again, the government is being blamed for the serious state of the Canadian economy. Of course, I prefer this kind of approach by the opposition to get its point across, to the steadily ringing division bells which did not really help the debate.

I may say first of all, that the motion is an interesting one if it is taken at face value, and I am thinking of the short-term perspective, but when we look at what is actually happening in this country and we compare Canada's present problems with the problems of other countries, we realize that our situation is quite similar to that of other nations, and that nevertheless, we have made a certain amount of progress. It is very easy, especially for those who are in the opposition, to blame the government for our present economic ills. In fact, the only mandate opposition members seem to have is to deplore the situation. They never feel like suggesting solutions. Since twelve o'clock I have been listening to hon. members, and I realize that one of our specialties is to deplore the situation and find a scapegoat, always the same one, without trying to distinguish between various levels of responsibility. To give the House an example, I would like to talk about something I am more familiar with, namely, my riding of Manicouagan. I would like to talk about the problems of the designated area of Sept-îles-Port-Cartier, and I am sure the official opposition will have guessed which company I have in mind. Perhaps hon. members can draw their own conclusions. I am referring to Iron Ore Co. of Canada. Everyone knows this company and its president is well known as well.

Is the federal government to blame for the present problems of Iron Ore Co. of Canada? Is the president of the company to blame? Anyone who says it is the president's fault is wrong. I can assure hon. members right now that is not the case. Is the federal government to blame? No, it is not. Is it the international market for steel? This, of course, would explain the problem but does not solve it. Unfortunately, although the federal government, through the Department of Industry, Trade and Commerce, has designated the area as a special area—there are four others in Canada, namely, Sorel-Tracy, Windsor and Sydney, Nova Scotia—and although we have made substantial amounts available to all kinds of companies and intervenors, it has been very difficult to attract investors. It is very hard to persuade top people in the management and investment world to get involved in new economic recovery programs.

Even the Iron Ore Company, with all its money cannot modernize the pellet plant which had to close down because this plant is already modern. All we could do was to help out the workers directly and provide temporary programs to keep them busy. This should show members opposite that even when you are the government, have money and know the chairman of the board, the problem does not depend on the government or the chairman of the board, but rather on the international economic situation. However, this does not mean that there are no answers. Earlier, I heard the previous speaker say that the future looks dark. It does when you look only at the problems rather than at the potential. The motion introduced today states that the government does not do everything necessary to assist business and promote economic recovery. But what major decision did the Canadian government make a few months ago, not only to help Canadian families, but also to promote a strong self-sufficient Canadian industry? The government decided to amalgamate the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion to bring back under one jurisdiction the responsibility of analysing the economic needs of the country and geographic distribution so that various regions may become more or less competitive with each other. To show that these methods can be extremely useful and to show what has already been done, let us look at the Mitel Company, which, because of a well-structured organization by the Departments of Regional Economic Expansion and Industry, Trade and Commerce, has opened a plant in northern New Brunswick although it would have preferred a major centre such as

Montreal or Toronto. Of course, the 11 levels of government in Canada have demonstrated more willingness to fight one another about the abstract concept of Canada than defend Canadian economy. The discussions which have taken place over the last five or six years, and all our actions since the incredible OPEC increase in oil prices are blatant evidence that we have continued to act collectively as though the future held no threat. Only in 1977 or 1978 did we make a direct commitment to an energy policy and begin Canadianize our industry? For too long, our country was happy to export, to import, to have internecine quarrels. It is virtually because of the present major economic problems that everyone is beginning to realize the importance of co-operating and developing original methods for processing our raw materials in Canada, reducing considerably our exports and becoming much more competitive on the market, and in this regard, I am thinking about what other countries can show us. We have the example of Japan. Without any natural resources, but with an extremely developed research sector and concentrated technological industry, it has succeeded in acquiring very substantial markets. We have also started to look at the quality of our fish for the domestic market. Everyone knows that, with the three oceans which border Canada and the 200 miles on which we now have absolute sovereignty as Canadians, we have an extremely profitable and substantial market which we should try to make much more competitive.

The Minister of Fisheries and Oceans (Mr. LeBlanc) introduced a most articulated program for fish marketing and quality control. Here is an industry that normally should experience an extremely rapid growth over the next few years. For better than two years already, despite difficult cycles, it has been realized in the area of fisheries and oceans that the fishing industry has progressed tremendously in Canada. As far as pulp and paper activities are concerned, this country of course is covered with forests. And the government has had to impress upon the companies that modernizing their equipment is important. We were becoming obsolete in the face of competition and falling way behind with respect to new markets. Only three years ago the Department of Regional Economic Expansion, in co-operation with the companies, introduced a modernization program. How was it that companies were not the first to assume responsibility for their own modernization? That is a question we should put to them. It is also strange that when the time comes for bringing out a budget, when normal input is requested from those industries, they immediately start complaining, although they are often besieging the government and pressing for grants and still more grants to do their own work.

There are important questions that should be asked at this stage. It is always easy to blame the government. It is the first thing that often comes to mind, and obviously the readiest for marking political points, and showing people that so and so is responsible. But speeches will not give the government and the country a sense of responsibility or a much higher economic level. Over the next ten years, the Department of Industry Trade and Commerce and the DREE believe that 5.5 million jobs will have to be created, of which 40 per cent will replace current jobs and 60 per cent will be new jobs. Projections based on responsible analyses dealing with facts, show that within the next five or six years we will probably be short of manpower for those jobs.

Later on, someone will be speaking for the official opposition, and I look forward to hearing his comments. Already, there is a shortage of people in Canada for specialized jobs. We have to import jobs. So there are already two major problems in Canada. There is the need for a much more advanced industrialization in the areas of specialization and with respect to markets and competitiveness. And there is a major short fall in young people. There is no way we can build up the Canadian economy without at the same time obtaining from the provinces a quality of skilled training that would be on a pair with level of economic modernization. One goes with the other.

But already, right in the midst of a recession, the government has to import a certain amount of skilled help, because despite a 9 per cent unemployment rate, we cannot find in our country qualified people to fill these jobs. It is all too easy to say that everything is bleak. The future is much more promising than people will say, to the extent we as a country can take the steps needed to compete efficiently and also to build a strong domestic market. An educational effort is also needed to inform our fellow citizens.

Just now I referred to a designated area in my riding, namely Sept-Îles-Port-Cartier. I have already explained what the problem was in Sept-Îles. Port-Cartier has a mill, and offers have been made to several companies to come and set up a business there, but despite very attractive grants, only two companies have shown an interest. Actually, any positive developments will be due to the fact that the government will be a major participant in activities to put the Port-Cartier mill back into production. However, the major forces at work here are neither money nor politics but the need for restructuring our domestic economy and the influence of the international economic situation. The latter, however, would be intolerable if the government did nothing to counter it. I feel that the measures taken by the government which, quite frankly, are often far from perfect, and that is understandable, I feel that these measures are in line with the objectives of the opposition in this respect. I am convinced that the present situation will be temporary, although it may not evolve as fast as we would like. Anyone who is unemployed, even if he is the only one, is in an extremely difficult situation which prevents him from finding his true place in society. However, it is no use making long speeches and telling people that the government, any government, has the answer to their problems. That would be most unrealistic.

If we look at other countries, for instance Great Britain, where Mrs. Thatcher's government has a policy that stresses private enterprise, has done away with social measures and made budget cuts—they now have an unemployment rate of over 13 per cent. Last year they had major social problems. Look at France and the policies of Mr. Mitterrand, who believed that with socialism French style, he would be able to turn around the French economy. After a few months in power, he is also facing major problems, such as higher unemployment and a substantial devaluation of the franc. Scarcely twelve months ago, Mr. Regan in the United States seemed to be the saviour of the North American economy and now he is also anticipating deficits, and it is not because he failed to take strong action. Mention could also be made of Italy and other countries. Obviously, there is no miracle solution.

They want to talk about interest rates. I remember that when the Progressive Conservative Party was in power, Mr. Bouey appreared before the Standing Committee on Finance, Trade and Economic Affairs, and at the time, that party approved Mr. Bouey's policies and confirmed him in his present duties for seven years. It is easy enough to criticize and speak out when in opposition. But when the time comes to take concrete solutions, they realize it is not so easy.

Another major issue which I would like to raise in connection with this government is the creation of the Ministry of State for Economic and Regional Development called MSERD, which will be responsible for allotting substantial financial projects in Canada and ensuring that every area may enjoy the benefits of the Canadian economy. Often in the past, even if DREE has made every effort during the ten last years to balance the Canadian economy, it became obvious that the economy was concentrated in cities such as Montreal, Toronto, Vancouver, Calgary, that is in large centres. Now, Canada is much more then those large centres, it is perhaps first and foremost the outlying areas. There is much to do as far as regional development is concerned and there is no lack of means available, but the fact is that the various partners must come together. Here is another example with regard to attitude and co-operation.

Let us deal with the energy dispute between Newfoundland and Quebec. I am sure the opposition is well aware of the position of Premier Peckford, of Newfoundland, which differs considerably from that of Premier Lévesque. If only Quebec and Newfoundland would come to an understanding, the whole territory of Wabush, Labrador City, Fermont and Schefferville in northern Quebec could be developed, for the benefit of Newfoundlanders as well. But while the two provincial governments keep on fighting, their populations are paying the price. But answers to such political problems do exist. If the Quebec-Newfoundland dispute could be settled tomorrow morning, some $20 billion would be earmarked for investment in that area. If this makes some members opposite smile, let them read once again the remarks made by the president of Iron Ore, an excellent source of inspiration for the hon. member for Manicouagan. They would realize that tremendous possibilities exist. But for some years, the development has been hampered by endless disputes between the provinces themselves and between the provinces and the federal government. If we believe in the same country, if we believe in ourselves, we should be the first to develop our economic potential.

I think that the challenge we have to meet now is to stop crying over our problems and consider our potential. But we seldom do that; we would rather complain about our neighbour and say that we are powerless. On the contrary, we can build something. But we must have the ability to work along with others. Likewise, the hon. member for Bonaventure-Îles-de-la-Madeleine(Mr. Bujold) mentioned the workers a while ago. We need this social consensus, this type of understanding among governments, investors and the workers, the only possible way to a sound economy. Without such a consensus, we will continue to fight each other and waste our energy. In conclusion, I suggest that the motion moved by the Progressive Conservative Party seems to me to be quite irrelevant at this time and that what we really need is team work.

• (1640)

[*English*]

Mr. Dan Heap (Spadina): Thank you Mr. Speaker, for finally calling time. I rise to support this motion which clearly condemns the government for following the policies which are destroying our manufacturing industries which make the things that Canadians need.

The government is knowingly and willingly causing unemployment. At the present time 1.8 million Canadians are jobless and the number is increasing. The government knows that this has come about largely because of its policies, yet it intends to continue with those policies.

What has caused so much unemployment is the government's plan to move Canadian workers away from private industries and public services and to employ Canadian workers to provide the things that Canadians need. The government plans to force these workers to move to new locations at temporary work sites in the Canadian north to dig up the oil, gas and coal and then ship it to other countries. With those products, hundreds of manufacturing jobs that are needed by our people will be lost. No doubt the banks and a very few rich corporations will grow richer, but most Canadians will grow poorer.

This plan was announced by Senator Olson and applied by the Minister of Finance (Mr. MacEachen) and his cabinet colleagues. The movement of workers, forcing them away, is done by the planned destruction of certain markets. This is the plan I wish to examine in the hope that we can find a way to reverse this evil policy.

During the past few weeks I have been in touch with Canadian workers, trade unionists and manufacturers in the

footwear industries, mainly in Spadina, but also in other parts of Ontario, Quebec and Manitoba. The over-all pattern is the same—lay-offs because of almost uncontrolled imports from low-wage countries.

These past few months have been a nightmare for those engaged in the footwear and tanning industries. Since December 1, the date the government's new policy for footwear began, thousands of workers have been laid off, and the effects of this continued to spread throughout the related industries and service sector. Unionists and manufacturers in my riding see nothing but gloom ahead if the government's policy is not changed. At this stage their frustration is turning to bitter anger as the government refuses to budge. Let me trace for this House the events in their most recent struggle.

• (1650)

The government-commissioned anti-dumping tribunal began its hearings on the Canadian footwear industry in July, 1980, nearly two years ago. Organized labour, as well as manufacturers' associations connected with the industry, were in broad agreement on the type of action required to save their industry. The unionists argued before the tribunal that to maintain the approximately 20,000 jobs of direct workers, tanners and suppliers, effective global import quotas would be essential. The quotas would have to be global in both the geographic and generic sense. There must be no exceptions.

The industry had been engaging in a significant transformation process despite the patchwork approach of government. There was the three year breathing space at one time, an additional year at another, the plugging of import leaks after damage is done and the continual studies to decide what to do next. The industry argued that this atmosphere of uncertainty was in itself hampering the manufacturers' efforts at modernization. A significantly longer period of stable expectations was required for the upgrading of plant and equipment and for long-range planning to assure the survival of a more modern industry which could provide incomes and working conditions on a par with other Canadian manufacturing industries. They admitted that the number of jobs might not increase significantly, but that these jobs would be better jobs in every sense of the word and that they would be secure within the context of a stable competitive industry. They further accepted the fact that imports would always account for about half of our domestic market, even under long-term protection. Together with the manufacturers' associations, they argued that comprehensive and global import quotas should be instituted until the end of 1989 to achieve their stated goals.

In February, 1981, the anti-dumping tribunal published its report. Those engaged in the footwear and tanning industries were cautiously triumphant. The tribunal had supported the position of the industry in almost every aspect of their exhaustive research and especially on two very important points: that the protection required to save the industry must be long-term, and that it must not exclude any type of material.

The tribunal found that our industry had not been able and will not be able in the foreseable future to compete with imports from low-wage countries. And this fact, they emphasized, is for reason of price alone. The Canadian industry is competitive in style, quality, and product range. Workers in our industry point out that the wage difference between Canada and low-cost countries is partly due to our good legislated working conditions which, unfortunately, are not at present incorporated into the labour laws of many developing countries. The social costs of exploitation are enormous and no one would propose that our labour force should divest itself of the benefits for which it has struggled over the decades. There is just no fair comparison between our wages and those of workers in developing nations. We hope that those countries will improve their labour laws, but at this time their governments are enforcing unfair competition. The following quotation I assure you is not at all out of context:

> Imports of leather footwear from (low-wage) countries now compete directly in the middle price points of the Canadian footwear market, where Canadian producers direct about 90 per cent of their product. In the absence of import restraints, the ability of the domestic industry to retain even its present share of the market would be seriously threatened, and the possibility that this situation would be any different in five or ten years time is remote.

That is the opinion of the tribunal appointed by the government. But clearly the government has not followed its recommendations.

Meanwhile, our industry is partially paralyzed awaiting the next moves of exporting nations which will soon flood our markets in response to this opening of the gates, despite the pleadings from manufacturers and unions. That comprehensive protection over a longer period of time would be required to finish modernization and to stabilize the industry. The government has chosen to try yet another angle in its short-term harassing approach.

In the statement of the new policy the minister fairly boasts that Canada will remain one of the world's most open markets for footwear imports; as indeed it does. If the import penetration continues to increase as a result of this leather loophole and a virtually meaningless system of quota protection, we can look forward to losing our whole domestic leather footwear industry, becoming 100 per cent dependent on imports and becoming world leaders in helplessness. This seems to be precisely what the Minister of State for Economic Development, Senator Olson, had in mind when he stated a few weeks ago to the Liberal student club at the university of Victoria:

> We're going to stop propping up mature industries that will never be competitive in this generation, like textiles, clothing, footwear, and a number of others.

The new footwear policy, announced on November 24, sent shock waves of alarm throughout the footwear industry, and especially the sector in Quebec where leaders immediately read the message for the footwear industry whose products are close to 90 per cent leather. The Quebec government with unions and employers' associations set up a task force united in their resolve to have this new policy reversed. They appealed to many members of the House. They appealed through the hon. member for Sherbrooke (Mr. Pelletier), a member of the minister's own party, through my colleague, the hon. member for Yorkton-Melville (Mr. Nystrom) and also through the Quebec minister of industry, trade and tourism. They got

absolutely no response or encouragement from the minister of trade and commerce.

In January, the task force wrote to the government asking for essential changes in the new policy. These were a limit on the import of leather shoes to 40 million pairs per year and a guarantee for Canadian producers of 50 per cent of the domestic leather footwear market. By this time the terrible results of the new policy were clear. Over 6,000 of 20,000 jobs had been lost in the four months since the minister brought in this ruinous policy. The minister continued to ignore complaints. In March, Jean-Guy Maheu, president of the Shoe Manufacturers' Association of Canada, wrote to the minister. In part his letter reads:

> We have not been asking for a favour, Mr. Gray. More than a year ago, the Tribunal found the industry threatened with serious injury from imports of footwear—leather footwear as well as non-leather footwear.

His letter continued:

> The only way to prevent the complete demise of our industry is to review the policy immediately in order to include leather footwear in the global quota.

Next week there will be unemployed workers and industrialists here to speak to Members of Parliament about the serious danger of complete destruction of the industry. Although the Minister of Employment and Immigration (Mr. Axworthy) asked for our views, but did not stay to listen, I will nevertheless outline the idea that has been proposed by the leader of my party. Canada needs to establish production agreements in key sectors, Canada needs to establish production agreements in key sectors with multinational manufacturing firms. These agreements will concern the value of production of such manufacturers in Canada. The aim must be to ensure that production in Canada in key sectors, whether aimed at the domestic market or the export market, will equal sales in this country.

We have a powerful position from which to negotiate such agreements. As the national government of Canada we control imports. We can do as many of our trading partners in GATT are now doing and insist that imports shall not destroy Canadian production.

In leather footwear, the very first step in this direction is to guarantee at least 50 per cent of the Canadian market to Canadian producers. This must be done at once, otherwise Canada will lose its leather footwear industry as we lost our rubber footwear industry through destructive government action.

Canadian workers and employers in the footwear industry are good workers. They work hard and well and they produce good products. They have a right not only to fair pay for their productive work, but also to be able to provide that market for Canadian products which Senator Olson so despises. I call on this government to scrap Senator Olson's philosophy and the ruinous trade policy built on it.

The Acting Speaker (Mr. Watson): Order, please. It being 5 p.m. it is my duty to inform the House that pursuant to Standing Order 58(11) proceedings on the motion have expired.

[*Translation*]

The House stands adjourned until Monday at 2 o'clock p.m., pursuant to Standing Order 2(1).

HOUSE OF COMMONS

Monday, April 5, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

HOUSING

DEVELOPMENT OF NEW BUILDING MATERIAL—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas in today's *The Globe and Mail* it was reported that the International Development and Research Centre has developed a revolutionary new building material consisting of mud with additions of asphalt and boiled banana stems, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That in light of Liberal high mortgage rates, mounting local taxes and the ill-fated November budget, the minister responsible for CMHC personally check out the new system's applicability to Canadian conditions by living in a mud hut for the next six months.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

ARGENTINA—INVASION OF FALKLAND ISLANDS—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, the Argentinian invasion of the Falkland Islands is a blatant breach of international law and a violation of the fundamental principles of the United Nations. The United Kingdom has exercised sovereignty over the Falkland Islands since 1833. Its inhabitants are British citizens and have no wish to be subjected to the dictates of an alien military junta. I move, seconded by the hon. member for Victoria (Mr. McKinnon):

That this House condemns the military aggression of Argentina and urges the Government of Canada to impose economic sanctions against Argentina until such time as that country withdraws its forces from the Falkland Islands, as instructed to do so by the United Nations Security Council.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SEARCH AND RESCUE

TRAINING FOR HELICOPTER PERSONNEL STATIONED AT PRINCE RUPERT, B.C.—MOTION UNDER S.O. 43

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, I rise under the provisions of Standing Order 43. The Department of Transport has now admitted it does maintain a Sikorski 61 helicopter at Prince Rupert in British Columbia and does admit that the crew has received no training whatsoever in search and rescue procedures. The department has also admitted that it does maintain a Bell nine-passenger helicopter at Victoria and its crew has not received search and rescue training either. The department claims it is not its primary duty, but every sailor knows that it is everyone's duty to help in a marine disaster, and to be skilled in so doing. Therefore I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House instruct and order the Department of Transport to arrange immediately for full search and rescue training for department personnel involved, and that additional equipment useful in search and rescue be made available to these helicopter personnel to avoid possible loss of life on the west coast.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

ARGENTINA—CONDEMNATION OF INVASION OF FALKLAND ISLANDS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa): Madam Speaker, I would like to preface the motion I am rising to move under the provisions of Standing Order 43 by saying that it also concerns the important subject of the invasion of the Falkland Islands, but that it is different from the one which was moved just a moment ago. I hope it is one which will receive the approval of all sides of the House.

S.O. 43

Last week over 4,000 Argentinian troops invaded the Falkland Islands in a move which the United Nations Security Council has overwhelmingly opposed. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House condemns the invasion of the Falkland Islands and urges the immediate withdrawal of Argentinian troops.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Broadbent: A Tory said No!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

NATIONAL SECURITY

EXPULSION OF RUSSIAN EMBASSY OFFICIAL—MOTION UNDER S.O. 43

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my motion deals with the lack of clarity of the Prime Minister in his public utterances. Last Friday the Prime Minister, according to the transcript of his press conference, stated that he had not heard what the expelled Soviet trade official had done was illegal, but that he was attempting to circumvent "one of our policies." Many Canadians are trying to do that, particularly with respect to the budget and metric conversion. However, he also noted, in response to Mr. Lubor Zink's question pertaining to simultaneous sanctions and friendship with the Soviet Union, that we do not have any friendship protocol with the Soviet Union and that the word "friendship" did not exist in any treaty or accord or agreement with the U.S.S.R. Therefore I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the Prime Minister explain on motions exactly why Mr. Abramov was expelled if he was not doing anything illegal and how it is that the word "friendship" does in fact appear in the opening preamble of the Canadian/Soviet protocol in this context: "Inspired by a desire to develop and strengthen relations of friendship, good neighbourliness and mutual confidence between the two countries".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FITNESS AND AMATEUR SPORT

CANADIAN MEN'S CURLING RINK CAPTURES WORLD CHAMPIONSHIP—MOTION UNDER S.O. 43

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, I rise under the provisions of Standing Order 43. The sport of curling is one of Canada's most popular winter activities. Yesterday in Garmisch, West Germany, the Canadian men's curling rink, comprised of Skip, Al Hackner, Rick Lang, Bob Nicol and Bruce Kennedy, from the Fort William Curling Club in Thunder Bay, won the Air Canada Silver Broom, the symbol of world supremacy in curling. I therefore move, seconded by the hon. member for Cochrane-Superior (Mr. Penner):

• (1410)

That this House does recognize and commend the magnificent efforts of these Canadian sportsmen who have brought great honour to Canada.

Madam Speaker: I have said before that I cannot accept congratulatory motions because this is not, of course, the purpose of Standing Order 43. But if the House wishes to applaud this accomplishment, it is free to do so.

Some hon. Members: Hear, hear!

* * *

THE ADMINISTRATION

DEMAND FOR RESIGNATIONS OF FOUR MINISTERS—MOTION UNDER S.O. 43

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, Canadians are moved with admiration, noting the respect shown to the time-honoured British tradition of ministerial responsibility which prompted the resignation of Lord Carrington, Foreign Secretary of the United Kingdom government. I therefore move, seconded by the member for Central Nova (Mr. MacKay):

That this House demand that the Government of Canada return to this honourable tradition, so regrettably neglected by the arrogance demonstrated opposite, by requiring the resignations of the Minister of Finance for his high interest rates and for failure to honour his promise "Vote Liberal and the price of gasoline will stay down"; of the Minister of Employment and Immigration for his failures demonstrated in more than one million unemployed; of the Prime Minister and the Solicitor General for their failure to protect the security service from unfair trial.

These resignations, and many more, will signal to Canadians and the world that responsible government has been returned to Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

TAXATION OF FISHERMEN'S INCOME AT SOURCE—MOTION UNDER S.O. 43

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the proposed scheme that would allow the taxation of fishermen's income at source would seriously hamper the ability of fishermen to make a living and would undermine the economies of Canadian fishing communities, and whereas this scheme was imposed unilaterally and greeted with dismay by fishing organizations on both of Canada's coasts, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That the ministers of revenue and finance be instructed to meet fishermen's groups and fishing community representatives, so that they can at last hear the problems that mandatory income tax at source will create; and that in the meantime this scheme be withdrawn along with the rest of the budget that was equally so poorly considered.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CONSTITUTION

PREFERENCE FOR CONSTITUTIONAL MONARCHY—MOTION UNDER S.O. 43

Mr. Ron Stewart (Simcoe South): Madam Speaker, my colleagues and I wish to voice the warmest words of welcome and best wishes to Her Majesty the Queen and Prince Philip on the occasion of their upcoming visit to Canada. Our constitutional monarchy symbolizes the epitome of democracy. The Queen is not the representative of the majority of the people but the people themselves.

I suppose an integral movement in any well executed pirouette would be an about-face. The Prime Minister has demonstrated in regard to the Queen that he is fast on his feet but slow in his reaction time to policies and principles—above all, principles. I move, seconded by the hon. member for Okanagan-Similkameen (Mr. King):

That this House affirm its recognition of the rich legacy bequeathed to us by the British parliamentary system of government, our preference for a constitutional monarchy along with the checks and balances which guarantee the primacy of the individual, his or her rights, privileges and basic freedoms, and that this House enhance this legacy building on—not chipping away at—the symbols and institutions, traditions and customs which have led us along the road to full nationhood.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EDUCATION

TAX EXEMPTION SOUGHT FOR PAYMENT OF INDEPENDENT SCHOOL FEES—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas taxation at all levels should be on an equitable basis, and at the present time parents who support independent schools are required to pay the regular taxes to the public or separate school system, even though the curriculum in an independent school is approved by the department of education, and then pay the total cost of the independent school, I move, seconded by the hon. member for Pembina (Mr. Elzinga) and the hon. member for Red Deer (Mr. Towers):

That this House urge the Minister of Finance to amend the Income Tax Act granting at least exemption for income tax purposes, of the tuition fees for the independent school, if not for the total amount contributed to the independent school.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1415)

STATUS OF WOMEN

EMPLOYMENT IN DEPARTMENT OF ENERGY, MINES AND RESOURCES—MOTION UNDER S.O. 43

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that the minister responsible for mines and the status of women has issued a press release congratulating herself on the improvement of the position of women in the Ministry of Energy, Mines and Resources in the last year, and in view of the fact that this release showed that only three people of the 47 people hired in the senior administrative positions were women and that 60 per cent of the women hired were still in the support category, I move, seconded by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish):

That this House express its disappointment that the mines minister is so easily satisfied with such a minimal improvement of the position of women in her

department and recommends that she step aside and be replaced by someone willing to take tougher stands in her own department.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

FALKLAND ISLANDS—ACTION TO REMOVE ARGENTINIAN FORCES OF OCCUPATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is to the Prime Minister. It relates to the events in the Falkland Islands. Will the Prime Minister report to the House on any specifications which Canada has taken to ensure that the Argentinian occupying forces will be removed immediately from the Falkland Islands?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Secretary of State for External Affairs will be able to answer that question in detail. I have been discussing this matter with him and with the deputy minister. There will be a meeting of cabinet ministers this afternoon for further discussion on external problems. I will defer to the foreign minister to give the details of the measures we have taken.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, following the resolution adopted by the United Nations Security Council, we called in the Argentinian Chargé d'affaires and informed him that all Argentinian forces should be immediately withdrawn from the Falkland Islands and other British possessions which they occupy. In view of the serious situation which has developed, we have recalled our ambassador from Buenos Aires for urgent consultation. We are placing an immediate embargo on all military shipments to Argentina, and we are cancelling the proposed visit of the National Defence College to Argentina.

This afternoon my colleagues and I will be giving consideration to further measures which the government might take. I might mention that since there are some nine Canadian citizens involved who are residents of the Falkland Islands, we have asked the Argentinian authorities to ensure the safety of Canadian nationals on the Falkland Islands. The only other comment I might make is that I had a meeting with Lord Moran this morning to consult on the situation.

Some hon. Members: Hear, hear!

ENERGY

IMPORT COMPENSATION PROGRAM—REASONS FOR MINISTER'S APPEAL TO REFINERS

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. The minister has known for at least six months that there is a serious problem with the manner in which the import compensation program is working. Common sense would dictate that the program should ensure maximum utilization of domestic crude oil, with the remaining requirements being made up with the cheapest possible offshore supplies. In this way, maximum benefit would accrue to governments in the form of taxes, industry in the form of cash flows, and consumers in the form of cheaper gasoline and heating oil. Instead of correcting this program, last Thursday the minister announced that he is asking eastern Canadian refiners to refrain from buying cheap offshore oil. Will the minister please explain to the House how this will benefit Canadian consumers which, after all, is the original reason behind the import compensation program?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would very simply explain to the hon. member that one should not ask companies to walk away from valid contracts which have been entered into. I asked the companies to act in whatever way they can without breaking contracts and endangering future medium and long-term security of supply for Canada.

As the hon. member well knows, part of that problem arose from the fact that the government of Alberta arbitrarily cut back production last year by 120,000 barrels a day. Some refiners had to enter contracts with foreign countries to make up for that loss. They have to honour those contracts until they expire. I have indicated to the refiners that once their contracts expire they should renegotiate those contracts bearing in mind the availability of Canadian crude and also ensuring medium and long-term supply for Canadians.

• (1420)

As far as the immediate steps which they can take are concerned, I have said that "when there is Canadian crude available", as there is, "do not go for spot market purchases at the expense of Canadian crude. If you are buying it on the spot market, buy it at the expense of your other foreign suppliers."

Mr. Andre: The minister knows that these long-term contracts were entered into at the instigation of the federal government and were resisted by the industry.

USE OF GOVERNMENT REGULATORY AUTHORITY

Mr. Harvie Andre (Calgary Centre): Madam Speaker, when the Mexican crude contracted for by Petro-Canada first became available, the Minister of Energy, Mines and Resources used his regulatory authority to force refiners to use this oil in spite of the reluctance of refiners to do so because of its poor quality. Having demonstrated the government's willingness to protect Petro-Canada's and Mexico's interest,

why is the government now reluctant to use its regulatory authority to protect the interests of domestic producers and also, incidentally, the interests of consumers who would be paying less for their gasoline and heating oil if they were using Canadian crude rather than the high cost imported crude which the companies were forced to contract for, by the government?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member is not telling the truth when he says that the government has forced the refiners to enter into long-term contracts. The contracts entered into by the companies have been made on their own as commercial business decisions.

As far as the supply from the Government of Mexico is concerned, my hon. friend will recall that the Government of Canada entered into that contract with Mexico at a time when there were shortages in the world and everyone was scrambling for supplies. We succeeded in getting 50,000 barrels a day and we intend to honour that contract. With respect to policy steps which were announced last week, I must remind the hon. member that the Canadian Petroleum Association has come out in support of the steps we have taken.

INCREASED PRICE OF HOME HEATING FUEL

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I have a supplementary question for the Minister of Finance. As a result of government policies which were just referred to, people on low and fixed incomes, the working poor and unemployed, have to pay an average of $35 a month more for home heating fuel this winter than they did a year ago. That is $175 over these past five winter months. They have to spend $175 more on home heating fuel and $175 less for food, shelter and clothing. Would the minister explain to these people who have had to fork out $175 from their very limited budget, how the price for their home heating fuel has to go up each month in this country while that of their neighbours in the United States is going down?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am surprised that the hon. member would ask that question because it is obvious that we have negotiated an energy agreement with the producing provinces that requires step by step increases in the price of energy. On the other hand, because the United States did not follow a policy of moderating price increases for lower-income people, it allowed prices to rise to the world level immediately. That is the reason for the difference.

Miss MacDonald: They are better off.

Mr. MacEachen: The consolation I have for the suddenly discovered friends of the hon. member is that if she had been a member of the government a much more expensive burden would have been laid on the consumers.

Some hon. Members: Oh, oh!

Miss MacDonald: I remember the minister making such fun of the Conservative proposal during the election when he promised that any price the Liberal government brought in would remain at a 14-cent increase. Where is that 14-cent increase now for these people on low and fixed incomes when they are paying 50 cents, 60 cents, and 70 cents more for a gallon of gasoline? He has no explanation for them.

REQUEST FOR REDUCTION IN TAXATION

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, if world oil prices continue to fall, or even remain stable at the current rate, will the minister introduce some measure that will ease the burden on people who are on low and fixed incomes either by reducing taxes on home heating fuels—that would be one measure he could consider—or by providing them with an energy tax credit? Will he be concerned enough about the people who are hurting because of these taxes he has imposed, to try to do something to help them out?

• (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member really must know that the increases in the price of energy which are taking place are the result of an agreement we worked out with Alberta and the other producing provinces, and we have resisted further increases as much as we could. We got the best deal we possibly could from the producing provinces. We settled only when members of the opposition were insisting on a settlement and when even the hon. member for St. John's West was urging the Premier of Alberta not to settle until he got a better deal. I did not see the hon. member get up at that time and say she stood with the Minister of Energy, Mines and Resources when he was attempting to get a better deal for the consumers of Canada.

* * *

HOUSING

VARIABLE RATE MORTGAGE SCHEME

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the minister responsible for housing. As the minister knows, because of government inaction current mortgage rates remain at the unconscionable level of 19 per cent. He also knows that the banks' most recent gimmicky scheme for dealing with this housing crisis was the introduction of the variable rate mortgage. Is the minister aware that the legal foundation for this scheme is very shaky? Indeed, it may well be illegal. Specifically, has the minister asked his own departmental lawyers to look at this, or has he asked officials from the Department of Justice to consider it, and could he give us a report on that?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I will preface my response by saying that high

interest rates were a concern of the government, and the government was concerned about people faced with the problem of renewing at high interest rates. Because of those concerns the government introduced the Canada mortgage renewal plan which was part and parcel of Bill C-89. It is unfortunate that that plan, which would have provided a 4 per cent to 5 per cent interest reduction, was not supported by the hon. member for Oshawa or by his party. That relief alone will provide assistance to 50,000 families across Canada. The government has moved to respond to the problems of people who are in the most difficult circumstances, and they will be assisted by that initiative of the government.

In terms of the legal position of the legislation dealing with interest rates, I suppose that question would more properly be put to the Minister of Justice.

LEGALITY OF SCHEME

Mr. Edward Broadbent (Oshawa): Madam Speaker, this is an extremely serious matter because this month the banks are starting to offer variable rate mortgages to Canadian families who are looking for some security in terms of home ownership. If I understood the minister correctly, he has just told the House that he has publicly supported a scheme which he himself does not have confidence is legally valid because he has not checked into it.

I would like to put the problem to him and ask him to answer or at least ask his colleague, the Minister of Justice, to deal with it. Since the Interest Act stipulates that the rate of interest chargeable on a loan must be clearly stipulated on the loan document, and since by definition the variable rate mortgage does not do this, does the minister not agree, as some lawyers I have consulted do, that a person getting a mortgage under these terms may well end up with an illegal document and may well have no security of ownership whatsoever in terms of the mortgage?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, if the motive behind the question of the hon. member for Oshawa is his concern that Canadians who take advantage of such a mortgage may not have a legal basis for it, and if he is concerned that these people will not find any relief, I find that somewhat strange, in view of the fact that in his absence his party voted against that legislation which is designed to bring relief and designed to support those types of mortgages.

• (1430)

MINISTER'S ENDORSATION

Mr. Edward Broadbent (Oshawa): Madam Speaker, the minister's answers become more disturbing all the time. I remind him that 650,000 families have mortgages coming up for renewal this year, not to mention the ones who may be in positions to buy homes for the first time. Since the minister has endorsed this program, is he telling the House that he has endorsed a program the legality of which is seriously in question? If so, he should resign from his responsibilities.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I admit that I too find the line of questioning of the hon. member for Oshawa somewhat strange, in view of the facts that there are some 30,000 units of modest rental accommodation provided for in the same legislation voted against by his party, and that there are some 70,000 jobs available to Canadians, voted against by the hon. member's party. Today he is leading a line of questioning dealing with interest rates and legalities. What about people who want jobs? What about people who want affordable rental accommodations?

Some hon. Members: Hear, hear!

* * *

FINANCE

THE BUDGET—RELEASE OF DRAFT LEGISLATION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Minister of Finance. Last week, during the minister's absence, the Prime Minister cast some real uncertainty on the legislative process arising out of the 1981 budget. I hope the minister will be able to clarify this today, because many Canadians are filing their 1981 tax returns and actually paying tax based on the budget. Quite specifically, will the minister be releasing draft income tax legislation for public discussion prior to the final legislation being put before the House? If so, when will it be released? How long does the minister expect the discussion process to take and, finally, when will the final income tax legislation be presented to the House of Commons for legislative action?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I read the Prime Minister's answers which were given in my absence and I found them very clear; they could not be improved upon.

Some hon. Members: Oh, oh!

Mr. Jarvis: That is what you said about the budget, Allan.

Mr. MacEachen: As I indicated some days ago in the House, it was my intention to produce draft legislation in the form of comprehensive Ways and Means motions which would be available to tax practitioners and others for comment before the final legislation would be introduced in the House. This practice has been followed on previous occasions by ministers of finance. It is not a new practice, and it is one which has been much appreciated and welcomed by those who wish to have an opportunity to make technical comments on tax matters prior to final legislation being introduced.

REQUEST FOR DEFERRAL OF IMPLEMENTATION DATE

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the minister observed that this is a practice which has been followed many times in the past. He is practising on Canadian people here, because it is the second Ways and Means motion which will be brought forward. We still have not seen a Ways

and Means motion for the December 18 changes. We need facts upon which people can base their decisions. I ask the minister when they will come out. It probably means that we will not see the Ways and Means motion in time for the legislation to be put before the House or until about nine or ten months after the original budget was brought forth. In order to protect Canadians from the uncertainty of this delay, would the minister explain why he will not defer the implementation date or the effective date of the various pieces of legislation until after the legislation is actually passed and approved by the House?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I should make one clarifying comment. The hon. member referred to the fact that no Ways and Means motions were tabled in connection with the changes on December 18. I ask him whether he is aware that it would be quite unnecessary on that occasion to table Ways and Means motions because all the measures were of a relieving nature and, therefore, Ways and Means motions were quite unnecessary.

Mr. Wilson: But people are paying specific taxes on those.

Mr. MacEachen: I am sure the hon. member should have been advised of that. But he asked me about uncertainty. I do not find any uncertainty except when I listen to the questions of hon. members opposite. Every day they are attempting to create uncertainty, which is quite unjustified. The Ways and Means motions indicate the tax measures, the effective dates, and their implementation is based upon a practice which has been followed in Canada since the beginning of our country and followed, by the way, in ten provincial legislatures. It is the hon. member who is attempting to create a new custom in the country.

INQUIRY RESPECTING DRAFT MOTIONS AND BILLS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, on March 30 I specifically asked the Minister of Finance whether he was considering publishing draft budget legislation before introducing budget bills relating to any aspect of the budget. He has just indicated that he is proposing draft Ways and Means motions. He knows there is a difference between budget bills and Ways and Means motions. Last week he said that he was publishing draft bills; today he said that he is publishing only draft Ways and Means motions. When was he speaking the truth? What is the government doing? Will the government be introducing just draft Ways and Means motions, as he said today, or will it also be introducing draft budget bills before the real budget bills are introduced in the House?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the practice is to introduce comprehensive Ways and Means motions—

Mr. Jarvis: With the budget.

Mr. Wilson: That has already been done.

Mr. MacEachen: —as a detailed expression prior to bringing in tax bills. In a sense the Leader of the Opposition will understand that under the rules of the House a comprehensive Ways and Means motion, in detail, constitutes the precursor of the budget bills, because Your Honour would rule any budget bill out of order—

Mr. Wilson: Bafflegab.

Mr. MacEachen: —if it were not precisely patterned upon the Ways and Means motion. The Leader of the Opposition is really talking about the same thing but using different words.

PUBLICATION OF DRAFT MEASURES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I congratulate the minister on his bafflegab. Is it the minister's present intention to publish a draft of every budget measure on everything in the budget, before he introduces any Ways and Means motions or any budget bill in the House?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member knows that Ways and Means motions have already been tabled. Normally the next step would be to table tax bills as part of the legislative process. But in order to accommodate tax practitioners, ministers of finance recently have been in the custom of giving an opportunity, before the bills themselves come in, for others to make comment.

Miss MacDonald: Who are the others?

Mr. MacEachen: Citizens and tax practitioners. This is what the former minister of finance, the hon. member for St. John's West, had in mind when he stated in his budget speech of December 1979—

Mr. Wilson: But who did it?

Mr. MacEachen: —that in future prior to tabling tax bills he would make available to the public a draft of the legislation so as to enable tax practitioners to make technical suggestions for improvement. I should like the Leader of the Opposition to have a chat occasionally with his former minister of finance.

Mr. Chrétien: He is never here.

INQUIRY RESPECTING POSSIBLE INTRODUCTION OF WHITE PAPER

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister has now admitted that he is intending to change the November budget into a white paper which will be introduced in April, May, or some other unspecified date. It is clear the budget is gone; he is going to be bringing in a white paper and planning his new budget, or whatever he calls it, on the basis of discussions on that white paper.

• (1440)

My question is very simple: will this new white paper he is introducing in place of the budget be made available before any Ways and Means motions or any budget bills flowing from the abandoned budget are introduced to the House of Commons? Does he intend to introduce a comprehensive white paper touching every element of the late unlamented November budget, and other matters, before he introduces Ways and Means motions or budget bills?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Leader of the Opposition is obviously in heavy weather—

Some hon. Members: Oh, oh!

Mr. MacEachen: —in attempting to understand this rather complex business.

Mr. Baker (Nepean-Carleton): You are floundering, Allan.

Mr. MacEachen: He has asked for the Ways and Means motions relating to the November budget. May I repeat for his benefit that these Ways and Means motions have already been tabled according to tradition, and there will be no replacement of those Ways and Means motions.

An hon. Member: They will just stay there and die.

Mr. MacEachen: In accordance with the proposal made by a minister in his government, there will be draft legislation so as to aid tax practitioners and others, and that draft is usually made available in the form of a comprehensive Ways and Means motion. That is the situation, Madam Speaker, and if he wants—

Miss MacDonald: You have got to be kidding.

Mr. MacEachen: —examples of other occasions when this was done, it happened in 1975, 1976, 1977, 1978, 1978-79, and 1980. I ask him to look at the record.

PUBLICATION DATE

Right Hon. Joe Clark (Leader of the Opposition): A very brief question, Madam Speaker. When will this white paper be published?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Never, Madam Speaker.

Some hon. Members: Oh, oh!

* * *

HOUSING

LEGALITY OF VARIABLE RATE MORTGAGES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Minister of Justice who, no doubt, listened to the series of questions asked by my leader of the minister responsible for housing. I would like to know whether the Minister of Justice has been asked to provide a legal opinion on the legality of variable rate mortgages currently being offered by the Canadian Imperial Bank of Commerce and, as I understand it, to be introduced by the end of this month by other banks in Canada, given that the Interest Act of Canada expressly prohibits mortgages which do not show clearly on their face the rate of interest to be charged.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I am not in a position to give a legal opinion on a contract between a private citizen and a bank. If there is some problem with the legislation, I will advise the minister responsible, but I think in this case there is no specific problem which has been brought to my attention.

REQUEST THAT MINISTER OBTAIN LEGAL OPINION

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my supplementary is to the minister responsible for housing. The Minister of Justice indicated he is in no position to give a legal opinion, which I assume means he has not already given one. Therefore, I ask the minister whether, prior to his endorsing, as he has done, the variable rate mortgage currently available, he has obtained a legal opinion on whether or not those mortgages are in conformity with the Interest Act of Canada? If he did, would he table it in the House? If he did not, would he get that opinion before tens of thousands of Canadians are placed in jeopardy as a result of this system being offered?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, that question is in essence a repetition of the question asked by the hon. member's leader, and my earlier answer stands.

* * *

[*Translation*]

ENERGY

INQUIRY WHETHER REPRESENTATIONS WILL BE MADE TO QUEBEC TO REDUCE IMPACT OF GASOLINE RETAILERS' STRIKE

Mr. Eymard Corbin (Madawaska-Victoria): Madam Speaker, my question is directed to either the Minister of Transport or the Minister of Energy, Mines and Resources. The gas retailers' strike in Quebec, which seems to be spreading, is causing major disruptions in both passenger and freight traffic to and from the maritimes.

Can one of the ministers inform us whether he has made or intends to make representations to the Quebec authorities, urging them to take steps to lessen the strike's impact on the free movement of goods and individuals in this country?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am sure that the present

situation in Quebec has aroused the concern not only of maritimers who get their supplies from Quebec but also of all Quebec citizens. I think the best way for the Quebec government to bring the situation back to normal and also be fair to gas retailers would be to reduce the excessively high tax introduced by Mr. Parizeau not long ago—Quebec citizens pay 7 cents a litre more for gas in Quebec than in New Brunswick or Ontario. As long as the situation continues, I am afraid there will be some extremely difficult times ahead for distributors and consumers in Quebec.

* * *

[*English*]

FINANCE

PROCESSING OF INCOME TAX RETURNS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Finance. Revenue Canada has issued a bulletin in which it instructs Canadians to file their 1981 tax returns as though the November budget were in fact law, yet regional tax offices right across the country are stockpiling tax returns affected by the budget or by the transitional changes announced December 18 by the minister.

Because the continuing confusion surrounding the budget is holding up tax refunds urgently needed by Canadians during the current recession, will the government instruct its officials to process without delay all 1981 tax returns affected by the November budget and pay refunds due, or, for Canadians who have not yet filed their returns, will the government at least absolve those taxpayers affected by the budget from late filing penalties, since their tax returns are just going to be gathering dust anyway?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, these are matters for decision by the Minister of National Revenue—

Miss MacDonald: You put them in that mess.

Mr. MacEachen: —and I would be glad to take the question as notice for the minister.

DELAY IN PAYMENT OF REFUNDS

Mr. Tom McMillan (Hillsborough): Madam Speaker, perhaps the Minister of National Revenue should have prepared this budget which is causing all the confusion.

The minister should realize that many Canadians have already filed their tax returns in good faith and in accordance with the government's instructions. They now find their refunds being held up while the Minister of Finance, not the Minister of National Revenue, tries to get his act together on the budget. Does the minister realize that for many people those funds are urgently needed in a time of deepening recession, and how can he and his government justify making Candians wait for refunds because of confusion caused by the government itself?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there is no delay attributable to any confusion arising from the Ways and Means motions.

Some hon. Members: Oh, oh!

* * *

NATIONAL HARBOURS BOARD

RIDLEY ISLAND TERMINAL CONTRACT—REQUEST FOR MEETING WITH CANADIAN MANUFACTURERS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is to the Minister of Transport, with regard to the jobs that went to Japan instead of Canada with respect to the Ridley terminal in British Columbia. The minister gave me the reasoning behind this action in a memo from the National Harbours Board. He now has a reply from Canadian manufacturers, Stephens-Adamson in Belleville, and I assume he will be tabling both of them later.

The minister now knows that the reasoning he and I were given is full of innuendo, half-truths and outright lies, and that his answers to the Leader of the Opposition and myself with regard to technology and timing were incorrect. Will he now call the meeting which has been requested three times, and promised once, in order to turn the situation around, and will he correct the false impressions given with regard to Stephens-Adamson?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this is a rather difficult issue. After receiving Stephens-Adamson's comments, I submitted them to the National Harbours Board and they are going to provide me with their reaction in a very few days time. I suggest to my hon. friend that both of us are responsible, both of us have the interests of Canada in mind. I suggest that he should wait for the reaction and then he and I will talk together and decide what we will do from there.

• (1450)

PROVISION OF JOBS FOR CANADIANS

Mr. J. R. Ellis (Prince Edward-Hastings): I have a brief supplementary question, Madam Speaker. Approximately 400,000 man days of work were purposely sent to Japan instead of being used in Canada. Neither the Minister of Transport nor his colleagues have attempted to keep them in Canada. We have received four different memos. They have taken three months. Surely we must not wait much longer to try to turn this matter around. Will the minister tell us exactly what he will do when he gets the next memo to provide jobs for Canadians?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will speak bluntly now. Last year Canada imported

more than 200,000 motor vehicles from Japan at a cost of $1.5 billion. I want to compare that with the present circumstances, however regrettable, involving a $20 million purchase, half of which will be produced in Canada. Therefore I realize that it is a very important matter for hon. members.

As I said in my first answer, as soon as I get the commentary of the National Harbours Board on that subject, we will get together and decide how to proceed. We will consider whether we will table it or whether we will ask someone else to give an opinion. We will decide that in due course.

* * *

NATIONAL ENERGY PROGRAM

PROJECTED PAYMENT OF GRANTS TO OIL COMPANIES

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. According to Data Resources of Canada, the federal government could lose between $22 billion and $30 billion from expected oil and gas revenues over the 1982 to 1986 life of the federal-provincial energy agreements because of the world soft crude oil market. The government has committed itself to pay $6.5 billion in PIP grants to the oil companies over this period. I think legislation will come in today or later this week. In view of these declining oil and gas revenues, where will the money come from to pay for these rich grants to the companies?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, if those forecasts are complete, I suspect that even the Economic Council of Canada will have to revise some of the reports that it published last year. I am very eager to hear what the Economic Council of Canada will have to say about this matter.

However, as far as the question raised by the hon. member is concerned, it is obvious that if the price of oil rises less rapidly, or even declines over the next four years, it is likely that less money will go to the governments and to the companies and, as a result, we may end up in a situation where less exploration is required. Some more expensive projects might be delayed. Therefore, relatively fewer grants would be paid to support such exploration.

Mr. Waddell: As the minister knows, the problem is that those grants will be in legislation. One can apply for them, they are open-ended, and the minister may have a problem.

SOURCE OF FUNDING GRANTS

Mr. Ian Waddell (Vancouver-Kingsway): I would like to direct my supplementary question to the Minister of Finance. According to the same study, not only would the oil and gas revenues be down, but corporate income taxes of the energy firms would also be down. The study said, "This suggests that the government may need to alter its long-term budgetary strategy".

One minute ago the minister said that he wanted to help Canadian consumers. If he does want to help the Canadian consumer, why does he propose to give $6.5 billion in grants to the oil companies? Who will pay for that money? Where will he get the money? Will he get it from the Canadian consumer, through increased energy taxes, or is he intending to go to the ordinary person and increase personal income taxes? Where will he get the money for those rich grants?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the revenue and expenditure forecasts for the current year have been laid out in the budgetary papers.

Mr. Wilson: It is totally out of date, and you know it!

Mr. MacEachen: It would be the occasion in the fall, when we are providing the fiscal framework for the succeeding year, to review all these questions. It is obvious that in this current situation there will be—

Mr. Wilson: Come clean.

Mr. MacEachen: —declining revenue and increasing expenditures because of the recession and the factors to which my hon. friend has alluded. However, no decision has been taken as to new taxes or a change of taxes in order to meet his projections as to the future. All I can say is that the projections, including those of the Economic Council of Canada, have proven to be quite erroneous.

Mr. Wilson: Yours, too.

Mr. MacEachen: It has not been so long since the Economic Council of Canada provided a correction, changing its forecast of the Canadian deficit by $4.5 billion.

* * *

REGIONAL DEVELOPMENT

REQUEST FOR ACTION TO ASSIST TRENTON, N.S.

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Minister of Regional Economic Expansion who promised to bring a new dimension to regional development. Can the minister report to the House on whether he has decided to do something innovative to alleviate the situation at Trenton, Nova Scotia, where over 1,000 men are out of work and where there is a critical need developing for some quick action to produce rail cars which will be required very shortly, in any event, to help the country's economy develop?

The transportation spokesman for the NDP has made representations. I have, also. A delegation from Trenton met with the Deputy Prime Minister this morning. I am wondering whether the hon. gentleman can give us some hope and show us some imagination in bringing this new dimension to economic development that he promised he would do when he took over his responsibilities?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I have been consulting with the Minister of Transport on an early answer, an early decision with regard to an order for hopper cars which will involve the Trenton works. I look forward to my discussions this afternoon, right after question period, with a delegation from the Pictou County Development Commission. I hope that the views of the delegation will be of assistance to me in bringing about some useful initiatives for the Trenton works and their employees.

POSSIBLE INTERIM AID

Hon. Elmer M. MacKay (Central Nova): I am sure the minister will be interested in what the delegation has to say. I want to ask him whether he will, in fact, bring this extra dimension that he spoke about into his department by considering bridge financing or interim aid so that these cars which are needed, not only by Hawker Siddeley, but by other work forces, could be produced now. Money should be given to help produce these cars now rather than simply to pay out unemployment insurance benefits.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, that type of idea is something I would be happy to examine with the Minister of Finance and the Minister of Transport.

* * *

FINANCE

IMPACT OF TAXES ON AGRICULTURAL PRODUCTION

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of Finance. As the Minister of Finance knows, at the present time the federal government is involved in a massive tax grab at the expense of the farmers of Canada, due to the imposition of some very harsh and discriminatory taxes on farm fuel and natural gas used for the production of ammonia. The tax amounts to approximately 60 cents a gallon for fuel and some $25 a tonne of ammonia, which will rise to some $70 a tonne in the not too distant future.

Given the very serious impact that this will have upon the producers of Canada and the implications for further food production, can the Minister of Finance tell the House whether he has received any representations from his colleague, the Minister of Agriculture, on this very important matter? If not, may I ask whether the Minister of Finance would undertake to review this discriminatory tax, particularly in light of the other high input costs and low commodity prices which farmers are experiencing?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not regard the tax to be discriminatory in any way. I know that the hon. member is obviously asking me to reduce taxes, in this particular case. On Thursday the hon. member for Kingston and the Islands moved a motion calling for additional expenditures of $2 billion. The hon. member for Etobicoke Centre constantly asks me to reduce the deficit. Therefore, I do not know how I can satisfy the three hon. members simultaneously.

Mr. Clark: Resign.

REQUEST THAT MINISTER RECONSIDER TAXES

Hon. Don Mazankowski (Vegreville): Madam Speaker, we are dealing here with the production of food. Given the fact that the farmers of Canada have very little opportunity to pass their added costs on in the case of export markets, while in the case of domestic pricing the increased costs of production will be reflected in an increase in the cost of living, would the minister not reconsider and re-examine the situation, both from the standpoint of reducing input costs to the farmers and of reducing the cost of food to Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, no minister of finance is so unreasonable as to refuse an hon. member's request for consideration. I will do that.

* * *

PETITION

MR. SIDDON—CARRIAGE OF BAGGAGE AND FREIGHT ON AIRCRAFT

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and ninety-third report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Richmond-South Delta (Mr. Siddon) on Friday, April 2, 1982, and finds that the petition meets the requirements of the Standing Orders as to form.

* * *

• (1500)

PRIVILEGE

MR. STEWART—OPENING OF PERSONAL MAIL BY PRIME MINISTERS' OFFICE

Mr. Ron Stewart (Simcoe South): Madam Speaker, I rise on a very serious question of privilege which involves my rights as a citizen and as a member of Parliament.

A letter was addressed to me as a member of Parliament; it was correctly addressed; there can be no mistake about the name and address of the intended recipient, myself. My mail was inspected by X-ray machine by the RCMP and then opened and read by someone in the Prime Minister's Office. The RCMP X-ray inspection date stamp "Safe to Handle" is dated March 29, 1982.

Then, apparently, the letter was sent to the Prime Minister's Office, where it was opened and read and initialled by "B.J.M." The date and time stamp from the Prime Minister's Office is "digits 000050 received PMO 10.25 a.m., March 30, 1982". Another set of numbers was stamped on the letter and then obliterated by a white opaqueing agent. The numbers are discernible from the reverse and are "2089 133."

I received the letter in my office by regular mail on Friday, April 2, 1982. I am wondering how many similar occasions there have been. Madam Speaker, I believe I have a bona fide question of privilege. I demand an explanation from the Prime Minister (Mr. Trudeau) and his ironclad assurance that his office does not routinely monitor mail for members of Parliament, such as this letter or any other members' letters, or letters from persons who are not partial to his philosophy, his actions or his deeds.

I so move, Madam Speaker.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member asks for an explanation and wants you to consider that there is a question of privilege here. I have no objection to the latter, if the House wishes to go that route.

I just want to tell the House that the explanation has already been given to the hon. member, that it is a common sense, plausible explanation. There are many Stewarts in Canada and there happened to be a Stewart in the Prime Minister's Office. For some reason which I do not know and I am sure the post office does not know, there was a letter addressed to Mr. Stewart delivered to another Mr. Stewart, and so far as we know that was how the letter got into the stream of mail in the Prime Minister's Office. Mail is opened there, I almost dare to say, by the carload. The letter that came to the office was opened automatically. As soon as it was looked at, the reader realized that it was not addressed to the Prime Minister or to anyone in his office but to someone else. The letter was then redirected.

I think the hon. member is indulging in some kind of a hyperbole when he asks that I give some kind of guarantee that we are not in the process of opening other people's mail. Let me just say, Madam Speaker, that with the thousands of letters I get every day, we have enough to do without bothering about the hon. member's mail.

Madam Speaker: I will look into this question and into all the facts and provide a reply on this question.

ROUTINE PROCEEDINGS

[*Translation*]

WAYS AND MEANS

TABLING OF NOTICE OF MOTIONS TO AMEND PETROLEUM ADMINISTRATION ACT

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, in accordance with Standing Order 60(1), I wish to table notice of a Ways and Means motion to amend the Petroleum Administration Act. In accordance with Standing Order 60(2), I request the Chair to designate an order of the day for consideration of this Ways and Means motion.

* * *

[*English*]

PARLIAMENTARY SEMESTERS ACT

MEASURE TO ESTABLISH

Hon. Walter Baker (Nepean-Carleton) moved for leave to introduce Bill C-649, to divide the calendar year into three parliamentary semesters.

Some hon. Members: Explain.

Mr. Baker (Nepean-Carleton): Madam Speaker, the purpose of this bill is to provide for three fixed semesters of Parliament in each calendar year, so that the members of the House of Commons will know when Parliament will be sitting and thus can better organize their time to perform the related duties of Members of Parliament.

Motion agreed to, bill read the first time and ordered to be printed.

DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-102, to amend the Department of Energy, Mines and Resources Act.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,523, 3,692, 4,103.

[*Text*]

LECLERC INSTITUTION

Question No. 3,523—**Mr. Friesen:**

1. Was a Mr. Beauchemin employed by the Correctional Service at the Leclerc Institution and was he discharged by the service and, if so (a) for what reason and from what capacity (b) was he reinstated by the service and, if so (i) in what capacity (ii) what is his annual salary and what are his hours of work per week?

2. Is a Dr. Harris employed by the service at the institution and, if so, in what capacity?

3. Were grievances submitted by the inmates at Leclerc for the period during which Dr. Harris has been employed on matters relating to his conduct, services and functions and, if so, how many and how many were considered legitimate?

4. What is Dr. Harris' salary and what are his hours of work per week?

5. (a) As of September 1, 1981, who was the dentist at the Leclerc Institution (b) is he still employed there (c) is he on contract (d) for how long has he been employed (e) how much time per week is he required to spend at Leclerc (f) how many inmates has the dentist seen since he was employed at the institution on an annual basis?

6. Were grievances submitted by inmates against the dentist and, if so, how many and how many were deemed legitimate?

7. What is the fee per visit of the dentist?

8. What was the total amount paid to the dentist by the Service for each year he was employed?

9. From September 1, 1980 to September 1, 1981, on how many occasions did inmates request to see a dentist and, in each case, was the inmate seen by a dentist?

Hon. Bob Kaplan (Solicitor General): In so far as it concerns the Correctional Service of Canada:

1. A Mr. Beauchemin worked at the Leclerc Institution as a teacher, through the Les Ecores school board which employed him. He was not discharged but rather reassigned to the Federal Training Centre.

Mr. Beauchemin now works at the Leclerc Institution as a teacher on a contract basis. This has been the situation since July 1, 1981. He receives an annual salary of $30,000, including fringe benefits, and works 37½ hours a week.

(a) Not applicable.

(b)(i) and (ii) Not applicable.

2. Yes, Dr. Jean-Guy Harris is the Assistant Warden, Medical Services at the Leclerc Institution.

3. Yes, five grievances were submitted, three of which were upheld.

4. The annual pay scale for Dr. Harris is from $40,281 to $50,160. The duties of the Assistant Warden, Medical Services are such that definite working hours cannot be established. In addition to holding a clinic at the institution, normally three mornings a week, Dr. Harris is on call at all times for emergencies. He is responsible for the treatment of all the patients from the Quebec region admitted to the Cité de la Santé de Laval hospital. In addition, he co-ordinates visits to emergency rooms and to out-patient clinics.

5. (a) Dr. Edmond Khazen.

(b) As of December 8, 1981, he was still employed by the Correctional Service of Canada.

(c) Yes.

(d) Since August 1, 1979.

(e) His services are required for two sessions a day, three days a week.

(f) Number of inmates seen by the dentist in 1979, 1,300; 1980, 1,337; 1981, 1,143, (including December 8, 1981).

6. Yes, one grievance was submitted and upheld.

7. $110 a session (a session represents a half-day).

8. Amount paid to the dentist for each year he was employed:

August 1, 1979 to December 31, 1979:	$10,400
January 1, 1980 to December 31, 1980:	25,200
January 1, 1981 to December 8, 1981:	27,900

9. Statistics are kept on the number of inmates seen by the dentist but not on the number of inmates who request to see him.

If an inmate feels discriminated against, he can file a complaint or a grievance in accordance with the standard procedures. No complaints or grievances were received indicating that inmates who wanted to see the dentist were unable to do so.

Number of inmates who saw the dentist between September 1, 1980, and September 1, 1981:

1980		1981	
September	141	January	106
October	155	February	56
November	102	March	89
December	137	April	100
		May	147
		June	153
		July	105
		August	105
		September 1	0

Order Paper Questions

MEDICAL STAFF OF DEPARTMENT OF VETERANS AFFAIRS

Question No. 3,692—**Mr. McKenzie:**

1. What is the total number of medical staff working for the Department of Veteran Affairs?

2. How many (a) doctors (b) registered nurses (c) paramedics (d) nurses' assistants (e) other support staff work in the department?

3. What is the average age of the doctors working for the department?

4. How many doctors began working with the department (a) immediately after graduating from medical school (b) after (i) two (ii) five (iii) ten (iv) fifteen (v) twenty years of private practice?

5. What proportion of the medical staff now employed with the department, including Pension Advocates, had training in tropical diseases and how many have (a) taken courses (b) a degree or diploma in the field?

6. How many Canadian veterans died as a result of a tropical disease and how many living veterans have a tropical disease which is now under treatment?

7. How many tropical disease specialists does the department employ?

8. How many non-doctors on the medical staff have a specialized knowledge in the field of tropical diseases?

9. Are tropical disease refresher or updating courses offered to doctors and medical staff?

10. Will the department be sending a medical staff to the International Congress of Parasitology in Toronto to be held between August 7 and 14, 1982 and (a) if so, how many will attend (b) if not, for what reason?

11. (a) Does the department's Medical Branch have up-to-date diagnostic facilities and (i) if so, are they readily accessible to veterans (ii) if not, for what reason (b) do the facilities adequately meet the needs and demands placed on them by the veteran population?

12. (a) What methodology is the department using in its testing of Hong Kong and other veterans for strongyloides and is the method sufficient, considering the fact that the disease may still appear in test samples after some ten samples have been examined (b) how long will the process take and will the findings be made public (c) will compensation be given to veterans who are discovered to have strongyloides and, if so, what will it be?

13. Does the department plan to expand or reduce the size of the medical staff in the future?

14. Does the department intend to introduce compulsory tropical disease testing for (a) doctors (b) nurses (c) other medical staff and (i) if so, on what date and what kind (ii) if not, for what reason?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): 1. Seventy.

2. (a) 70 (51 full-time, 19 part-time), (b) 403 (320 full-time, 83 part-time), (c) 100, (d) 380, (e) 80.

3. Fifty-three.

4. (a) four, (b)(i) 10, (ii) 16, (iii) 14, (iv) 3, (v) 23.

5. This question cannot be answered in specific terms since many professionals have varying amounts of training during their careers. (a) 16 (23 percent), (b) One. No Pension Advocates are employed by the department.

6. Unknown. The majority of veterans are treated by doctors of their choice without any involvement of the department. Except for those veterans treated in DVA's two remaining hospitals, diseases and causes of death are not made known to Veterans Affairs.

7. One.

8. None.

9. No, as non-departmental medical specialists are used on a referral basis.

10. Yes, (a) two.

11. (a) The department makes regular use of the most up-to-date diagnostic facilities available in the country. (i) yes, (ii) N/A.

(b) Yes.

12. (a) Methodology agreed to by departmental medical staff and the designated National Centre for Parasitology. The method is considered sufficient by the specialists involved.

(b) The testing will take six months and the results will be made public.

(c) Compensation (other than the costs of testing and treatment which will be borne by DVA) is a matter for the Canadian Pension Commission to determine.

13. The department's medical staff will decrease as hospitals are transferred. Medical services will increasingly be purchased from community resources.

14. (a) No, (b) no, (c) no. (i) N/A. (ii) There is no indicated need for the testing of veterans services health professional staff at this time.

DISPOSAL OF ARGUS AIRCRAFT

Question No. 4,103—**Mr. MacKay:**

1. How many bids were received from individuals or companies with regard to the disposal of the Argus aircraft and, in each case, what was the amount of the bid?

2. What was the amount of the successful bid and was the successful bid lower than several other bids?

3. What amount was paid to IMP for mothballing the Argus for storage?

Hon. J.-J. Blais (Minister of Supply and Services): 1. Please refer to question No. 3,893 Part 2 answered on April 1, 1982.

2. Please refer to question No. 3,893 Part 4 and Part 2 answered on April 1, 1982.

3. Please refer to question No. 3,893 Part 1(c) answered on April 1, 1982.

[*English*]

Mr. Smith: Madam Speaker, I ask that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

Hon. André Ouellet (for the Deputy Prime Minister and the Minister of Finance) moved that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces, be read the third time and do pass.

Hon. Roch La Salle (Joliette): Madam Speaker, I have some comments I should like to make in the House concerning this bill which, I feel, is extremely important. In fact, I feel that the draft legislation we are now discussing, Madam Speaker, has consequences that could be compared to those of the bill on constitutional reform. When the subject is fiscal arrangements, relations between the provinces and the federal government and sums of money that run into hundreds of billions of dollars, I think we can say, without exaggeration, that this legislation is of vital importance both to the entire country and to each province individually, and more specifically, where it concerns the federal government's contribution to health services and post-secondary education in the provinces. I have said, and I say it again without hesitation, that this bill is particularly important. A number of hon. members have spoken to the bill, Mr. Speaker. We are now at the third reading stage, and I assume that we are getting ready to pass this bill.

• (1510)

A number of widely differing views have been expressed, and as the provinces have also indicated earlier that they disagreed with the federal government, I therefore feel that today, as a member of this House, it is my duty to remind the government that it is important to negotiate and to spend a considerable amount of time negotiating, especially when large amounts of money are involved and objectives are being discussed that are vital to the entire Canadian nation. I know there have been all kinds of comments for months, and that the provinces were almost unanimous in opposing this bill. Of course, we had some amendments. At first, even the Minister of Finance (Mr. MacEachen) had some trouble with the figures he tabled in the House, some mistakes were made, there were some computation errors, and all this has been part of the debate. We are now about to adopt this legislation, and we are also faced with the fact that we have, in a sense, failed; that is, we would have preferred to give the provinces some proposals or a decision they would have been able to accept unanimously.

The members on the opposite side will say that the provinces have a voracious appetite, but they will have to admit that the government has made decisions without sufficient consultation with the provinces. And speaking of the provinces, my own province has, through its representatives, made a number of comments on this legislation, and I have also listened to my colleagues opposite as they explained the nature of the proposals contained in the bill, while quoting very specific figures. Although they are saying in Quebec that under this legislation, Quebec will see its payments reduced, it is a fact that in absolute terms, Quebec will be receiving several thousand dollars more than last year. On the other hand, there are those who say that if the federal government had not changed the formula, Quebec would be getting even more money in the next few years.

At least one thing is clear. With the new formula, the federal government will be getting a better deal than before and will be paying out $5 billion less over the next five years than it would be paying under the old formula. There are no two ways about it. And we know for a fact that the costs of the services in question which are vital to all Canadians are increasing and will continue to do so according to the economic scenario we have now. In those circumstances, obviously the provinces are not wildly enthusiastic, nor is my own province wildly enthusiastic about this reduction in funds, compared with projections made several years ago, and it is perfectly normal for the representatives of my province to express their disappointment with the decision or decisions made by the federal government, and their impact on Quebec particularly, as a result of the formula changeover.

Mr. Speaker, previous speakers have already mentioned quite a number of figures in their speeches, which I found quite interesting, but I have no intention of repeating them. I think we have had an ample supply of statistical data provided by all three parties and by a number of members of this House.

Mr. Speaker, I feel it is extremely important that the government should show more respect in its relations with the provinces. This legislation is essential because it involves billions of dollars and absolutely vital services, and the federal government should recognize its responsibility as the originator of these services and programs. It should also recognize and accept the fact that the provinces are entitled to not only make representations with respect to the allocation of the funds they need but also with respect to the economic situation facing us today.

The present government cannot ignore these circumstances and disclaim responsibility for the problems confronting Canadians today. The way I see it, the record of this government's administration during the past 15 years has not been particularly encouraging, which has probably led the provinces to claim that, deficit for deficit, the federal government has not been setting a particularly good example.

The provincial governments, including the government in my own province, may be criticized, and they have been, for their present deficits. However, I feel that the worst example has been set by the present federal government, which has been increasing the national debt and its deficits during the last 15 years I have been here in the House.

However, one can only go so far, and it seems the government has realized this. In fact, the Minister of Finance has been dragging us through the mill during the past few months, and the provinces are, as it were, squirming in a financial strait-jacket, because the federal government is reducing its deficit by cutting funds to the provinces. At this point, I must say, and I have said it before, that there may be dangerous developments in the years to come. In other areas, there is the distinct impression that the government, because of its financial circumstances for which it is, in fact, to blame, is increasingly making decisions that go against the wishes of the provinces and are not preceded by the negotiations appropriate to a federal system.

Mr. Tousignant: My, you are serious this afternoon!

Mr. La Salle: I seem to be getting some comments from the other side of the House, Mr. Speaker. On the subject of federal-provincial relations, I feel that in a federal system that purports to respect the status of the provinces, there is at least an obligation to encourage negotiations and conduct them in a manner that reflects respect for the true federal concept. That is not what is happening.

I understand that a number of hon. members, and it has become more apparent in the last year or so, have fallen into the habit of blaming the provinces for situations that are prevalent across Canada. I feel that we who are sitting in this federal Parliament have an obligation to demand that this government should respect its partners, the provinces, without exception. Members opposite seem to think this is highly amusing. During the Constitution debate, there were some unfortunate incidents, thanks to the persistence and dedication of an opposition that earnestly wanted all the parties concerned, all governments in Canada, to participate in the exercise of constitutional reform, and I feel that we, in any case, need have no regrets for having made a special effort to make the government understand the spirit of federalism.

• (1520)

When the Prime Minister (Mr. Trudeau) states that, in his opinion, co-operative federalism is dead, we have to ask ourselves serious questions and the provinces have to be very concerned, as do all Canadians, about the nature of future negotiations. In other fields, Mr. Speaker, I could refer to certain comments which I also heard. It is obvious that this government has decided to reduce its negotiating process and its discussions with the provinces because it is tired of dealing and discussing with them, which is of course dangerous, because the people opposite will then try to convince us daily that we have to work for national unity. This same government will try to take credit for saving the country and working in the interests of Canada. However, it is not by making unilateral decisions that we can promote and strengthen the bonds of real federalism. I believe that I am quite justified in reminding this government how important it is at every opportunity to allow the provinces to take part in a greater number of major national decisions and to find compromise solutions with the provinces, especially when dealing with such an important bill as the one which we are now discussing at the third reading stage. This bill deals with billions of dollars and has very important consequences for the service sectors involved. I fail to understand why the government has not managed to bring the provinces to an acceptable consensus and compromise. I must conclude that, because of its actions, attitude and arrogance, the government has succeeded in creating a climate of suspicion.

In every area, whether it be economic development, constitutional reform or fiscal arrangements, a climate of suspicion has been created in this Parliament because of the government's reprehensible and regrettable attitude. This is why the premiers and the ministers responsible cannot trust it at federal-provincial meetings. Of course, this multiplies the problems, and because of this, negotiations take longer. However, since this is somewhat annoying for the Prime Minister of Canada and his cabinet, they make an increasing number of decisions on their own, which is regrettable and goes against the very principles of true federalism which must survive because the future of the country is based on this concept. The present government no longer believes in it. I say once again that we shall see more and more direct action by the federal government about economic development and more and more programs governed, imposed and administered federally without proper consultation with the provinces. I sincerely regret this and I must warn the government that it is not the way to save the country or to serve it well.

I could refer to the history of the last fifteen years, especially in my province. I know that this will also shock my colleagues opposite. However, as I have said before, the record points to an embarrassing failure on economic matters and the Constitution on the part of a government which would now want us to believe that it has succeeded. If we talk about the economy, the situation in which we now find ourselves is hard to believe. As for this bill, I can appreciate the arguments of the various provinces and especially my own concerning provincial needs. I believe that we must go beyond party politics when we are dealing with such an essential piece of legislation.

I suggest that it is both possible and necessary to do so. I do not take hon. members opposite to task for having quoted exact figures in connection with the computation formula or the bill, nor do I question their figures; yet, they should agree with me that the old formula would have brought more money in and that the Quebec Minister of Finance is complaining

that he will be getting a little less money because of the change; but, as I was saying, Quebec will be getting a few dollars more than last year, and the fact remains that over the next five years, the federal government will hoard in its own coffers $5 billion which the provinces would have received otherwise. It is quite normal that in view of their requirements and needs, the provinces should demonstrate that they are somewhat disappointed with this bill, and I should like the House to consider the proposal put forward by the hon. member for Kingston and the Islands (Miss MacDonald) for a more in-depth study to be—

Mr. Tousignant: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Blaker): The hon. member for Témiscamingue (Mr. Tousignant) rises on a point of order.

Mr. Tousignant: Would the hon. member accept a question, either now or at the end of his remarks?

Mr. La Salle: I think that the hon. member who wishes to ask me a question will have the possibility of doing so, for I do not intend to deal with this issue for 40 minutes; when I have completed my remarks, the Chair may invite him to ask his question, and if I can, I will certainly give him an answer. I think it is therefore important, Mr. Speaker, to remind hon. members that well-prepared negotiations are necessary when such major legislative measures are brought forward. I was about to say that the climate of trust which existed 15 years ago has vanished entirely. We have seen all sorts and we have had various indications for a while that the mistrust which has prevailed in this Parliament is clearly due to an arrogant attitude on the part of this government, and because of this mistrust, problems in Quebec become still more serious whenever the federal government is involved. I should like to take this opportunity to invite hon. members opposite to make an additional effort to encourage discussions and negotiations between the two governments. Both governments cannot continue to stir up a confrontation, because this would prove too costly for our constituents who do not deserve that partisanship be shown at their expense.

I think that the time has come to remind all my colleagues that negotiations and the respect of our provincial governments are essential, and I think that all those who still believe in a true federalism would agree, but should one believe in that true federalism? When I hear the responsible government authorities, the ministers of the Crown increasingly give the impression that they are determined to act alone without consulting the provinces, that is not the way to strengthen the ties among the regions and to ensure a promising future to the country, Mr. Speaker. The study of this legislation today affords me the opportunity to urge the government to reflect seriously on the negotiations with the provinces, which have greatly disintegrated and deteriorated in the past few years. However, the Leader of this Government in the opinion of millions of Canadians, seemed capable of uniting this country, but over the past 15 years and at present, I do not think any government has managed better to tear our country apart and to create such dreadful conditions as those we are now experiencing. Under the circumstances, instead of turning away, of ruling out further negotiations and denying the proper respect which must be shown to provincial governments, it would be to the advantage of this government to resume negotiations more seriously than ever before and to urge governments to co-operate in promoting the economic recovery of the country.

• (1530)

Not long ago, the Right Hon. Prime Minister appealed to the unions, urging them to co-operate with the federal government, because otherwise he would once again be forced to make unilateral decisions. During the past 15 years, the Prime Minister has had plenty of time to bring the unions, businesses and the provinces to the negotiating table, but as a result of his unbending attitude, instead of bringing these people together, he has done the exact opposite. Today, the situation being what it is, we must make a last effort and urge the government to be far more attentive to the problems facing the provinces and to those confronting millions of Canadians.

Mr. Speaker, I do not want to dwell further on this bill, which, although I do understand its ramifications, is not easy to understand since it is a sophisticated piece of legislation. In any case, because of this bill, the provinces will once more be obliged to seek other funding sources if they wish to maintain the same level of health services and post-secondary education. To reduce its deficit and lighten its financial burden, the federal government has decided to shift some of this burden to the provinces. Considering the present economic situation, for which I hold the federal government largely responsible, there will be other opportunities to prove this.

I think this government would have been well-advised to listen to the suggestion made by my colleague, the member for Kingston and the Islands, who asked for a two-year extension during which time the government would have a chance to prove to the provinces that it has sufficient flexibility to make federalism more viable and more acceptable. It is true that in Quebec, people are becoming more and more disenchanted with federalism, which was certainly not the case a few years ago. However, during the past 15 years, Mr. Speaker, and I say it once again, we have seen Quebecers becoming increasingly alienated from the federal government, despite the fact that there have been some six dozen members from Quebec here on a fairly regular basis, plus a Prime Minister from Quebec, all of whom have been unable to cure this alienation and have even made it worse through their frequent tendency toward confrontation and arrogance. This has encouraged a negative attitude to our federal institutions instead of making

people understand the positive side of federalism, people are now probably going to accuse me of siding with it. No, Mr. Speaker. Once more I want to ask this government which has such a strong contingent, at least in numbers, of members from Quebec, to make a last attempt to explain to Quebec government representatives the scope of the fiscal arrangements or at least discuss certain objectives that could be better pursued jointly instead of duplicating our efforts.

I earnestly hope that the impact of this legislation will not cause too much hardship in my home province. I also hope that the government will act on the request I made today that it increase its negotiations and strengthen its relations with the provinces instead of dropping negotiations entirely and denying their importance in order to justify unilateral action, which is altogether undesirable. Increasingly, I have the impression that this government wants to act unilaterally, and I insist, and I cannot say it often enough, that this is not the way to strengthen this country. If we really want to keep alienating Canadians from the federal system, we should go on doing what we are doing now, but if we really want to strengthen this country, if we want to make all Canadians, wherever they happen to be, benefit from federal negotiations with the provinces, there must be a change in attitude and there must be a change soon.

The atmosphere in this Parliament has become an atmosphere of mistrust. Provincial premiers, unions and members of the business world are finding it very difficult to trust this government today. This is an extremely negative factor in view of the present economic situation. If we really want to turn around the economy, I would urge the government to respect the status of the provinces and to make an unprecedented effort to get them to work together with him. I wonder whether the Prime Minister is really interested in getting together with the provinces and working with them. If he is not, Mr. Speaker, I think he should be prepared to make a decision, and it should be that the interests of this country must take precedence over his own interests and objectives. I hope hon. members and ministers on the opposite side will take this opportunity to remind the Prime Minister that his principal role is to unite this country and to help the provinces, and in a federal system, this means supporting the efforts and priorities of the provinces. I feel that these priorities are not incompatible with our greater national objectives. Mr. Speaker, I hope that the arguments, speeches and comments that have been made in connection with Bill C-97 will at least have had the effect of reminding the members of this government that consultation and federal-provincial relations are of paramount importance, now more than ever before. I hope that the recommendations I am making today will be taken seriously, because in making them, I am convinced, with all the sincerity of which any member here is capable, that our country and our provinces will be the better for increased consultation, which in my view is absolutely necessary.

Mr. Tousignant: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The hon. member for Témiscamingue (Mr. Tousignant), on a point of order.

Mr. Tousignant: Mr. Speaker, the hon. member for Joliette (Mr. La Salle) has been talking about unbending and arrogant attitudes of the government, and is accusing this government of refusing to release sufficient funds in its negotiations on fiscal arrangements. The hon. member goes on to contradict himself, when he says that the deficit is too high and that we should try to bring it down. I have a simple question for the hon. member and I would like him to answer yes or no. Could the hon. member inform the House whether he thinks the money received by the province of Quebec is well spent by that province?

Mr. La Salle: Mr. Speaker, I think the government of Quebec makes the best possible use it can of the money it receives under these arrangements. I hardly think it would be better spent by the federal government! In any case, I think the fiscal arrangements we are discussing here will give millions of dollars to the Quebec government as well as to the other provinces, and I trust they will be used for the services indicated in the bill, Mr. Speaker.

• (1540)

[*English*]

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I will not use this opportunity in debate on third reading to go over once again the arguments I have made earlier. I will not go into the argument about the revenue guarantee again, for instance, because I believe that even in the short time provided to the opposition for debating the bill, we have succeeded in getting across to the public what has been going on and what kind of dishonesty the government is involved in when it says that it is only cutting the revenue guarantee and is not cutting money for health care and post-secondary education. We have made the case on the basis of the government's own contention over the last five years about the revenue guarantee, that it is cutting money for health care and post-secondary education. That will become more clear as events unfold when the new fiscal arrangements come into force and people see the effect the cutbacks will have on health care and post-secondary education.

Neither will I go into the argument about the way Manitoba is treated in the new equalization formula embodied in Bill C-97. I will not go into that because I still entertain a hope, however fading at this point, that before the end of the day we may yet see an amendment offered by the government to redress in some way the injustice done to Manitoba in this formula.

Rather than repeat the arguments already made—although it is tempting to do so—I want to reflect on our medicare system and some of its problems, in particular the growing unhapiness of the doctors within medicare. We know that there is a dispute in Manitoba between the government and the doctors about the role of binding arbitration, fees and the whole negotiating process. We also know that there is a dispute in Ontario. It seems that in one province after another there is a crisis in the relationship between doctors and the provincial governments and between doctors and medicare as such. I should like to make some observations about that and hope that they will prove helpful to the government.

I agree with the Canadian Medical Association's contention that medicare is underfunded. I think I should say at the beginning that there are areas of agreement between the New Democratic Party and the Canadian Medical Association. Some time ago I took the time to read the text of an address by the president of the Canadian Medical Association to the St. John's Rotary Club on February 25, 1982. I should like to make a few observations about that speech.

Before I comment on those areas on which I think there is common ground between the CMA and the NDP, I should like to refer to an anxiety that was expressed by the president of the CMA at the commencement of his address. He speculated that the audience might well be expected to perceive his remarks as being just one more pitch for higher fees and higher incomes for doctors. I think he put his finger on the impotence, the powerlessness, of the Canadian Medical Association's attempt to alert Canadians to the dangers of prolonged underfunding of our health care system. Why is it that no one seems to listen to the Canadian Medical Association? The fact is that otherwise legitimate concerns of the medical profession are compromised by the consistent link which doctors make between the underfunding of health care, on the one hand, and their incomes, on the other hand.

Having travelled across the country with the parliamentary task force on federal-provincial fiscal arrangements last year and listened to many different groups concerned with, and/or employed in, our health care system, I regret to say that it was only the doctors who came before the committee in the public hearings to talk about their own incomes. It was as if higher incomes for physicians would somehow solve all problems; as if higher incomes for physicians would mean more chronic care beds; as if higher incomes for physicians would mean more modernized equipment and facilities in hospitals; and as if higher incomes for physicians would mean more nurses in hospitals.

What has also compromised the concern of the medical profession about medicare and about underfunding is the obvious philosophical hostility which some of its spokesmen display toward medicare. One gets the feeling that higher incomes would satisfy some of the discontent in the medical profession but that for another, more vocal group—I would suggest a minority—the root of the problem is medicare itself. It is as if they object to the very principles of medicare and therefore look for every opportunity to discredit the system.

I believe the vast majority of Canadians regard medicare as one of the great post-war achievements in social policy. They cannot be blamed if they are unmoved by, somewhat skeptical of and suspicious about the concern of doctors for medicare, given the criticism that is sometimes heaped on medicare in principle by certain spokespersons for the medical profession.

In my view, the problems of how much physicians ought to be paid and what the mechanism ought to be for determining their income in detail after a general level is set, desperately need to be dealt with, but they must be dealt with separately from the issue of the general underfunding of hospital care or the need for other improvements in our health care system. In this respect I think it can be fairly charged that the medical profession is making the medicare crisis and the debate about medicare more difficult by constantly clouding more important issues with their own self-interest and with their rhetoric about the decline in physicians' incomes. This rhetoric, Mr. Speaker, usually employs 1971 income as the base, without ackowledging that this represents a considerable increase over pre-medicare income. I pointed this out to the president of the Canadian Medical Association when I wrote to him some weeks ago.

An article appeared in today's *The Globe and Mail* entitled "Shed No Tears for MDs". It points out that it is misleading to show only what has happened to doctors" incomes since 1971. Indeed, they seem to have gone down since 1971, but it is misleading to use that year as a base because, prior to then, the incomes of doctors were considerably lower. If the truth be told, what happened was that in the years just prior to medicare when they could see medicare coming, physicians' fees started to go up. This was to ensure that when medicare did arrive, the public would be paying these higher fees. The doctors had not charged them until they could see medicare coming. I have heard medicare described not so much as medicare but doctor care. In other words, it ensures that doctors will receive an income from each and every patient dealt with.

• (1550)

I was pleased to see in the presentation of the Canadian Medical Association to the Standing Committee on Finance, Trade and Economic Affairs that for once it made an argument about what was happening to medicare and to patient care and left out the argument about physicians' incomes. If this is an indication that the Canadian Medical Association is moving away from trying to blend these two issues in what I have already said is a very unhelpful way, then I welcome it. I think the two matters need to be dealt with separately, if possible.

The CMA is quite correct in pointing out that Canada spends less of its GNP on health care than many other nations. For instance, the United States spends some 2 per cent more of its GNP on health care. This is not in itself evidence of underfunding in Canada. There are millions of poor Americans who have little or no access to the kind of health care to which

almost all Canadians are accustomed, despite the fact that Americans spend 2 per cent more of their GNP on it. The higher costs in the United States are as much the result of higher physicians' incomes and irrational technological competition between unco-ordinated private health centres, as any greater commitment to health care.

The fact that we are spending 2 per cent less of our GNP on health care gives cause for reflection on just how badly health care costs in Canada are rising. We have heard much concern about rising health care costs. Sometimes the concern is tied to the fact that our health care system is being funded publicly which, according to certain ideologues on the right, is a guaranteed way to have higher costs. The fact of the matter is that with a publicly-funded system we in Canada have a much more cost-efficient health care system than the Americans who do it entirely through the private sector. Nevertheless, I agree more support is needed for health care in Canada, not less. This is why my party and I strenuously oppose the proposed cutbacks in federal transfer payments to the provinces.

Furthermore, New Democrats across the country have been vigilant in their opposition to spending restraint in health care practised by most provincial governments since block funding was introduced in 1977. We have been active in relating to the Canadian public the kinds of service deficiencies which the Canadian Medical Association eloquently pointed out in its presentation to the finance committee or indeed whenever it has the opportunity to do so. No party has a better record of providing facilities and required staff for better chronic health care than that accomplished by various NDP provincial governments in the construction of nursing homes; for instance, my home province of Manitoba comes to mind.

In attempting to provide more public money for such needs, we often run into the opposition of none other than those who now like to lament the inadequacies of medicare. The political right is opposed to increases in government spending and to a more equitable and fair tax system because it thinks that would somehow eliminate incentives and not create the correct investment climate. It is opposed to the measures with which we could pay for increased spending, but at the same time expresses concern about cutbacks in funding for these particular programs.

This is my problem with the approach of hon. members of the Progressive Conservative Party to the issue. I have been happy to have them as allies in opposing the withdrawal of the revenue guarantee, but at this point in the debate I must confess a certain amount of skepticism about the position they take. What is true is that day after day, year after year, they have been instrumental in developing a paranoia about government deficits, upon which the Minister of Finance (Mr. MacEachen) now plays as a justification for cutbacks in these programs. I say to the colleagues on my right that they are not without blame or totally non-culpable in the matter. Many of their provincial colleagues are even more to blame.

There is a kind of inconsistency in the approach of the Progressive Conservative Party to the issue. I ask them, in as generous a spirit as I am capable of, to reflect on the contradictions in the rhetoric, on the one hand, about reducing government spending and, on the other hand, about condemning the government whenever it reduces its spending. We in this corner can at least say that we are consistent. We condemned the government for reducing its spending in this area, and we say that if it means the government has to collect more money in order to fund particular services, we will support it. This is something which hampers the credibility of the Conservative party when it comes to medicare; it is no secret that it is not one of its strong points. There is not a great deal of deep-seated trust among Canadians when it comes to the relationship or the attachment of the Conservative party to medicare.

The underfunding problem in medicare is related to the larger political and economic problem that in a period of shrinking economic growth we must have a greater sharing of our common wealth of such things as health care if we are to maintain and, indeed one could argue, to restore standards. We in the NDP are in favour of a greater sharing of our common wealth. We would be prepared to reform our tax systems in order to make it possible. Is the Canadian Medical Association prepared to advance the argument that those people who made exorbitant incomes last year but paid no taxes at all should be more fairly taxed and should pay their share? Is the CMA prepared to advance the argument that corporations which do not pay their fair share of taxes should pay more taxes in order to fund the health care system? It seems to me that this is the route which must be taken, particularly in these difficult economic times. Are Conservatives prepared to advance a fair and more progressive tax system? I do not think so, because every time anybody so much as breathes about reforming the tax system, they are up on their feet talking about the investment climate. It seems that in order to please members of the Progressive Conservative Party when it comes to the tax system, we have to guarantee people can make as much money as they want and then they will do us the favour of doing business in the country; that is not our approach to the tax system.

When it comes to the medicare debate, it is important for people in obvious positions of leadership to be philosophically honest, whether it is the Canadian Medical Association or anyone else. If they are in favour of medicare as a system, then in my opinion they should be advocating more public and political commitment to an appropriate amount of government support, not advocating short-term measures such as more extra billing, a user fee here or charging more for hospital care there. Short-term solutions which introduce private mechanisms for funding added costs of health care in difficult economic times are shortsighted and will destroy medicare as Canadians now understand it. So when the Canadian people can believe that the Canadian Medical Association is unreservedly committed to the survival of medicare and its basic principles, then perhaps others concerned about health care will be able to join hands with the CMA in co-operative action to make sure all Canadians have the best possible health care system and the best possible health, in a system which does not use doctors or anyone else as scapegoats, one in which

there is an appropriate balance between the professional integrity and the freedom of doctors and the responsibility of the community to ensure that the allocation of medical resources, scarce or otherwise, is an accountable community decision and not something left to the marketplace.

• (1600)

The Minister of National Health and Welfare (Miss Bégin), Mr. Speaker, now says that she wants to bring in a Canada health act. I hope she means that she wants to develop a new fiscal arrangement for health care superior to the one we had up until today, and superior to the one we will have after third reading of Bill C-97. It seems to me that the fiscal arrangements for health and education get worse every time they are renegotiated, although you cannot say of this one that it was renegotiated because it was unilateral. I hope she has it in mind to bring all existing legislation under one act which will involve certain standards and conditions having to be met in order for provinces to receive federal money. One of the things I hope will be in that new act is the prohibition of extra billing by physicians, and a mechanism to ensure that provinces see to it that there is no extra billing in their jurisdiction.

The medical profession has some arguments in favour of extra billing. They talk about the doctor-patient relationship and the need for a cash transaction in order to enhance the integrity of that relationship. I guess it is only coincidence that this argument is advanced more strenuously the more doctors feel their incomes are not keeping up to what they think they should be. We did not hear that argument as much when doctors were satisfied with their incomes. I guess their relationships with patients had more integrity then. In any case, we hear more now the argument that what is at stake is that relationship and somehow the transfer of money between the doctor and his patient makes the relationship more worth while.

Mr. Speaker, I am only being partly facetious when I say that this sounds like an argument by analogy for the virtues of prostitution: something is only worth while when there is a cash transaction. I question the value of that argument. It sounds good on the surface, but the minute you begin to look at it, it sort of falls away, besides which it is an insult to all the professions who do not operate on a fee-for-service basis. The argument advanced by the CMA concerning the need for money in order to enhance their doctor-patient relationships is, by implication, a charge against the value of the relationships other professionals have where they do not charge on a fee-for-service basis.

An hon. Member: How many hours does a doctor work a week?

Mr. Blaikie: I hear someone ask how many hours a doctor works a week. I was just going to get to that. Doctors claim that in order to keep up their income they have to see more patients, and that this is one of the main reasons the quality of health care is going down. They have to practise what is called "turnstile medicine". They only get so much per visit so they have to get them in and out, get more visits in, in order to keep their incomes up.

Mr. Munro (Esquimalt-Saanich): That is a distortion.

Mr. Blaikie: That is exactly what I have heard any number of times from the CMA and various provincial medical associations.

Mr. Munro (Esquimalt-Saanich): You have the wrong verb in there, that is your trouble.

Mr. Blaikie: I have said this before, Mr. Speaker, and it is nothing new, but if what the doctors say is true, it seems to be nothing more than a euphemism for manipulating the market. Surely, many people only come back to the doctor's office if they are told to come back. There is no line up at the door; they come to the doctor's office if they are told there is a need to come back. If there is a deterioration in the quality of health care as a result of doctors having to see more and more patients in order to keep their income up, then that kind of practice is obviously suspect.

Mr. Munro (Esquimalt-Saanich): It is a good thing you are covered by parliamentary privilege.

Mr. Blaikie: Clergymen do not charge per sermon, Mr. Speaker. We just give freely of our time.

Enough said about medicare, Mr. Speaker. I just wanted to put on the record some of the concerns I have over the arguments advanced by the doctors. I do not think doctors are somehow sacred, and I do not think it should be regarded as such a nasty thing to get up here and question some of the arguments they advance about their incomes and their position in medicare. They are answerable to the political process and to public dialogue, just like anyone else. It seems to me that some of them would like to escape that kind of accountability, but there is no retreat from the fact that everyone, doctors, lawyers and everyone else, will have to be more and more accountable if we are serious about the democratization of society. People will have to be accountable for their decisions and not be able to hide behind professional privilege or whatever. That is true not only of doctors but all professions, and it is something we have to keep in mind.

There has been a deterioration in the respect that people have for all professions, for teachers and lawyers. Of course, they have always had a certain disrespect for lawyers, which is a healthy thing. However, this has been happening to all professions in general, which I think is probably a good thing, and doctors should not feel as though they have been singled out. Rather, they should see what is happening to them in the larger social perspective and not blame medicare or any other system as the cause of their problems.

• (1610)

I would like to make a few remarks concerning post-secondary education, the other aspect to the funding that we are concerned about when we talk about federal-provincial fiscal arrangements under the established programs financing act.

Many students, and others, have a growing anxiety concerning the future of post-secondary education. In part there is a feeling that university education does not provide the kind of opportunity it once did. Of course, many think that it still does provide opportunity. But, at one time, it was a truism to say that a university education provided upward mobility, particularly for those who came from a lower-income group or those down the socioeconomic ladder, so to speak. It was the means whereby they could proceed to greater and greater things.

What has happened is that we have begun to realize two things. First, it has not been as great an instrument of social mobility as we would like to believe. When we consider who is attending university, we find there has not been as much progress as we would like to think. For instance, we have not ensured that people from working class backgrounds would actually make it into university in significant numbers. And, even if they do get there, they do not have as much of a guarantee as in the past that a university education will be the means to achieve a success story, or however one wants to describe it.

I think that over the years we have placed too much emphasis on education as a means to provide a greater standard of living and income. Now when we have reached the point at which that can no longer be said to be the case, we find there is a crisis in the perception of post-secondary education.

Unfortunately, I think the government is operating out of this crisis perception. I think that the government has been hinting, as is evident by some of the rhetoric in the debate over post-secondary education, that it wants post-secondary education to be even more instrumental in its view than it has been up until now. It wants to tie the goals of the post-secondary educational community to the needs of the economy.

Of course, no one wants to say that our education system should be independent of the needs of the economy. However, what we and many in the post-secondary educational community are concerned about, and rightly so, is that the government will take an overly instrumental view of post-secondary education. We fear that the government will merely see post-secondary education as a form of manpower training, and that over the years it will begin to underfund those aspects of post-secondary education which are valuable in and of themselves. Those are the aspects which help to create the critical minds which can provide the kind of intelligent and reflective debate which is so necessary to the ongoing health of the political life of a democracy. This is the long-term consideration.

I become very concerned when I hear the Secretary of State (Mr. Regan) discussing a voucher system whereby the federal government would actually pull money from the general funding for post-secondary education and give it to students, as individuals, in the form of vouchers. I last heard this advocated by the libertarians during the provincial election in Manitoba in 1969. I thought it was sort of a fringe idea. However, it now seems that it is being actively considered by the federal government.

What would happen in that case? The federal government could then discriminate against those courses that it felt were not as useful to the economy or to its political future. If one wanted courses for a high-tech job, one could receive a voucher of $5,000; but if one wanted to take philosophy, one would only receive $5. This is what I am talking about. It would give the federal government an incredible amount of manipulative power and should cause us grave concern.

We do, however, support the desire of the Secretary of State to have more national dialogue about the role of post-secondary education. In this respect, I do not quite understand why the government will not agree to something like, or identical to, a royal commission on the role of post-secondary education, what the CAUT called for, the equivalent of the first Hall report with regard to post-secondary education. Instead, the government wants to do the same thing it does concerning nuclear power and everything else one can imagine. It wants to have its own little, internal kind of inquiry where one never gets to see the terms of reference, one never gets to hear what the government is thinking or proposing, and then it shows up with a bill one day and gives the House a couple of weeks in which to pass it.

The government would have the support of many people in trying to develop more of a national discussion about the role of post-secondary education. For this reason, I agree with the task force proposal that the funding for health care and post-secondary education be separated so that we could have separate discussions. It is very difficult to tell what the government is spending on each when they are both lumped together in such a way. It also blurs the lines of accountability.

I hope the government will actively consider, at some point in the future, the creation of separate fiscal arrangements for health care and post-secondary education. In relation to health care standards, it should ensure a mechanism whereby the federal government could bring delinquent provinces into line.

It seems to me that this is probably an historic low point for federal-provincial fiscal arrangements as they pertain to health care and post-secondary education. I hope we have sort of bottomed out and that, from here on in, we can begin the process of putting into place a better fiscal arrangement for health care and post-secondary education.

Mr. Howard Crosby (Halifax West): Mr. Speaker, third reading of Bill C-97, respecting federal-provincial fiscal arrangements and established programs financing, provides the last chance to record, for public attention, the fear and concern that these new measures will adversely affect health, education and other social services across Canada. The debate on Bill C-97 and the limited opportunity for public representations before the Standing Committee on Finance, Trade and Economic Affairs have made it abundantly clear that the changes in equalization provisions and in federal contributions to established services will seriously affect the financial ability of many provinces to continue all government services at current levels and standards.

It is unfortunate, as we meet today, that we are under the directive from the Minister of Finance (Mr. MacEachen) that, unless this bill is passed, the financial provisions and the provinces affected by them will be endangered. It was with that threat hanging over our heads that we hastened to complete deliberations on this bill which will have such far-reaching effects for the provinces and for the residents of those provinces which are dependent upon transfer payments for their very financial existence.

The government's claim is that $105 billion will be transferred to the provinces over the next five years to support equalization and established programs, principally, health care and post-secondary education. The Minister of Finance tells us that this amount is substantially larger than the $61 billion transferred to the provinces for equalization and established programs in the five years ending March 31, 1982.

While the proposed contribution appears generous, let us remember the rate at which total federal expenditures have increased over the years. For the fiscal year 1980-1981, total federal expenditures were $58.6 billion. Five years later, for fiscal year 1985-86, total federal expenditures are forecast to reach $105 billion. As a result, federal expenditures will almost double in five years.

• (1620)

It is not surprising, then, that an increase from $61 billion to $105 billion for federal transfer payments to provinces for a subsequent five-year period might result in less real financial support to the provinces. The important bottom line on the government's new proposals contained in Bill C-97 is the net effect or result on provincial finances.

It has been said time and time again in this debate, but never has it been denied, that the net effect or result on all of the provinces collectively is that federal transfer payments will be reduced in this five-year period commencing April 1, 1982, by $5.7 billion. That is, the federal treasury will be saved $5.7 billion by applying the new formulas enacted by Bill C-97. To take Nova Scotia as an example, Mr. Speaker, this change will result in a decrease in revenues from transfer payments of at least $100 million and possibly an amount as high as $200 million. If you transpose that into the population available to support the revenues of the province of Nova Scotia, it means an additional amount per taxpayer of almost $300. If you spread it across the whole population over that time frame, of course the amount is less; but we have to recognize that it is only from the taxpayers that the government can obtain revenues. The result of this saving to the federal government is a deficit to the provinces that receive transfer payments, and that eventually will have to be passed on to the residents and citizens of those provinces.

Who can quarrel, Mr. Speaker, with an attempt by the Government of Canada to reduce its massive deficit, a deficit which has been running close to $10 billion annually and a public debt in excess of $128 billion that soaks up one dollar in every four revenue dollars? That is a deficit and public debt that costs each and every Canadian $4,900, and that costs each and every taxpayer approximately $12,500.

What we can and should bring to public attention, Mr. Speaker, is the fact that the Government of Canada is reducing its deficit by withdrawing financial assistance to the provinces to the extent of $5.7 billion in a five-year period. At the same time, the federal government is virtually forcing those provinces to keep and maintain the same level and standard of public services that it has asked and encouraged the provinces to provide for its residents to ensure national standards in health, education and social assistance.

The federal government, having established the level and standard of government services to Canadians, now seeks to abandon part of its financial responsibility for the provision of these services. "Co-operative federalism" is indeed dead in Canada, Mr. Speaker. When the Prime Minister (Mr. Trudeau) made that pronouncement a few weeks ago, he was not really stating a fact but was making the announcement that he and his government had killed "co-operative federalism". It was, in a word, Mr. Speaker, homicide and not suicide. The Prime Minister must take the responsibility for the ultimate result.

This country has grown on the basis of co-operation between the federal government and the provincial governments to achieve programs and services that are available to all Canadians. The statement that co-operative federalism is dead endangers that process and the procedure by which these programs and services were made available to Canadians in the past.

It is essential to underline and clarify the effect of the cutback of $5.7 billion in transfer payments to the provinces.

Faced with a substantial loss in revenue, these provinces have only four alternatives. First, the provinces may use other revenues or untapped sources of revenue to provide for the loss of revenue. An important footnote to that alternative is that most provinces operate on an annual deficit and do not have the resources available to them. Other provinces have virtually exhausted their sources of revenue.

A second alternative would be to reduce or cut back services. We cannot do this in the fields of medical and health care because of the great danger it would pose to the persons who receive benefit from those services. By the same token, the universities, and the students who attend those universities and other post-secondary institutions, would be horrified by the prospect of cutting back services and programs within those institutions.

The third alternative I want to outline is that provinces have the alternative of reducing standards of services. Mr. Speaker, I do not think anyone in this House or any responsible elected official across Canada would favour a reduction in the standard of services, particularly in the health care and educational fields.

The fourth alternative left to the provinces, Mr. Speaker, is to increase taxation. Some provinces, like Nova Scotia and Ontario, are more or less at the end of the line with respect to taxation.

In a moment, Mr. Speaker, I want to provide some information on the extent to which the provinces have exhausted their tax resources. First, I want to say that if none of these alternatives that I have outlined is readily available, medical doctors, hospitals, universities, colleges and other post-secondary institutions are left with resolving the problem within the framework of their own institutions and within the framework of their own practices. They must consider cutting back these services or reducing the standards of those services. In the end, whether it is the provinces that make the decision in terms of cutting back or reducing services, or in terms of imposing taxes, or whether it is the deliverers of those services themselves, the medical doctors, the hospitals, the universities and post-secondary institutions, the public across Canada are affected. It will be the people of Canada that will either bear the increased cost or suffer from the cutbacks and reductions in services. The point is that in the case of the provincial governments which cannot raise revenues or tap sources of revenues, the only alternative left to them in many cases is cutbacks in services or reductions in the standard of those services.

Let me speak now, Mr. Speaker, about provincial taxes and our increase in provincial taxes as a means of making up the deficit which the federal government has imposed on the provinces to the extent of $5.7 billion in the next five years. It has already been reported that many of the provinces simply do not have any further tax base to use. In fact, the survey included with the budget documents which the minister brought to the House of Commons on November 12, 1981, indicated that on a scale of 100, two provinces, Nova Scotia and Ontario, only rank 88; that is to say, they have exhausted their resources and taxation capabilities to that extent. In contrast, the province of Alberta has a score of 192, so it is easy to see that this particular province, in relation to the provinces of Ontario and Nova Scotia, does have some resources which it might apply to make up any deficit in transfer payments.

I might mention for the record, Mr. Speaker, that among the other Atlantic provinces in which I have a particular interest, New Brunswick rated an 89 in relation to the base figure 100, Newfoundland rated 92, and Prince Edward Island, 97. You can see that those provinces have little capability to make up any deficit that results from cutbacks in federal transfer payments.

The other aspect of increasing taxes as a method to meet any shortfall imposed by the Government of Canada is the capability of the taxpayers, residents in each province, to bear additional taxes. I have a report that indicates that today 41 per cent of a family's income is expended for taxes, apart from food and shelter. Those figures indicate, if I were to list them, that among the people of Canada there is very little room left for payment of increased taxes. For instance, the average British Columbia family will earn $29,201 this year and will have to pay $12,114 of that to governments. Income tax is the biggest single item at $4,055. The myriad of other taxes account for the other $8,059. When an average family in British Columbia with an income of $29,201 pays $12,114 in federal income tax and a myriad of other taxes, we realize that the taxpayers of Canada have pretty well reached their limit.

• (1630)

With rising costs for food, shelter, transportation and other essential services, each day erodes the ability of the Canadian public to put more money into taxes to pay for services they have been receiving in the past. It is not a simple matter, as the Minister of Finance may claim, to allow the federal government to get rid of its deficit by transferring the problem to the provinces and then have the provinces utilize their resources to acquire additional funds to apply to the shortfall. As I have already explained, in the case of most provinces, certainly the Atlantic provinces, that involves increased taxation. There is simply no room for that either in terms of the financial capacity to raise additional taxes or the financial capacity of the people to pay additional taxes.

What the federal government has left us, with its financial policy and the provisions of Bill C-97, is a problem that appears to be insoluble. It can be resolved only by a reduction of services or a change in the standards of those services.

In the debate on Bill C-97 in this House and in the committee which reviewed this bill and heard public representations with respect to its provisions, there has been myriad statistical information and a plethora of financial information. I am not going to add to that.

We have in addition the report of the parliamentary task force on federal-provincial fiscal earnings. It also contains a great deal of information on federal-provincial fiscal arrangements in the past and makes recommendations for the future. My major purpose is to consider the human side of the fiscal reductions proposed by Bill C-97 and to indicate the effect these reductions will have on Canadians.

We have the Canadian dream of equal services across Canada in the essential areas of health, education and social services. Previous Liberal governments, and politicians in this House and elsewhere across this country have attempted to establish national standards in essential services so that as you go from province to province in Canada, each citizen receives the same standard and level of basic services. That dream is in danger today. Once having been established and implemented across this country, the Government of Canada threatens that dream; it threatens to destroy that dream that has become a reality over the past decade.

I want to deal, in this context of the human side and the effect on human beings, with the matter of the equalization payments that are made to those provinces which cannot, according to financial tests, provide services at the level that the richer provinces of Canada are able to do. I also want to talk about health care, including medical and hospital care, and post-secondary education.

First I want to consider why the Government of Canada has taken this drastic action at this stage in our development and is cutting back on the amount of its transfer payments to those provinces which require the payments to provide services.

Why, in 1982, does the government see fit to do this in the face of all kinds of economic difficulties and massive unemployment, approaching 1.2 million persons unemployed? In addition, there are 250,000 no longer looking for work. Another 260,000 are employed at jobs much below their level of capability and qualification. Approximately 1.5 million Canadians are employed part-time. When you add all that up, you find almost three million Canadians have an employment problem. There are grave difficulties across the country. This affects the whole fabric of our society. In the face of that, the government has decided to cut back on the payments to provinces used to provide essential services to their citizens.

We must ask ourselves why the Government of Canada is taking this action at this time. I can only answer in this way. There appear to be two developments that have led to the introduction of Bill C-97 and the change of attitude on the part of the Government of Canada respecting financial transfers to the provinces. One development is quite specific. It is the financial plan contained in the budget introduced November 12, 1981. That budget proposed as its main thrust to restrain government spending and reduce the deficit. As a second prong of that thrust, the government purported to apply equity to the tax measures that comprise our tax system. I will talk about that in a moment.

The second development is much more unjustifiable. I refer to the increase in the hostility of the federal government to provincial governments and the complaint by the federal government that it does not receive political credit from the provincial governments for the services it provides and for the financial payments it makes to the provinces to provide other services. That is an important development when you consider that in all ten provinces there does not exist such a thing as a Liberal government. One can easily see why there is this hostility toward the provincial governments.

One wonders why the Government of Canada would take steps to enact measures in this House of Commons through the budget and through Bill C-97 which wreak havoc with those provincial governments in their financial dealings. The reason has been stated by the Secretary of State (Mr. Regan) in public on at least two or three occasions that I am aware of; they are upset about this lack of political credit. The Secretary of State was quoted in the February 22, 1982, edition of the *Toronto Star*. That newspaper is not known for giving support to the opposition parties in this House of Commons. That newspaper saw fit to report remarks made by the Secretary of State. The article stated, and I quote:

> From now on, Ottawa wants to get direct political credit for whatever it spends, whether it's in a federal or provincial jurisdiction, and is prepared to go around the provinces by giving universities or students direct aid, if it can't make a new deal with the provincial governments.

The article also stated:

> If the Government of Canada is to remain relevant to the citizens of the country, it must deal more directly with the citizens, or must have the citizens realize what it is doing or how their dollars are being spent and not merely be a banker for the provinces—

That is what the Secretary of State said in an interview with the *Toronto Star*. The federal government just cannot be a banker, it has to get credit. The people of Canada have to know what it is doing with their tax dollars. They have to know it is helping to finance hospital and medical care, and that university students are being assisted by the Government of Canada.

To get that political credit, to get that silly point across to the people of Canada, that is what it is doing. As if Canadians did not know from the payment of their taxes that the government is receiving vast amounts of money! To get that little point across, the federal government is setting about endangering the whole federal-provincial system, merely to gain some credit.

We have these two developments. One is very serious, if misguided, in terms of the budget provisions. The second is the search for political credit which has led to the introduction of Bill C-97 and this change in federal-provincial fiscal relations.

• (1640)

Let me talk briefly about the budget which, as I have indicated, has the intention of reducing the federal deficit and allegedly bringing equity to the tax system. I stated that the Minister of Finance claims to have reduced the federal deficit, but we have already seen, as evidenced by Bill C-97, that all the Minister of Finance has done is taken the $5.7 billion which should have gone to the provinces under the existing cost-sharing and transfer formulae and kept it in the hands of the federal government. He simply grabbed the $5.7 billion which will eventually be applied to the federal deficit through the government's financing process.

That is why the Economic Council of Canada has said that the budget does not, in fact, contain measures which will effectively reduce the deficit and restore faith in the government's financial capability. That is why the Economic Council of Canada has pointed out time and again and confirmed that what is occurring is simply a transfer of the deficit from the federal government to the provincial governments. This cannot be of any possible financial benefit to the people of this nation.

This leads us to examine another justification which was given for the budget. It is that the tax measures were intended to create equity. I will list only a few of those measures. For example, there is the loss of the pension deduction. This has a detrimental effect on senior Canadians who should be given some encouragement to provide for the years when they will not be able to work by saving during their working life. They are being punished for their endeavours by having the pension deduction taken away from them if they receive pension income and continue to work. That is the minister's attitude toward the senior citizens of this country.

Another provision of the budget is to tax health benefit plans which were introduced by employers with the co-operation and consent of employees to ensure the employees receive adequate health services. The Canadian government will now tax the employer's contribution to those programs resulting in the fear that those programs may collapse simply because employees are unwilling to pay tax on dollars that they do not

even receive. Who can blame the seven million employed people across Canada who participate in the health benefit plans but do not receive any money, only to be asked by the federal government to pay tax on the dollars that they do not receive? That is what the Minister of Finance does to the working people of Canada.

There are 13 million Canadians who have life insurance in order to provide for their families in the event of an untimely death or physical disability. With respect to life insurance, the Minister of Finance will tax that desire to protect their families from unfortunate accidents.

Workers' benefits will be taxed in a manner different from that which was applied in the past. Those workers who are employed in northern Canada's frontier or offshore and receive food, clothing and shelter or are provided with transportation in the course of their work will now be taxed on a much stricter basis and will be required to pay more tax. How will that attitude of the government help the development of northern Canada and help Canada grow and develop its resources which have been neglected?

Other Canadians who will be affected are the farmers and fishermen who work all their lives to build up their equity in a farm or a fishing vessel. The only way they can provide for their future is to sell their assets—whether it is a farm or a fishing vessel—and put the money which they receive into an income-averaging annuity to avoid having it taxed at the highest possible rate in the year in which they receive it, so that their future security will not be wiped away. The minister will not allow farmers and fishermen and small businessmen, who have used this device in the past, to use it any longer. He is taking it away. Where is the equity in that?

Those are only some examples which prove the falsehood of the budget. There is the falsehood expressed by Bill C-97 that the government is restraining its expenditures and bringing equity into the tax system. We are left with Bill C-97 and its cutbacks which will affect Canadians for the next five years. Co-operative federalism is indeed dead. It has been killed by this budget and by the Prime Minister, who will not consider the reality that Canadians need services and an effective system to provide financially for those services.

The net result of the budget is that the federal government receives more and the provincial governments receive less. However, the provincial governments are still faced with the necessity of providing essential and necessary services to their citizens. The federal government has abandoned Canadians in all provinces and is not providing the provinces with the financial capability to provide services.

As I have indicated, the Secretary of State supports this legislation in the wake of the failure of the provinces to give political credit to the Government of Canada for the role that it plays. How callous and mean can you get when you are dealing with your own electorate, the people of Canada, who have elected this government? Canadians should be annoyed at how they are being treated. Many Canadians do not understand what is occurring in the House of Commons. They do not always understand the effect of the budget provisions or the effect of a piece of legislation like Bill C-97. That is why we stand in the House and before committees, like my colleague for Kingston and the Islands (Miss MacDonald) did, and try to get the message across to the government and Canadians about the harmful effects of these financial measures. That is why we try to prevent the government from hiding behind an alleged policy of fiscal restraint or an alleged policy of equity in its budget measures.

We want to expose the government so that Canadians will be able to judge their elected representatives on both sides of the House and will be able to render judgment when the time comes. In the meantime, we will not listen to the fabrications foisted on the House by the government that it is restraining expenditures and creating equity in the tax system, while at the same time allowing essential services to be provided to Canadians in the same manner as in the past.

We must consider Bill C-97 in the context of the financial situation in Canada. We realize that the government has already spent too much of the taxpayers' money for too long and has piled up deficits which are too high. These deficits are coming back to haunt Canadians and particularly the Government of Canada. We must maintain services which we all regard as essential to all Canadians. I can think of many ways to raise the funds to support those services. All you have to do is look at the $500 million dollar deficit in the Post Office. There are $675 million in debt write-offs for the St. Lawrence Seaway. It is not difficult to find funds that will allow the government to maintain transfer payments at the current level so as to preserve the capability of the provinces to provide these services. Even if the government is not willing to do this for all the provinces which have been receiving transfer payments, at least it can do it in the case of those provinces, such as the maritime provinces, which it knows are unable to provide the financing for these essential services.

Now that the Minister of Finance has entered the chamber, I will remind him that the government of Nova Scotia, for example, already has a deficit of $200 million; Newfoundland has a deficit approaching that amount, as has the government of New Brunswick. In percentage terms, the government of Prince Edward Island has a similar deficit.

I also want to remind the minister that these provinces are already spending a large amount of their total revenue on social services, education, and health. In Newfoundland, 25 per cent of the provincial revenue is spent on education, 20.6 per cent is spent on health and 17.9 per cent is spent on other social services. Where is that province's capacity to continue to provide services at current levels without help from the federal government? I remind the minister that I have already indicated that the bottom line of this proposal is that $5.7 billion less will be flowing to the provinces, including the Atlantic provinces of Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island.

• (1650)

In the time I have left I would like to deal with the human side of the four elements which are very much involved in Bill C-97, the proposal we now have before us, with respect to

federal fiscal transfers to the provinces. As I have indicated, those four points are equalization, health care, medical care, including hospital care and post-secondary education.

First a word about equalization. Equalization in relation to the concept of regional disparity did not just pop out of thin air. It has been a matter of great concern to people in the Atlantic area for some time as well as people in Manitoba and in some parts of western Canada. That is why, when the government brought forward its proposal of a Charter of Rights and Freedoms for all Canadians, we on the east coast were particularly concerned with the inclusion in that Charter of Rights and Freedoms of a provision respecting equalization. That provision was included in the Charter of Rights and Freedoms in Section 36. I just want to read Section 36(2) into the record because it states in a few words the concept of equalization. It says:

> Parliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

That is what equalization is, and that is what it states in the Canadian Charter of Rights and Freedoms.

What has happened to that concept? What has happened to that provision in the charter in relation to Bill C-97? The Government of Canada has simply determined in advance that all that that provision, which will be enacted as part of the Charter of Rights and Freedoms, means is that the level of services which the Government of Canada plans to support once Bill C-97 goes into effect is sufficient for the purposes of the charter.

Citizens and residents of provinces like Nova Scotia wonder what they are getting in this provision respecting equalization. What are we getting? Are we getting anything or are we not? Is there any meaning to it? Does it change anything? What is the point of the provision if the Minister of Finance and his government can simply come along and change the formula and the provisions for equalization, eliminate the revenue guarantee and change the provisions of the established programs financing and say: "There you have it, ladies and gentlemen, that is it; that is all you get; never mind this constitutional provision?"

It seems awfully funny because in recent years we in eastern Canada, and particularly in Nova Scotia, have looked forward to the future with some hope and expectation because we see offshore developments, and we see a changing attitude on the part of the Government of Canada evidenced by its willingness to include in a constitutional proposal and enshrine into law the right of each province to be equal and to have equal benefits in terms of government services. The duty on the part of the Government of Canada is to eliminate regional disparity. When we see that kind of attitude demonstrated in the provisions of Section 36 of the Charter of Rights and Freedoms and when we see the possibility of development of new resources offshore and new revenues from those resources, we have hope for the future. But then that hope is immediately wiped out in a single act; the budget introduced by the Minister of Finance in November of 1981, and now Bill C-97 which claims for the federal government the right to legislate the rules regardless of the constitutional reference to equalization and regional disparity. That is a great and grave disappointment to us.

I want to talk briefly about health services and first about medicare. We in Canada and certainly in this Parliament sometimes have the idea that we are the prime movers in the health care field and that we are way ahead of the rest of the world when it comes to the provision of health services, either in the form of medical care or hospital care to our citizens. That is simply not true. There are many countries in the world which spend greater percentages of their gross national products on health care services than does Canada. In fact, over the past few years many nations have increased their expenditures on health care services at a greater rate than has Canada. We cannot stand still in these fields. We want for Canadians the best possible health care services, and we have to work to provide those services. Even countries which are often thought of as being less fortunate in terms of social and health services than Canada, such as Saudi Arabia, can claim to have health services, and particularly hospital services, of a high calibre and possibly even higher than those in Canada, so we do not want to go to sleep on this development. We do not want to assume that we have achieved a level of excellence and that we can rest for a while, because that is not true at all. Those in this chamber and across Canada who have had to go to the United States, West Germany and other parts of the world for health services will know that while we have done a very good job—and I commend our medical profession and our hospital operators—we still have a long way to go and cannot relax one bit.

With respect to medicare, I was amazed at the remarks of the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) with respect to income for medical doctors. The idea that a medical doctor is not entitled to an appropriate and proper income for the services he extends is totally ludicrous.

Mr. Miller: That is not what he said.

Mr. Crosby: If hon. members do not want to accept my word—

Mr. Miller: Read the "blues".

Mr. Crosby: —they can look at statistics respecting doctors who have left Canada. We have in Canada a medical education system the standards of which, I understand, are very high by world standards. We are very proud of the doctors we educate in Canada, and we are very proud of the fact that they stay in Canada to administer to the needs of Canadians.

However, at the very same time we have to be very concerned about the number of doctors leaving Canada. In 1977, that number was 549; in 1978, 663; and in 1979, 605. With that number of members of the medical profession leaving Canada we know there must be a problem, and we have to ask ourselves what it is. If the problem is a low level of income to

those doctors or if the problem is a lack of services and facilities available to them, then we have to work to solve that problem because, as the Minister of Finance and everyone in this chamber knows, we spend vast amounts of money educating doctors in Canada. It would be a terrible thing if we allowed ourselves to lose the benefits provided by those people simply because we did not provide for them adequately in terms of finances.

I understood I had 40 minutes and I am coming to the end of that time, but I just want to say a word about hospital care. Again, failure to finance hospital care properly will result in dangers to the health of Canadians. We do not want that. What we have to do in the case both of hospital care and medical care is establish what the standard of service ought to be for all Canadians and, having established that standard, we have to be prepared to pay for it. It is as simple as that and there is no way around it. We have to establish the standard of care and then find the means to pay for it. We cannot blame doctors. We cannot blame hospital authorities. We simply have to deal with the realities of the problem.

Let me talk about post-secondary education in the two minutes I have left. Let us think of the students across Canada whose careers will be in jeopardy if we do not find funds to finance post-secondary education. Again, we have to view the cutbacks with that in mind.

The time has come to face up to the realities of the situation and to find the funds for essential services so that we can help and benefit all Canadians.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Before I recognize the next hon. member, in this case the Minister of Finance (Mr. MacEachen), it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for La Prairie (Mr. Deniger)—International Maritime Transport—Levying of tax on world prices; the hon. member for Pembina (Mr. Elzinga)—Administration of Justice—Allegations concerning production of documents; the hon. member for Halifax West (Mr. Crosby)—Public Service—Action taken against employee of Department of Manpower and Immigration. (b) Application of Charter of Rights.

GOVERNMENT ORDERS

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Ouellet (for the Deputy Prime Minister and Minister of Finance) that Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces, be read the third time and do pass.

The Acting Speaker (Mr. Blaker): I understand it is customary to seek the unanimous consent of the House at third reading for the Minister of Finance (Mr. MacEachen) to speak. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Munro (Esquimalt-Saanich): Is he going to close debate?

The Acting Speaker (Mr. Blaker): I assume in seeking unanimous consent that that would, of course, not close debate.

Mr. Taylor: Mr. Speaker, I rise on a point of order. Will the minister have another chance to close the debate as well?

The Acting Speaker (Mr. Blaker): First, the same hon. member cannot speak twice on the same bill and, second, there is no closing of debate at third reading in any event.

• (1700)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Mr. Speaker, thank you for permitting me to participate in the third reading debate on Bill C-97. At this final stage I should like to comment on a number of the points made in the course of the debate and to give my views on a number of concerns raised by hon. members.

First of all, there has been some comment about the length of time allotted to deal with the issues in this particular bill. There has been, however, a good deal more involvement and understanding by members of this House in this debate on fiscal arrangements than there has ever been in the past. This is due, at least in part, to the establishment of the parliamentary task force which has proved to be a major step forward for parliamentary interest in, and parliamentary influence over, federal-provincial fiscal arrangements. Without the work done by the parliamentary task force there would not have been as great an understanding of the issues debated at second reading and in committee. The total debate would not have been as productive. I think all members who participated in the task force headed by the hon. member for Gloucester (Mr. Breau) have acknowledged the value of their involvement.

The report of the task force comments on the result of the exercise as follows:

> [It] marks the first occasion on which public consultation, and active parliamentary involvement, have been possible during the process of reviewing and renegotiating the central features of fiscal federalism in Canada.

I should certainly like to thank members of the parliamentary task force from all parties for their valuable contribution. I should also like to thank members who participated in the debate at second reading, at committee stage and at third reading.

I have noted with satisfaction the general approval given by members of all parties to most elements of the bill. They have not approved all elements, but a substantial number of the important elements have been endorsed. I am pleased to note also the support which has been given to the government's proposals for a new equalization system. This is a program which we all agree is of the utmost importance to our federation.

I am pleased there has been considerable support for the equalization formula given by provincial governments. It has not been possible in every case to meet the concerns of all provincial governments, but I believe that most equalization-receiving provinces would acknowledge that their views have been listened to on quite a number of important aspects.

I am also pleased to note the support for the continuation and improvement of our fiscal stabilization program. In addition, support has been expressed for the proposal to make over $200 million in payments to fiscally disadvantaged provinces in order to offset the effects of the recoveries of equalization arising from the 1981 census. In that connection I should mention the discussions I had with the representatives of the Atlantic provinces and the province of Manitoba. Certainly in the case of the Atlantic provinces, the arrangement entered into has been of direct benefit. The ministers of the provinces, including the Premier of New Brunswick, have expressed their appreciation of the efforts made to accommodate them in this respect.

Approval has also been given to the proposal to accelerate payments to oil-producing provinces of their share of the federal oil export charge.

There have been criticisms of the bill, of course. Most of these have been directed to the established programs financing provisions. Before I deal with those criticisms, I should like to deal with the case of the province of Manitoba and indicate why it was not possible to accept the proposal to base Manitoba's equalization entitlement on the entitlement of the province with the second lowest rate of growth. Acceptance of this proposal would have meant that the entitlement of one province would have been based upon that of another. The whole idea behind equalization is that it be based upon each province's measure of fiscal capacity. It does not make sense to provide that it could be based upon the fiscal capacity of another province. That has never been the case. If that proposal were adopted, it would go a long way to weakening—I will not say undermining, but to weakening—the credibility of the equalization program. It would be extremely arbitrary.

We recognized that Manitoba did have a concern and a problem and that what was needed was an arrangement which would protect a province such as Manitoba which would be adversely affected by the change from one equalization system to another. If no steps had been taken to accommodate the concerns of Manitoba, they would have been a drop in the entitlement of Manitoba in the first year of the new five-year period. I believe it would have dropped by 10 per cent over the preceding year. However, on the base of the first year of the new period, its entitlements would have increased in accordance with the more or less general level of increase applicable to all other provinces.

To meet this particular transitional problem we proposed an arrangement with a substantial cost of $165 million over the three years in so far as the province of Manitoba is concerned. This is a very generous provision and is unprecedented in the history of the program. I believe this provision is adequate to meet the circumstances.

Hon. members are aware that the purpose of equalization is to increase the revenue-raising capacity of equalization-receiving provinces up to the prescribed standard level. We select a standard which we think is fair and adequate and then bring disadvantaged provinces up to that level. The effect of the proposed transitional measure put forward by the government will be that for a period of three years Manitoba's per capita fiscal capacity will be raised to a level higher than that of any of the other provinces that receive equalization. Indeed, in 1982-83 and in 1983-84, Manitoba's fiscal capacity after equalization will be even higher than that of Ontario.

I know that an amendment has been seriously proposed by two members of the House of Commons which would have raised Manitoba's fiscal capacity above that of Ontario for all five years of the new arrangement, even though Ontario would receive no equalization payment. In my view, that would have created real difficulties. It would have been unacceptable from an equalization point of view. The amendment was not acceptable because it was quite costly, but also because it did not make sense in terms of an equalization program which is intended to deal with the fiscal capacity of various provinces. That is my comment about the Manitoba case.

• (1710)

In addition to the recovery provision amounting to $30 million in the case of Manitoba, we have provided a transitional arrangement costing an additional $165 million. In any equalization program, if fiscal capacity related to a standard is to be the guide, provinces will vary in their entitlements. Otherwise it does not make sense as an equalization system.

It is worth recalling, because one does not want a residue of bitterness to prevail, that when we started the last period of equalization the entitlements of the province of Manitoba in comparison with those of the Atlantic provinces were much greater; the percentage rate of growth was more rapid. It is the opposite this time because of the operation of the standard and the fiscal capacity of Manitoba. As the fiscal capacity of a province increases, its entitlements will decrease. The closer a province gets to the standard, the less entitlement it will have;

that is the general system. We have attempted to help Manitoba as a result of discussions which my officials and I have had with the minister of finance.

It has also been suggested in the course of the debate on this bill that the five-province standard proposed for the new equalization formula is inadequate because, "there is no evidence that the five provinces now selected . . . are appropriate provinces for a mean average of Canada." I should like to remind hon. members that the five provinces in question, namely Manitoba, Ontario, Quebec, British Columbia and Saskatchewan, account for over 80 per cent of the total provincial population. Moreover, Alberta, which is the largest of the provinces excluded from the standard, certainly cannot be considered as more representative of all provinces than any of the five standard provinces taken individually. Its resource revenues are such that it enjoys a unique position among our ten provinces. As for the four Atlantic provinces excluded from the standard, it should be noted that their inclusion would result in a lower standard than that provided for in the bill.

I will not digress and reflect upon the initial proposal to bring all provinces up to the Ontario standard. I thought that was a good standard. I thought we were hitching the destiny of equalization-receiving provinces to an admirable standard provided by the province of Ontario. But others did not have the confidence in the stability of that province that I had.

Therefore, I moved to a five-province standard which in the view of provincial spokesmen—and their views ought to be respected—would be more stable over the long term. This is why we moved from the Ontario standard to the five-province standard. I must say that almost all equalization-receiving provinces regard the five-province standard as better than the Ontario standard, although I am sure all of them would wish to have kept the pre-existing equalization formula, which in the circumstances was not possible.

Let me say a word on established programs financing, the part of the bill which has been attacked by hon. members of the opposition. Given the quantity of inaccurate information and improbable argument which we have heard in the debate, it seems useful to start with a brief summary of what Bill C-97 proposes to do about established programs financing.

It is not very complicated; there are only two clauses involved. Clause 6 indicates that the total entitlement will be paid as a cash contribution and an equalized tax transfer. That clause goes on to set out the total entitlement of a province as the per capita federal contribution in respect of hospital insurance, medicare and post-secondary education under the cost-sharing arrangements in 1975-76, multiplied by the current year provincial population, and increased by the growth in the Canadian economy. Thus, the total entitlement of a province is based upon the actual experience of 1975-76, escalated by the growth of the Canadian economy. It is worth stressing that federal contributions in 1975-76 represented 100 per cent of the federal contributions under these programs. If 100 per cent of the federal contribution is escalated each year by the growth of the economy, we have a pretty solid base, and the contribution will grow in the future on that solid base.

I have not heard anyone in the opposition criticize any of these elements. Federal contributions under cost-sharing were based upon what it cost to run health insurance and post-secondary education. When the switch was made five years ago from a cost-sharing formula to a block-funding approach, it seemed a fair basis—it still is. Current entitlements, which will go from 1982-83 onward, will start from that base and grow with the population. This is not an unreasonable approach since both health and educational services are supplied to people, people are the population, and the base grows with the population.

Finally, it seems reasonable to assume that federal contributions to these programs should grow in line with the growth of prices and incomes in the country. Using an escalator based upon the gross national product would appear to accomplish this. If all three parts of the total entitlement appear reasonable, it is hard to understand why combining them creates such criticism.

What would opposition members have us do at a time when restraint in federal expenditure is necessary? Is it argued that we should continue a transfer—and this is what it is all about—originally designed to guarantee provincial income tax receipts during implementation of a tax reform ten years ago, the short-term revenue impact of which was difficult to predict? Since the tax change took place ten years ago, the necessary adjustment period must surely be over by now. Is it really necessary to continue, not even the adjustment payment, but a payment designed to cushion the reduction in provincial cash flows which its termination involved? This is the compensation for the termination of the revenue guarantee. A system which is based solidly upon the actual cost experience of 1975-76, which grows with the population and with the gross national economy, is a very fair way for the Government of Canada to support post-secondary education and health care.

• (1720)

A number of opposition speakers—I gather even today—claim that the cuts are not in transfers to provinces but in transfers to hospitals and universities. They claim the revenue guarantee, which is to be eliminated, was a payment to the hospitals and universities. Well, if that is the case I would like to see the evidence, because it has yet to be produced. The estimates we have produced, which are not disputed, show regular increases in entitlements and transfers. Over the next five years these transfers will increase, as I told the committee, at 12 per cent to 13 per cent—

Miss MacDonald: Cash payments will go down.

Mr. MacEachen: —built upon the base of actual experience in 1975-76. If you want to talk about hospitals and universities, I suspect that many of their treasurers would be very pleased if the funds that provinces make available to them had grown as fast as federal contributions to the provinces. They would be even happier if there were a commitment that provincial contributions would grow as fast in the future as our

established programs financing payments to the provinces would under the provisions of Bill C-97. Is there a commitment from the provinces that they will increase their support to post-secondary education and health the way we will in the next five years? I have not heard any such commitment, and I think we should not pin the Government of Canada with the responsibility—

Miss MacDonald: Oh, indeed we will.

Mr. MacEachen: —for any alleged reduction or future reduction in the share of funding for these purposes.

Mr. Chrétien: The provinces are cutting back.

Mr. MacEachen: Mr. Speaker, the problems that the opposition complain about so loudly—that is, reduced funding for health and education, increased charges and falling standards—simply cannot be laid on the doorstep of the Government of Canada. Nor can they, under current arrangements, be resolved by the Government of Canada alone.

Having said that, the concerns raised are obviously illegitimate. The standards of health care and post-secondary education in Canada are of concern to all hon. members, and they should continue to be. However, the problems arising from these concerns are in fact the sort of issues that the Minister of National Health and Welfare (Miss Bégin) and the Secretary of State (Mr. Regan) hope to redress in their discussions with provincial health and education ministers. The two federal ministers want to be able to assure us, as the task force said they should, that the money voted in this House for health and post-secondary education, and the associated tax revenue we have given up to the provinces, is in fact spent on these services. That is what the task forced asked us to do.

Mr. Blenkarn: They also asked you not to cut it.

Mr. MacEachen: Those ministers would like to have some input into the planning of progams so that they will reflect, and adjust to, the changing needs of the Canadian economy. It is a fact that we believe our national university system should respond to the needs of our society and our economy. But there is no opportunity, nor has there been in recent years, for any federal minister to participate in any discussions at the council of ministers on these subjects, even though it was clearly understood that this would result from the 1977 negotiations. Provincial ministers have not been prepared to discuss and negotiate our legitimate national concerns about health and education programs.

There is more to this business than money. Money is important, but there is also the necessity for this House to have some assurance that the moneys voted for these purposes are spent on these purposes, and that the universities, which are national institutions, do so. If I may say so personally, it has been a regret of mine that in recent years the universities have appeared more and more to be provincially oriented and drawn more into local and provincial concerns rather than national concerns. To me that would be a rather deplorable development if it continued.

Finally, Mr. Speaker, I would like to stress that the interpretation which several members of the opposition have given of the revenue guarantee compensation element of the established programs financing is completely at odds with what the provinces have been saying.

An hon. Member: It is not at odds with what you were saying.

Mr. MacEachen: In the standing committee and in this House members have argued that the revenue guarantee is an integral part of program spending. It is rather odd, Mr. Speaker, that provincial ministers certainly did not push that point very far in our meetings leading up to this bill. Obviously they wanted to continue the revenue guarantee, but they did not push the argument as strongly as the hon. member for Kingston and the Islands (Miss MacDonald)—

Miss MacDonald: Based on Don Macdonald's statements.

Mr. MacEachen: —that the revenue guarantee was part of programs financing. They did not press it for very good reasons, because they have traditionally maintained that the revenue guarantee should not be considered as a program transfer.

Mr. Chrétien: Right on.

Mr. MacEachen: That is what they have done. At the Premiers' meeting, in Victoria I believe it was, last August, there was issued a joint communiqué. There was an opportunity for the premiers of the ten provinces to tell us what they thought about the revenue guarantee. They listed the contributions coming from the Government of Canada to these programs and deliberately omitted and ignored the revenue guarantee. So when the provinces cannot make the case, when the provinces drop it as a case, when the premiers omit it from federal contributions, why do members opposite persist in trying to be more heroic than even the provincial finance ministers have been?

There has also been the suggestion that we just roll over the EPF for a couple of years. The provinces have made that point several times, and it would be very nice if one could just say we will forget about restraint for a couple of years and roll it over. They made that pitch from the beginning; I believe it was something that could not be accepted. The amendment proposed for the roll over would cost the federal treasury $1.7 billion over the next two years. They were asking me on Thursday to send $1.7 billion more to the provinces over the next two years when we in this Parliament are attempting to exhibit restraint. I find it very odd that members of the opposition, especially the official opposition—who daily berate the Minister of Finance, who daily demand reductions in the deficit—can come joyously on a Thursday afternoon and toss off $1.7 billion without thinking about it, or without relating it to what the hon. member for Etobicoke Centre (Mr. Wilson) and the hon. member for St. John's West (Mr. Crosbie) have said, those stern disciplinarians of the federal treasury. But they have let the hon. member for Kingston and the Islands

have her way, and become the bountiful provider of $1.7 billion, not to spend on universities—

• (1730)

Miss MacDonald: You bet!

Mr. MacEachen: —not to spend on post-secondary education. If that were the case, one would have some sympathy, but why spend money on an object which the premiers themselves have said is not part of payments for post-secondary education?

Now, may I turn for a moment to—

Miss MacDonald: You would have to get off that one, fast!

Mr. MacEachen: Well, Mr. Speaker, I like that subject, because hon. members of the opposition are pushing a case which the provinces have not pushed very hard because they know the facts. However, I want to say a word—

Mr. Chrétien: Not like Flora.

Miss MacDonald: Or Don Macdonald.

Mr. MacEachen: —about the population recovery adjustment payments with which I dealt in Part II of the bill. It has been stated that the provisions pertaining to these payments are unfair because they would preclude the possibility of Saskatchewan receiving payments, although that province will be subject to recoverance. I would like to deal with that because, here again, it is important to make it clear that provinces have been fairly treated.

Why did we bring recovery adjustment payments into the bill? We brought them into the bill because of the financial hardship which would be imposed upon the provinces if we did now what has always been the case; namely, if we went ahead with these recoveries. For example, the finance minister of Newfoundland who, I believe, was faced with recoveries of $60 million to $70 million, would certainly find his budget damaged if we insisted on these recoveries. It was in response to that kind of attitude expressed by him, Premier Hatfield, Mr. Matheson, Mr. MacPhail and Mr. Schroeder, that the effect on their budgets was considered and this provision was included.

The population recovery adjustment payments are designed to ease the financial situation of provinces which meet two criteria. First, they must be subject to population related recoveries of part of the equalization paid to them for fiscal years 1980-81 and 1981-82 as a consequence of new population data contained in the June, 1981, census. Second, they must have below standard fiscal capacity in 1982-1983, an indication that normal recovery procedures would strain their financial situation at the time the recovery would commence. The province of Saskatchewan meets the first requirement but not the second. Indeed, recent calculations based upon the new and improved measure of fiscal capacity, which would underline equalization calculations for the next five years, indicate that Saskatchewan at present has a fiscal capacity which is quite comparable to that of British Columbia and which is exceeded only by Alberta.

One reason for Saskatchewan's very high capacity is contained in this very bill. Section 10 of the bill provides for the payment of $273 million of shared federal revenues to Saskatchewan in respect of the oil export charge. That is a very large sum for a province of less than one million people. I am glad that it is benefiting from its resources. This is a new source of revenue for Saskatchewan which will buttress existing revenues from royalties to oil, potash, uranium and other minerals from its rich agricultural-based economy.

I should add in passing that a perusal of the budget tabled by the Saskatchewan minister of finance on March 18 gives no indication that population related recoveries of equalization would strain the public finances of that province. That is why a provision has not been put in the bill in the case of Saskatchewan. It is because its fiscal capacity is such that the recoveries would not strain its public finances.

I know that hon. members have been proposing amendments. It has not been possible to accept these amendments because we are attempting to follow a certain strategy of fiscal restraint. We cannot respond to all the requirements of the provinces. However, we do believe that we have provided for an equitable system. We have provided that the payments under the established programs financing for those vital programs for the Canadian people will grow over the next five years at an average rate of 12 per cent to 13 per cent. In this bill, we have enshrined a system of equalization which, I believe, carries the support of most of the equalization receiving provinces.

Miss MacDonald: Down 4.6 per cent next year!

Mr. MacEachen: Therefore, I am pleased to have been able to participate in this important enterprise. I hope that Bill C-97 will become the law of Canada in time to make the payments to the provinces before they have to re-adjust their budgets as a result of not having these payments at their disposal.

Miss MacDonald: Now explain it to the students.

Mr. MacEachen: Thank you for staying, Flora.

Mr. Blenkarn: On a point of order, Mr. Speaker, if the Minister of Finance (Mr. MacEachen) has a minute or two, I wonder if he could perhaps answer a question. Is the minister aware that the figures from the ministry of health relating to all health matters indicate that the federal government at present spends only 47 per cent of the cost, and that with the current reduction of $35 per capita to the provinces by transfer, the federal share of health expenditures will very dramatically decline from 47 per cent to the neighbourhood of 42 per cent or 43 per cent?

Mr. MacEachen: Mr. Speaker, I am aware of the very eloquent and convincing testimony which was given to the committee by the Minister of National Health and Welfare

who testified that the removal of the revenue guarantee would not impair the support we have been giving to health and post-secondary education and that it would not impair those obligations we have assumed, which were based on actual cost experience in 1975-1976.

Mr. Thacker: Mr. Speaker, I wonder if the hon. minister would expand just a little further on the point he made that he had to cut back because provinces were not providing the service through the EPF, particularly at the university level. I heard the Minister of Justice (Mr. Chrétien) make the comment that that was particularly true of Quebec. Many of us have always felt that people in the Atlantic provinces have spent a lot of money educating young people who then came to central Canada, Upper Canada and western Canada. Therefore, what evidence does he have that the comments of the Minister of Justice are correct with regard to areas outside of the province of Quebec that the universities have not been providing an education which has benefited people across the whole country?

Mr. MacEachen: Mr. Speaker, what I was saying—

Miss MacDonald: It's not what you meant.

Mr. MacEachen: —and I think I ought to clear it up, is that in so far as operating expenditures in the field of post-secondary education are concerned, in many cases the Government of Canada is providing more than 50 per cent of the operating expenses. In one university, in one province, it is providing 120 per cent of the operating expenses.

Miss MacDonald: That's not what he's asking.

Mr. MacEachen: That is the purpose of our support for post-secondary education.

Miss MacDonald: That's not what he's asking.

Mr. MacEachen: The hon. member now asks me what evidence I have to support belief that universities do not have the national orientation which we would like them to have. Let me put it another way. He was asking me why I am concerned that the Government of Canada, through the Secretary of State, for example, has had no opportunity to discuss with the provinces national goals with respect to post-secondary education.

• (1740)

One evidence is objective, namely, that in recent years it has not been possible for a federal minister to sit down with the council of ministers representing all the provincial governments to discuss this whole field—not in recent years. That was discussed at the first ministers' conference, even though when the last negotiations took place it was understood that the federal government would have an input. So that is objective evidence.

If you want to know my subjective attitude, it is that one of the most valuable assets this country has is the university community from coast to coast. They have a very rich contribution to make. I believe that in order to make that rich contribution they must take a national orientation. It is my regret that too frequently they are taking a provincial orientation, and that is understandable in the circumstances because the Government of Canada is virtually excluded from discussions with respect to the goal of post-secondary education.

Mr. Blaikie: On a point of order, Mr. Speaker, the Minister of Finance (Mr. MacEachen) cited the arguments of the provinces, that they did not regard the money attributable to the compensation for termination of the revenue guarantee as money for health care and post-secondary education. I wonder if the Minister could tell us whether he had always agreed with that position or whether at any time he had disagreed with it.

Mr. MacEachen: It was my obligation, Mr. Speaker, when I began the negotiations with the provinces, to examine the evidence that was available as to the role of the revenue guarantee. I do not believe that I had passionate views on the revenue guarantee before I began these negotiations.

Miss MacDonald: Do you have passionate views on anything?

An hon. Member: What about you?

Mr. MacEachen: When I acquired all the information, I concluded that there was a very strong case to be made that the revenue guarantee was not a program-related contribution. I doubt if I am on the record earlier than this on the revenue guarantee.

Mr. Jack Murta (Lisgar): I listened with a good deal of interest and hope, Mr. Speaker, to the Minister of Finance (Mr. MacEachen) when he was speaking, because coming from the province of Manitoba, of course, we as Members of Parliament feel that the people of Manitoba have more than a passing interest in the legislation that we are dealing with at the present time.

I am disappointed that the Minister of Finance really has not said anything new in the way of alleviating the problem that concerns the people of Manitoba.

The minister, at the conclusion of his speech, said that he hoped that this bill would pass and he was sure the provinces would agree with him. But let us take the situation that you were living in the province of Manitoba and had, over roughly a five-year period, a shortfall in revenues going into a particular area of close to $600 million. That money would have to be made up from somewhere else.

If we are looking at a recession period in terms of the economy not being good, I do not think you would need to be any kind of a financial or constitutional or federal-provincial expert to know that a province such as Manitoba would be adversely affected and very seriously affected in the quality possible in health care over the next number of years. Quite certainly a potential is there at least to cause the quality to deteriorate significantly.

The situation is felt with such intensity in the province of Manitoba that the opposition literally has joined forces in terms of opposing and trying to put forward a positive voice and a positive position to the Minister of Finance. As far as the Manitoba Members of Parliament are concerned, one has to question the strength of the argument, or whether there was an argument at all. The hon. member for St. Boniface (Mr. Bockstael) and also the hon. member for Winnipeg-Fort Garry (Mr. Axworthy), were trying to convince the minister, the parliamentary secretary and the finance officials, of what will become a growing need over the next number of years for money going into a province such as Manitoba for health and post-secondary education.

I am not going to speak for a great length of time, Mr. Speaker, because like many others in this chamber I am not an expert in this particular area. I know one thing, Mr. Speaker, I know that when you are short of a substantial amount of money, especially in an important area like health care, there will be problems. That is the kind of thing that concerned and disappointed us because the Minister of Finance did not come in with something he could have done, that is, basically, an amendment to allay the fears of particular provinces such as Manitoba.

I do not often quote a provincial minister of finance. I cannot ever remember quoting a provincial New Democratic Party finance minister in the House of Commons. The minister of finance for the province of Manitoba has, I believe, made some pretty substantial representations to the government in Ottawa. He has put the point forward in a very responsive and straightforward manner when he commented on the whole question of the five-province standard and the so-called representative average standard toward which the government is moving. He made a point—and I think it should be made again here in this House—that it is inconsistent with the equalization principle, which is really soon to become a permanent part of the Constitution. The Constitution resolution is being put into force, I assume, and we will have a chance to take part in the ceremonies a few days from now. The Constitution resolution talks about the whole question of equalization, and says:

> Parliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of taxation.

That is not going to take place, under this legislation, for some provinces. For example, under Bill C-97 the impact on the provinces between 1982-83 to 1986-87 will be negative, and in the case of Manitoba, it will lose close to $3,000 per family, or $2,786 to be exact. That money has to be made up somewhere, or else the standards will drop. It is as simple as that.

That is the whole essence of the disappointment I feel this afternoon in listening to the Minister of Finance, hoping he would have an amendment or would be more constructive, rather than saying something that most of us in the House have known for a long time. Certainly the government of Manitoba has already included the figures that he put into his statement this afternoon, and have already put into their projections the shortfall that the government of the province of Manitoba is going to incur. That shortfall will be substantially higher than that of most other provinces. In fact, this $2,700 figure, close to $3,000, that I mentioned earlier, will be five times the average cost for the have provinces and will be 50 per cent higher than the average for the have-not provinces. With 4.2 per cent of the national population and 3.7 per cent of the national output, Manitoba will bear about 10.2 per cent of the net cost of the federal cutbacks. I cannot reinforce enough the fact that this is not fair. The have-not provinces bear about 71.6 per cent of the cutbacks, compared with 43.5 per cent of the population, and 36 per cent of the national output. In contrast, the have provinces bear about 20 per cent of the cutbacks, compared with 50 per cent of the population, and 63 per cent of the national output. It does not make sense. That is not equalization. It is not fair.

• (1750)

Over the next five years, the percentage shares of the equalization payments to Manitoba will plunge by 1.7 per cent. Under the expiring agreement, they would have increased by 1.9 per cent. Obviously those of us who are from the province of Manitoba would like all that we could obtain from the federal government. But surely there must be a happy medium. There must be a meeting area between what members of Parliament representing constituents of Manitoba would like and what the federal government is doing at the present time. The federal government has not found any middle of the road solution in terms of the cost-sharing part of this legislation.

The minister and members of this House know that the very provinces which have little financial room to manoeuvre are receiving the biggest federal cutbacks. That is one of the great problems of Manitoba and of some of the maritime provinces. The economic indicator figures from 1976 to 1981 show Manitoba as the lowest of any province in all three categories of domestic production, employment and investment growth, yet Manitoba is allocated a projected equalization growth rate only slightly more than half the national average. It is 3.27 per cent compared to 6.98 per cent.

Even with those figures, we were not able to convince the federal government to loosen the purse strings and to look at the situation in a more realistic manner. Manitoba simply does not have the resources to absorb a financial blow of this magnitude without the detrimental impact being felt at some time by every resident of Manitoba, whether it is in the north, in Flin Flon, Churchill, The Pas or Thompson, the central part of the province, the southern part, Winnipeg or Brandon. The impact will be felt and will increase over the length of time that this legislation continues to be in effect.

Manitoba just does not have the financial capability to sustain that kind of financial blow which the federal government is trying to impose upon it. Such action by the federal government simply does not make sense. Under the cutbacks, the provinces with the greatest need for development of their

economic activity are being rendered the most incapable of generating a particular capability because of what is happening with this bill.

During the five year lifetime of the act, the federal cutback of funds to Manitoba will amount to about $719 million. I repeat, the cost will be about $2,800 per family of four. I stress again that this comes at a time of recession, of present and presumably continuing high interest rates, of poor export markets, and at a time when not only Manitoba but all provinces are experiencing a greater number of business bankruptcies than we have seen for a long time.

Manitobans simply cannot afford to pay increased provincial taxes to cover the federal government's shortfall. The money simply is not there. The economic activity is not there.

This situation not only exists in Manitoba but across the country, in some provinces it is to a lesser extent and in others to a greater extent. In the case of the maritime provinces, the situation is more dramatic. These proposals will implement a dramatic decline in real terms of federal support for the basic programs throughout Canada. I do not believe that this act is a product of a substantiated policy.

It appears from discussions with the Minister of Finance, the Manitoba minister of finance and some officials that the policy was not thought out. As I mentioned before, there should be a way for the government and members of the House from Manitoba to find an area between what is proposed in this bill and what is wanted in order to maintain the kind of health and educational standards Manitobans are entitled to. There should be a year in which to make a trade-off. Obviously that was not to be.

With the federal government pulling back in terms of health care and education, there is the danger of a checkerboard system in this country for health and medical care and education. The possibility exists where the wealthier provinces will benefit. Obviously the western provinces other than Manitoba could have a more sophisticated and up to date health care facility in relation to research, infrastructure and technology than does Manitoba and some of the maritime provinces.

When one looks at the whole program, not only in terms of health care, one wonders why the government went in the direction it did. Virtually every group has been opposed to this part of the bill, including the parliamentary task force on federal-provincial fiscal arrangements. The Economic Council of Canada did not have much to say that was positive about the method or the direction in which the government is going. The Canadian Council on Social Development, the Business Council on National Issues and most other groups in this country are concerned about the direction in which the government is going. They are concerned about the situation developing—a patchwork situation—with some provinces having better medical components than others.

Finally, we are disappointed that the Minister of Finance did not see fit to address some problems which are going to be very real in this country for years to come.

The Acting Speaker (Mr. Blaker): For the sake of the following occupant of the chair, may I ask whether it is the intention of the hon. member to continue his remarks at eight o'clock, or has he concluded his remarks?

Mr. Murta: I have concluded, Mr. Speaker.

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until eight o'clock.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Tom McMillan (Hillsborough): Mr. Speaker, I am pleased to participate in this debate on Bill C-97, an act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces.

As you will know from having heard the debate up to the present time, the bill is intended to carry out a number of functions. Its primary purpose is to extend for another five years programs in an act under which major federal-provincial transfer payments are made—specifically the established programs financing plan and the equalization program. The EPF will be amended by terminating its revenue guarantee component and thereby substantially reducing the federal contribution under established programs financing over the next five years.

On the question of equalization, a different formula is being introduced to replace that which has been in place since 1977.

I wish to focus my remarks on the EPF and equalization-related provisions in the context of the Atlantic provinces in general and of my own province of Prince Edward Island in particular. I would like to begin by discussing the established programs financing plan. I have been keenly interested for some time now in this whole issue dealing with arrangements under established programs financing for the financing of post-secondary education, medicare and hospitilization, but my interest was sharpened greatly when the government signalled in its October 28, 1980, budget that it intended to realize substantial net savings in the social development envelope.

Let me quote from that budget, which was a little less infamous, and perhaps a little less offensive, than the recent one. It was stated in the October 1980 budget that:

> The government intends to achieve net savings in this area—

That is the social development envelope.

> —to help finance initiatives in other envelopes. Because of the statutory nature of much of the spending in this envelope, savings are not assumed to begin until 1982-83. Savings are expected to include reductions in federal transfers to provinces relating to areas coming under provincial jurisdiction. In part, savings may be redeployed within the envelope.

The reason why I quoted that statement from the budget is that it was the first real signal of the federal government's intentions which have been expressed in the bill we are debating tonight. The cat was partially let out of the bag with the October 28, 1980, budget of the Minister of Finance (Mr. MacEachen). If the cat was let out of the bag a little bit in October, 1980, the cat was swiftly kicked out of the bag as a result of a statement made by the Minister of National Health and Welfare (Miss Bégin) during an interview with the CBC on November 8, 1980, just a few days after the minister brought down his budget. In that interview, the Minister of National Health and Welfare made it clear that the cutbacks to which reference was made in the budget would not be in the health care area. She made it very clear by implication that the federal government's net savings in the social development envelope would be achieved at the expense of the other part of the established programs financing package, namely post-secondary education. The educational system in Canada, especially the post-secondary educational system, is an easy target and a convenient whipping boy for any government which wants to cut expenditures without incurring the wrath of the Canadian public. By its very nature, the Canadian higher education system has too often been docile. Consequently, the Minister of Finance obviously thought that he could slash federal expenditures in that area, where there would not be enormous organized opposition. Of course, health care was not to be spared. But, the fact is that it was in the education area, according to the minister of health, where the government expected to achieve most of its savings. Unfortunately, people's worst suspicions have been realized in Bill C-97.

Let us look for a moment at the established programs financing provisions in the bill. EPF is a major federal-provincial transfer payments program. It is designed to provide funding from the federal treasury for post-secondary education, hospitalization and medicare. The existing EPF arrangements, which are now coming to an end, were set in place in April of 1977. Annual block payments were made to each of the provinces from the federal treasury. Half were in the form of tax transfers; there were various arrangements between the federal government and the provinces in taxation, whereby the federal government created a little room for the provinces to raise money for EPF purposes. The other half under EPF was in the form of cash. Under the 1977 program, which has continued to the present, no conditions were attached to the money intended for post-secondary education. About a third of the government's EPF money was earmarked for post-secondary education. There was, however, no obligation on the part of the provinces to spend the money for post-secondary education, once it was received by the provinces from the federal government. In other words, there was merely an understanding that it would be spent on education.

I have no doubt that the federal government—and to this extent I will give it its due—is right when it argues that the total federal share of the cost of post-secondary education in Canada has increased markedly since 1977. For example, in 1977-78, the federal share was 65 per cent of total provincial expenditures for universities. In 1980-81, this figure had increased to 76 per cent. The federal government may well have a case—I suspect it does—for saying it is paying a disproportionate share of the total cost of post-secondary education in Canada. The government is probably also right when it argues it is not getting its fair share of the credit for these expenditures. The provinces are doling out the money, having received much of it from the federal treasury. The people, the electorate, see the provinces on the front line and the federal government taking a back seat when it comes to the allocation of political credit. Finally, the federal government is probably right when it argues that it is having too little direct say in how those expenditures are actually made.

However, having conceded those points, I think it is just not good enough to argue on the basis of them that we need a whole new federal-provincial fiscal transfer arrangement of the kind contemplated in Bill C-97. There are legitimate national concerns about post-secondary education. One is that there be maximum accessibility. There is a legitimate national concern about bilingualism. There is a legitimate concern about Canadian studies, manpower planning and research and development. Of course the federal government has a legitimate role to play in the financing of post-secondary education, even though education technically resides within the jurisdiction of the provinces. Such considerations, however, are hardly a justification for the fundamental way in which the government is trying to alter the funding system under Bill C-97.

Of particular concern to me and my colleagues is the planned elimination of the revenue guarantee. The revenue guarantee was a means of compensating the provinces for revenue lost following the 1972 federal tax reforms. Those reforms, after the Carter royal commission reported, would have had the effect of reducing provincial revenues, unless certain compensating provisions were made. So in 1972 the revenue guarantee was instituted, and then in 1977 it became part of the established programs financing parcel. The revenue guarantee was unconditional in the eyes of the provinces. The money was to go into the consolidated revenues of the provinces to support all their programs, and not just higher education, medicare and hospitalization. It was to support all programs right across the board. However, even though that was true, the provinces would never have agreed to the 1977 established programs financing formula in the absence of the revenue guarantee. So the two are very much an integral part of one another. In that sense they are inseparable. But now the federal government, through Bill C-97, is seeking to separate the inseparable. The revenue guarantee is to be abolished. Future contributions by the federal government to or established programs financing are to be calculated without any reference to the revenue guarantee. The result will be a substantial reduction in the total capacity of the provinces to fund health and education.

In this House, and outside the House in forums across the land, the Minister of Finance insists that federal contributions to EPF programs will increase. He has told me, in response to at least five questions on the floor of the House of Commons in

the Oral Question Period, that the federal contribution to EPF will increase about 12 per cent per year. He is right if he ignores the revenue guarantee. But, reading between the lines, we find that what he is actually saying is that he will increase funding 12 per cent per year on a much narrower base, the base being shorn of the revenue guarantee, which again was really integral to the established programs financing. The minister is completely ignoring this point. The Minister of Finance is deceiving the Canadian people. I am not saying that is necessarily the result of chicanery. The effect, however, is that the Canadian people are being misled on this important point. There will be a 12 per cent increase per year, or in that neighbourhood, in established programs financing but on a much smaller foundation. The minister's calculations are based strictly on program-directed grants, ignoring totally the sister transfer arrangement, the revenue guarantee. Over the next five years, the federal government will slash EPF by $5.7 billion because of the elimination of the revenue guarantee. In 1982-83, federal savings will be $915 million. That is taking into account the program directed part of established programs financing. When we take into account planned increases for established programs financing per se, together with the elimination of revenue guarantee, the actual cash payments to the provinces under EPF in 1982-83 will be some $400 million less than in 1981-82.

When the budget of November 12 was brought down, the Minister of Finance said that those reductions would be offset partially by increased provincial revenues contemplated by the tax measures in the budget. He predicted a net loss of $1.9 billion over five years. Well, Sir, on November 23, just 11 days after the minister brought his budget down, he had to revise his calculations. He admitted an administrative error of $662 million. I do not know how a government, especially this government, can justify administrative errors of such a magnitude, but that is beside the point. The fact is, the minister conceded there was a $662 million error in his calculations.

Then on December 18 he came into the House and announced at least 20 major transitional changes, as he called them, to his November 12 budget. Some of them, probably most of them, had the effect of restoring benefits to the taxpayer. That restoration in turn had the effect of reducing both federal and provincial revenues originally projected in the budget. So much uncertainty now surrounds the budget, so many changes are being made, and there is such confusion about it, that we still do not know where the provinces will stand once the ways and means motions are presented and voted upon. We do know, though, that the provinces will have a shortfall of at least $5.7 billion because of the elimination of the revenue guarantee.

• (2020)

If I may be allowed to focus on the implication of all this on my own province for a moment, I would point out that the new arrangement means a net loss to Prince Edward Island under established programs financing. In 1981-82 Prince Edward Island received $45 million in EPF, proper, and $3 million under the revenue guarantee part, for a total of $48 million. Under the new system, with the revenue guarantee abolished, Prince Edward Island can expect no more than $47 million in 1982-83, $54 million in 1983-84 and $61 million in 1984-85. These projections do not even keep pace with the 12 per cent inflation rate we have had in the country. These amounts will have dire consequences for my tiny province and, indeed, for every province.

At present, the federal government pays in excess of $3 billion for post-secondary education across the country. In 1979-80 $1.6 billion of the total was in cash payments and $1.4 billion in tax points. The $3 billion represents between 65 per cent and 100 per cent of the total spent on post-secondary education in the provinces, from one province to another. In the Atlantic provinces the federal contribution to higher education is about 100 per cent of the total. In my province it is certainly close to that, largely due to a lack of alternative revenue sources.

When the federal government starts to cut back in the area of post-secondary education, the Atlantic provinces are especially vulnerable. In fact, education across Canada will suffer. The provinces, starved of federal funding, will have to squeeze their universities and colleges even harder than they are already squeezed today. Operating grants to post-secondary institutions have grown by only about 41 per cent since 1976, but the consumer price index has jumped 54 per cent in the same period, so the grants are not even keeping up with inflation. Student enrolment has jumped by 70,000 to 630,000 at the university level since 1976. Universities and community colleges are, therefore, being compelled to do much more with much less. The poorer provinces are being hit the hardest.

I need not remind you, Mr. Speaker, that shared-cost programs, almost by definition, are designed to ensure that people across Canada have access to equivalent facilities. The idea is that people are not to be disadvantaged because they lived in Manitoba, Nova Scotia or Prince Edward Island, say, in terms of receiving some minimal level of services. That principle has now been sacrificed by the government on the high altar of the greed of the Minister of Finance.

Alberta, for example, has all kinds of resource revenue. I do not begrudge them that revenue, but I simply state that the province has the wherewithal to roll with the federal government's punches. As the federal government retrenches in areas such as post-secondary education, Alberta can make adjustments. British Columbia, too, has enormous resources revenue and other wealth. Thus, to some extent it can make adjustments, as can Saskatchewan. Those provinces can adjust as the purse strings are pulled tighter. By contrast, the four Atlantic provinces will be left high and dry to fend for themselves.

The total post-secondary education system in the maritimes costs about $260 million annually to operate, of which $190 million or about 73 per cent is paid by the federal government through transfer arrangements. Of that, $120 million or 46 per cent is in cash transfers. The Atlantic provinces, therefore, are singularly vulnerable to any federal government belt tightening.

I hasten to point out that while we in the Atlantic provinces are particularly disadvantaged in that respect, all provinces are affected. I ask myself what is gained by the efforts of the federal government to lower its deficit at the expense of post-secondary education. What is gained by the federal government's efforts to reduce deficits at the expense of any of the major areas in the social development envelope? All the government is doing is transferring its own deficit to the provinces. That is what I call Mickey Mouse economics, Mr. Speaker.

The total public debt is what is important in controlling inflation. It is not important whether the debt is at the federal level, the provincial level or the municipal level. It is the total public debt that fuels and inflames inflation. Transferring public debt from one level of government to the other accomplishes absolutely nothing. It is a cosmetic act. Already, because of the federal and provincial retrenchment of financing for post-secondary education, class sizes have had to be increased, library hours at universities and community colleges have had to be cut, research equipment has become increasingly obsolete and many programs have had to be eliminated or truncated. In Ontario, serious consideration is being given to at least the possibility of closing down four universities and four community colleges. That action may never happen. Yet the very fact that it is being considered reflects the extent of the problem.

Mr. LeBlanc: Scare tactics—that is what it is.

Mr. McMillan: Every department, from engineering to liberal arts, is affected; none is insulated. In the process, the quality of education is being allowed to suffer.

One of the things that particularly concerns me is the question of accessibility. Cuts will make it impossible for a large number of children from middle and lower-income families to go to our colleges and universities. Already, a disproportionate number of students from poorer families is exluded from higher education. New funding arrangements given expression in Bill C-97 will make the situation worse. Universities will be forced to increase fees, perhaps massively. There is a direct link between tuition and accessibility, Mr. Speaker. The Stanford Research Institute established that link beyond a shadow of a doubt in 1975. In the Atlantic provinces most families fall in the lower-income category. In Prince Edward Island, the average family income is only about $18,000 per year. If the provinces, because of cutbacks at the federal level, are forced to reduce funding to universities, and if the universities, in turn, are forced to increase tuition fees, the burden will fall most heavily on the poorer people of the country.

• (2030)

I want to conclude on a note about equalization. I am convinced that, however bad the situation is because of established programs financing arrangements being planned, sunshine will not be shed on the situation due to proposed equalization provisions. Since 1967-68, payments have been based on a national average of fiscal capacity among provinces. Excluded from the calculations was half the revenue from non-renewable resources; excluded as well were all municipal taxes. Any province which fell below a national level so defined was given an equalization payment. The November budget proposed that a substantial change be made in the old formula; payments were to be made on the basis of the Ontario standard. I argued vehemently in the House against the Ontario standard because the Conference Board, for example, had projected that Ontario in the years to come would have the slowest rates of growth of any province. To hitch the wagon of the have-not provinces to Ontario's star would jeopardize, in all likelihood, the sources of revenue of the provinces under equalization.

I welcome the fact that the minister saw the light and abandoned the Ontario standard. Now with a new formula based on a five-provinces average, he has introduced the capacity of five provinces to raise revenue. The new formula includes all revenue from natural resources and municipal taxes. It excludes Alberta and all Atlantic provinces from the five-province average. The new formula provides for a modification, namely, a ceiling and a floor. Both are helpful. I commend the minister for including them. But I believe that the total effect will be potentially disastrous for provinces like my own, and especially Newfoundland and Nova Scotia because as oil and gas revenues in those provinces come on stream their equalization payments will be reduced correspondingly. That provision amounts to virtually a 100 per cent tax on resource revenue. It cannot help but build into the system a disincentive for the have-not provinces to become self-reliant.

At first blush Prince Edward Island stands to gain. We do not have resource revenues or many municipalities. The inclusion of revenue from those sources has the tendency of defining Prince Edward Island as poorer than would otherwise be the case and therefore to strengthen its position in terms of receiving payments under equalization. The statistics also look encouraging. For example, in 1981-82 we will get $103 million; in 1982-83 we will get $124 million; in 1983-84 we will get $140 million. By 1986-87, Prince Edward Island will receive $189 million.

The statistics do not tell the entire story, however. The problem is that Prince Edward Island, the other Atlantic provinces, Manitoba and Quebec have become too dependent upon transfer payments because the government does not realize the value of helping them to become self-reliant. Instead of giving provinces an opportunity to develop their manufacturing sector, they have been weaned on transfer payments. I think the figures bear this out. Total federal transfers to governments, to persons and to businesses in Prince Edward Island will represent 51 per cent of the island's gross domestic product in 1981-82. By contrast, for all Canada total federal transfers will represent only 13 per cent of gross domestic product in the same year. Prince Edward Island receives the highest per capita equalization payments of any

province in Canada at the governmental level. In terms of transfer payments to individuals last year, a total of $52.9 million was paid in unemployment insurance benefits, or an average of $426 for every man, woman and child on Prince Edward Island. We have become very dependent on transfer arrangements. However well structured they may be, and no matter what improvements might be introduced, the basic point is that the federal government is relying too much on the transfer approach to economic development at the expense of preventing the Atlantic provinces and region from becoming to a degree self-reliant.

I should like to stress a point which I made in my speech on the Constitution on October 20, 1980. I made the point then—and I stick to it now—that such regional economic servitude is not exclusively the result of neglect or of accident. I went on to say that one cannot overlook the fact that it has served the interests of central Canada to have the Atlantic provinces as a ready market for their manufactured goods, rather than engaged in manufacturing themselves. National policies, from protective tariffs to freight rates, have consistently favoured Ontario and Quebec—the very provinces whose votes have enabled the Liberal Party of Canada to govern the country for most of this century.

I want to conclude by quoting a former premier of Prince Edward Island, Angus MacLean, who said:

> Could it be that the central government only responds "in the national interest" when those who are asked to make concessions are minorities in the House of Commons, but never when those expected to make concessions are the numerical majorities? Could it be that, if we had a truly federal state, in which all partners had a more significant voice, national policies might more truly reflect the interests of all provinces and, hence, the entire country?

To my mind Bill C-97, especially with its proposed changes to the established programs financing and equalization arrangements, perpetuates the same faulty approach. That is why I for one oppose the bill, and I wish to do so vigorously.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I know the hon. member for Sarnia-Lambton (Mr. Cullen) is anxiously awaiting my words of wisdom. We always seem to be in the House together when I make a speech condemning the government, quite properly, for its oversights.

Again I stand in the House on another bill as I have done several times before. Bill C-97 has received first reading and second reading in principle when some very major defects were pointed out on all sides of the House, government backbenchers included. Then the bill went into committee stage where amendments were suggested and some very good reasons for them were given. Report stage having been finished, we are at a point where the government has accepted absolutely none of the recommendations or the amendments of my party or of the NDP. It overlooked and blocked, through its caucus process, changes which its own members would have suggested. The government permitted only one amendment which deals with the province of Manitoba. It was so apparent that it was brought to the attention of the government by members on this side and by the provinces. The government had no choice but to go along with it because the unfairness for the people of Manitoba was just too enormous to overlook. But, sir, the principle still stands: the process is defective and will remain so until we reform the parliamentary rules so that the committees can have much more power and so that bills and laws which flow from here are the result of a process in which all regions have shared and which reflect the compromises necessary in a huge land like this.

• (2040)

We have a separatist government in Quebec and a separatist in the Alberta legislature. The complaints, even in Quebec, when you get down to it, are basically that they feel the decisions flowing out of the House are not a sufficient political compromise to enable them to live with them. Is that not the way we are in this country, Mr. Speaker? Until the advent of this government, our politicians have always been able to come up with a compromise which people are prepared to live with. Read the history of Sir John A. Macdonald and the compromises he had to make. He wanted a strong unitary state, but in order for the system to work he had to give and agree to a confederation where the provinces had power. He made that compromise. If you look at the administrations of Louis St. Laurent and John Diefenbaker, you will find that they were prepared to let the regions have a legitimate view. This government is no longer doing that, and I think that is why we have a separatist government in Quebec and a separatist elected in the Alberta legislature.

I gather, Mr. Speaker, that this statute will apply for the next five years. The one clear fact which flows from it is that starting this year the provinces will get less cash for the next five years than they did during the last five years. The government has argued vociferously that that is not so; it is just removing a revenue guarantee which should not be applied to health care and post-secondary education. Sir, the fact of the matter is that there is a cutback, and the members opposite, who never get the true data from their briefing agencies, should turn to Chapter 1, page 32 of the estimates for the fiscal year ending March 31, 1983. Under the heading "Hospital Insurance", "National Health and Welfare", you find that this year they will transfer $3,985.2 million; last year it was $4,273.2 million. The net change was a drop of $288 million. On that same page, under "post-secondary education", we find that payments have dropped from $1,729 million last year to $1,611 million this year, a drop of $181.2 million. They try to justify it by saying it was a revenue guarantee in 1971. The fact of the matter is that $469 million less will go to the provinces this year. What that means is that certain provinces will be hurt more than others because, as you know very well, provinces are very much like people; they have different fiscal capacities and different natural resources, just as people have different talents.

We find, Mr. Speaker, that British Columbia, Alberta and Saskatchewan are financially flush at this time. They have a strong people, infrastructure and resource base upon which they are building. However, the provinces east of Saskatchewan are in some pretty deep deficit positions, as is the federal government. How can we expect the province of Prince

Edward Island, for example, to handle its share of that $469 million cutback? Even if it is only $5 million or $6 million, where will that province get the money? The real question is one of fiscal capacity and which level of government can best cope with deficits. Clearly the federal government has the best fiscal capacity, and the reason is simple. The federal government can tax all the people and corporations across this huge country. It has exclusive jurisdiction in taxing the resources of the Yukon, the Northwest Territories and that vast land of the Arctic Islands. In addition, they have the offshore areas of both our coasts. Obviously, Mr. Speaker, it has an enormous fiscal capacity as compared to Prince Edward Island with its 122,000 people and its agricultural economy.

The government claims, Mr. Speaker, that the revenue guarantee is the reason it is cutting back. Let me tell you about that revenue guarantee. In 1971, when the then minister of finance, Edgar Benson, brought in tax reform there was great uncertainty as a result of the Carter report. Because of that uncertainty when they signed the agreement in 1971 for fiscal relations applying from 1972 to 1977, the then minister of finance said to the provinces: we will put in this revenue guarantee so that you will not suffer any dramatic negative effects from the new taxation system.

As it turned out, the new system was more harmful to the provinces than the federal government had said it would be, and they had to make a transfer to the provinces under the revenue guarantee. In 1976, with regard to the agreement which would apply from 1977 to 1982, there were discussions about the whole basis of the agreement. The two sides had their respective positions and they simply negotiated until they came up with the 1977 agreement.

During these negotiations the provinces wanted to have four tax points and a certain amount of cash, but the federal government did not agree. They negotiated until the federal government made an offer of $7.60 per capita plus one tax point in lieu of the revenue guarantee. The provinces accepted the offer and the revenue guarantee effectively came to an end. In the yearly transfers from that point on there was no mention at all of the revenue guarantee. Indeed, as further proof of that, Donald Macdonald said in the House that the revenue guarantee had been negotiated away. In addition, the cheques came not from the Department of Finance, as they had from 1972 to 1976, but came in fact from the then minister of national health and welfare for medicare, and the then secretary of state for post-secondary education. That was for the period ending in 1981.

So we then come to a new agreement for 1982-87, and suddenly the federal government says it is going to cut back and is going to take out the revenue guarantee. It skipped back to 1971, ignoring completely the agreement negotiated in 1976, and ignoring the statement by Donald Macdonald that the revenue guarantee had ceased to exist. What kind of a government would do that? I mean, it seems perverse for a government to break its word, to break an agreement and to use false reasons. That should not be done to the Canadian people. If the government wanted to cut back, why did it not simply and honestly tell Canadians that it had a deficit which it could not handle, that it would therefore cut back, and that it would have to be picked up by the provinces? The government should at least face the problem directly rather than come up with some peculiar and dishonest reason.

• (2050)

I feel strongly about that because I come from the province of Alberta. In 1971, when the international price of oil was rising, the treasurer for the province of Alberta came down and looked at the situation and held discussions with the finance minister. One day they sat together and discussed the whole business of energy. They thought they had an agreement, but the next day the federal minister of energy stood in this House and unilaterally put on an export oil tax. That action by the federal government was totally deceitful. It broke the verbal agreement which had been reached, and broke the spirit of trust between the new government of Alberta and the federal government. The next time they sat down to negotiate the gas agreement—

Mr. Cullen: What about the royalties?

Mr. Thacker: —the province of Alberta said to the federal government, "Look, we cannot trust your word. Therefore, we must have this in writing". So they negotiated an agreement on natural gas. It was reduced to writing, they signed it, they sealed it and—

Mr. Cullen: You don't believe that!

Mr. Thacker: —24 days later, Mr. Gillespie, the former minister of energy, stood in the House and unilaterally repudiated an agreement and totally changed things around. Therefore, one cannot believe the federal government's word.

Mr. Cullen: What about the royalties? One-eighth to 45 per cent. What about that? It happened overnight.

Mr. Thacker: I will tell the hon. member about those royalties, and I will tell him how much the people of Alberta are getting per gallon of gasoline as compared with the federal government, which has no right to it at all but is just using it for ulterior motives. Will the federal government share its royalty from the Northwest Territories with everyone else?

Mr. Cullen: All the way! You've got it, Blaine!

Mr. Thacker: The fact is that there is a lower base from which the provinces will receive money, and that will hurt them, particularly the Atlantic provinces.

I would like to deal for a minute with some of the comments made by my friend, the hon. member for Winnipeg-Birds Hill (Mr. Blaikie). He seemed to be levelling a criticism at this party because we stress that the deficit must be brought under control. He seems to think that because we want the deficit reduced, we are somehow attacking the principles of medicare.

However, nothing could be further from the truth. I challenge the hon. member for Winnipeg-Birds Hill to find one speech in which anyone from this party has ever attacked the principle of medicare. Indeed, he went on to say that the doctors had come in—

Mr. Blaikie: I didn't say that!

Mr. Thacker: —and were challenging medicare.

Mr. Blaikie: You are being overly defensive! I didn't say that!

Mr. Thacker: It is not correct that the doctors are challenging medicare. The hon. member for Winnipeg-Birds Hill sat on the task force which went across the country, as did I, and in every case the doctors came before it and said, "We are in favour of medicare". They went on to say that there were great problems with medicare. Nonetheless not only did they say they were in favour of the principle, they also went on to point out that the people of Canada were getting a bad shake because they were not getting enough health care. They said that the line-ups at their offices were enormously long the line-ups at the hospitals were enormously long and the line-ups at the emergency wards were long. The doctors were fighting for a better form of medicare and pointed out that they were grossly underfinanced.

There is no doubt as to the position of the NDP. It agrees that there should be no cutback on government spending and that the deficit should therefore be increased. I want to examine that because I submit to Your Honour that we now have a deficit as a result of the Liberal-NDP coalition over the past 14 years—

Some hon. Members: Oh, oh!

Mr. Thacker: —which has taken the nation into this enormous debt position. This coalition is now hurting the very people it purports to support. Tell me, Your Honour, are the senior citizens in this country better off tonight than they were ten years ago? Are the poor people in this country better off tonight than they were ten years ago? The truth is that they are not better off. The reason they are not better off is that the deficit will come back to haunt them.

Let us compare the situation now with that of 1968 when we were clearly a unified nation. We were coming out of Expo 67. We were building this great country north of the forty-ninth parallel. Where are we today? Quebec has elected a separatist government, Alberta has now elected a separatist member and the Western Canada Concept is growing by leaps and bounds. We had a balanced budget, but now we have yearly deficits of $14 billion to $15 billion. We had a national debt which was $3 billion to $4 billion, but it is now $140 billion. When one looks at all of the accounts of this country, one finds that some $17 billion is taken just to service that debt. That has dramatic ramifications. We must ask, is that $17 billion helping the poor? No, it is not. That $17 billion is concentrated in the hands of people with real wealth. We are therefore becoming a class society. Within a decade, we will have a class of incredibly rich people and a huge class of incredibly poor people, as in India.

An hon. Member: That's the Conservatives!

Mr. Thacker: At the same time that we have this tremendous deficit, with too many dollars chasing too few goods, we settle on land. What does that lead to? That leads to classes of landlords and serfs, and it takes us a step back, 900 years back into history, into feudalism. That is what happens when there is a socialist government—

Some hon. Members: Oh, oh!

Mr. Thacker: —because it does not respond to the real interests of people.

An hon. Member: Conservatism.

An hon. Member: Go back to school!

Mr. Thacker: Members of the NDP are really upset tonight. They are finding that as they go out to talk to the people, the people are beginning to say, "Look, you are the guys who offered us something for nothing. It is great for a few weeks, but then the bill comes in." The socialist coalition has been offering all sorts of socialist programs. It has been telling people that they can have the low capitalist taxes and saying, "It's all right, folks. We will just borrow the difference under the table." That is what the coalition is doing, and now the cost of servicing those debts amounts to $20 billion.

Mr. Blaikie: Is medicare a socialist program?

Mr. Thacker: It is evident that socialism is going its full length when a government nationalizes this and nationalizes that. However, in tonight's newspaper it is reported that in Czechoslovakia the pure socialists are saying that it is not working.

Mr. Blaikie: Point of order. Mr. Speaker, I wonder if the hon. member for Lethbridge-Foothills (Mr. Thacker) would submit to a question.

The Acting Speaker (Mr. Blaker): Does the hon. member for Lethbridge-Foothills (Mr. Thacker) accept a question?

Mr. Thacker: Well, Mr. Speaker, at the end of my speech, if the hon. member is prepared to let me go beyond the 40 minutes of allotted time, I am sure—

Some hon. Members: Oh, oh!

Mr. Thacker: —that I will, because this government and its little red rump over there are so afraid. But it will take 40 minutes, I am sure, to set forth even a couple of my points. But I will do it any time.

An hon. Member: Can you count?

Mr. Thacker: Oh, they are something for nothing people. What did we have in 1968 with respect to hospital insurance, medicare and post-secondary education? In 1968, there were solid, worth-while programs. They were there at a time when the nation could afford them because we had balanced budgets. What do we have now with a deficit of $140 billion requiring $17 billion just to service it? It is necessary that the

federal government cut back. Even the old socialist Liberal government across the way is having to cut back, just as the governments in Britain, in Russia and in all of the other states are having to do.

Some hon. Members: Oh, oh!

Mr. Taylor: The hens are coming home to roost, and so are the roosters.

Mr. Thacker: What would be the PC way? We believe that the deficit can be cut while still maintaining these programs. Let us take a look at some of these great socialist corporations which have been put into place. The CNR is a source of great pride to the socialist left.

Mr. Blaikie: Tell us about Air Canada!

Mr. Thacker: Why is it that if the CNR, a great socialist corporation, is so good, the government has to write off over $800 million every few years?

Mr. Blaikie: Because we inherited it from the private companies that didn't make any money. Read a little history.

Mr. Thacker: What about the Atomic Energy Control Board? There is a beauty that the socialists like. Why do we have to write off over $800 million for AECL? Why do we have over 400 Crown corporations? Here is the point on these Crown corporation. We know that in private industry, of the 400 corporations created this year at least 50 per cent in the normal course would have to drop away because of inefficiency and bad management. Has one Crown corporation ever disappeared? Not one. Because they can come back and get their nose in the public trough, they never drop away, just as there is no recognition of a socialist government.

• (2100)

An hon. Member: What about socialism?

Mr. Thacker: Look at Air Canada. What about Air Canada? I see it paid a dividend of $13.5 million.

Mr. Deans: What about Ontario Hydro? Tell us about that one.

Mr. Thacker: Exactly. How efficient is Ontario Hydro? How responsible is it, with its enormous problem with acid rain? Why is that so, Mr. Speaker? Because it is buying Pennsylvania coal that has 3 per cent to 5 per cent sulphur. That is why. I come winging in from Alberta and I deal with a Crown corporation and I say: "Why don't you buy Alberta coal that has 0.5 per cent sulphur? Look at what that would do for national unity. It would solve your acid rain problem. We could have more tracks, more trains, more cars. We could have mines in Alberta. Would that Crown corporation respond? No, no, it would rather bring in high-sulphur coal.

An hon. Member: That is the socialist toy.

Mr. Thacker: Is it these Crown corporations that are not responsive? The great "commies" to my left, why don't they listen to one of their own? I have just attended a two-day conference. Why don't they listen, why don't they read the speech—I will send it to them, it is by Mr. Richard Lipsey, a very highly recognized socialist. He went to the United Kingdom. He teaches at Queen's University. He spent 17 years in England. He made the socialist experiment. And Richard Lipsey came back and said: "After 17 years of socialism, I am still a socialist, but I am convinced that we have to get back to the market economy". Every incident in the U.K., over 17 years of Crown corporations getting involved and of the government getting involved, has led to disastrous results. The simple conclusion is that we have to get back and let people themselves create the wealth.

That brings me to the point about taxation, Mr. Speaker. How can we let people be creative if we in Parliament and the provincial legislatures are taking all the money from them?

A slave, Mr. Speaker, is simply someone who has lost all his human rights and all of whose decisions with respect to his human rights are made by someone else. A slave in terms of economics is simply someone who is taxed 100 per cent. That takes all of the economic rent from that person, the decisions on how that money is to be spent, are made by someone else. But then, look at what we are doing here. What are we taking from the citizen, for instance, or the miners whom the members of the NDP try to represent? That includes the man who gets black lung disease and dies at 45 years of age. Have we left him his money to decide what to do with it? No, we are taking over 55 per cent. So he is 55 per cent a slave because there is too much government, whereas this party here, would leave that man and that woman and those workers and let the millions and millions of individuals have the liberty to spend that money. We believe that would lead to a wiser result than taxing it away, while we are here in Parliament.

I do not purport to say that I know better how to spend the money of that man who works in Yellowknife and who is going to die of radioactive disease or the black lung disease, or the farmer who sits on his tractor and freezes to death to get that crop in, in the spring, and who becomes exposed to those highly dangerous chemicals that he is spraying for crops and to destroy weeds. And then in the fall there are dangers.

I wonder if the NDP realizes that farming is the most dangerous occupation in the country. Police die at the rate of 3 per 10,000, whereas farmers die at the rate 7.7 per 10,000, in order to put food on the table. Those chaps over there and the Liberals would be only too happy to oblige by taking away all that person's wealth. We would not do that; we would leave it with them.

Mr. Deans: Why don't you speak to the bill?

An hon. Member: Socialism, it is a wonderful story, but it won't work.

Mr. Deans: Why don't you speak to the bill?

Mr. Thacker: The House leader for the NDP has an abscess or a sore tooth which seems to be bothering him.

Mr. Deans: You are making it worse.

Mr. Thacker: He should go back to his room and lie down if he cannot take it. Let us look at the outflows of money, Mr. Speaker. Let us look at the great Crown corporation, Petro-Canada. We have taken $2 billion from the Canadian people, we have taken $2 billion of their tax money. We borrowed it at 19.5 per cent interest.

An hon. Member: Oh, oh!

Mr. Thacker: They don't like it. We hear the socialist chorus in the background. What has Petro-Canada done? At least with John A. Macdonald, he made sure that the money went to the railroad company and that it built something new. That is the difference with a Crown corporation; they never build anything new. I don't mind using government money if they would build something. What happened to the $2 billion or $3 billion the taxpayers put into Petro-Canada? It was used to buy existing oil companies, existing companies that were finding oil and paying money to us in the way of tax dollars that we could redistribute. When we took that $2 billion and bought existing companies, that money flowed out of Canada. Indeed, Mr. Speaker, $10 billion has flowed out of this country, capital that we should have kept here to create jobs for our people. We have over one million unemployed. This is not the time to be developing policies that drain $10 billion out.

As a result of the National Energy Program and the loss of $10 billion, our business climate has been so affected that an additional $8 billion has left. So the unemployment is going to rise, and it will be much more than a million. There will be up to two million unemployed because of this deterioration in the business climate. The members of the NDP simply do not understand the concept of a business climate and the fact that $8 billion has flowed out.

Some hon. Members: Oh, oh!

Mr. Thacker: Let me tell them something, Mr. Speaker, about the $8 billion.

Some hon. Members: Oh, oh!

Mr. Thacker: They seem to think it is part of an international conspiracy of something. I will tell them what it is. It is ordinary Canadians. That $8 billion represents ordinary Canadians taking their money and putting it into other countries.

Some hon. Members: Oh, oh!

Mr. Thacker: What is he talking about? Earning money honestly? The hon. member has never earned an honest dollar in his life.

Mr. Deans: I have made more honest money than you have ever seen. I understand you are a lawyer.

Mr. Thacker: He says he is making money on his own now—with a printing machine? Ah, Mr. Speaker, maybe you should give them an aspirin because they really do seem to be riled tonight. They honestly hate to have these things debated because then their position is exposed for what it is.

We set forth a reasonable Progressive Conservative alternative that deals with individuals, because when you get to the bottom line you really find that the NDP does not genuinely trust people. We are prepared to let individuals get out and work and create, and the market economy will thin out the ones that are inefficient. But they do not trust people.

Years and years ago, when people were basically uneducated, there were no laws governing all these things; and people did very well. Now that we have practically the highest average education in the whole world, they want to take over and take everything away from us.

Now, Mr. Speaker, I would like to comment for a few minutes about the—

Some hon. Members: The bill!

Mr. Thacker: —about this medicare business.

An hon. Member: The bill! Let us get back to the bill.

Mr. Thacker: The NDP are part of the group who want to put a total ban on extra billing.

Some hon. Members: Hear, hear!

Mr. Thacker: That is a fair point, Mr. Speaker. They want to do that. They cannot think anything through very clearly, either, because in the course of the total banning of extra billing, and trying to preserve the medicare system exactly as it is now, they are going to end up by hurting the patients, the people who will use it far more than they could ever imagine today. Why do they not go to Britain? The United Kingdom today is faced with exactly the same situation that these people are trying to impose on Canada. Why is it we in this country are incapable of learning from the experience of others?

• (2110)

We need to know where we were in the past. We have to know what the unique role of doctors was. They were self-governing. They were self-employed in the sense that they provided their own offices and staff. They worked long, hard hours. I do not think anyone would object to that. They had a special doctor-patient relationship. It was felt we should have medicare. This was supported by people all across the country, not just the NDP.

An hon. Member: But the taxpayer paid.

Mr. Thacker: Does the hon. member believe that just because the taxpayer somehow pays for the education, the doctor is not entitled to any more than the minimum wage? What is the hon. member's point?

The average wage of a doctor in this country is not $100,000. Up to this last increase, it was closer to $58,000. I

know many doctors who earn less than members of the House. Out of that lesser income, they must provide their office, staff and their own pension. That is what I am saying. Why not be honest with the doctors? If Canadians want doctors to be civil servants, why do we not enter into that negotiation? Here is what we would have to do.

We would have to say to the doctor that he will have this type of salary. Let us assume it is the same as we receive. Members of the NDP are often critical of doctors, but they sure take their $65,000, some $16,300 of which is tax free. We could turn to the doctors and say that we will give them $75,000, which will put them on a par with Members of Parliament. They could have access to the same type of pension, 5 per cent a year. After six years, each member of the NDP will either resign from the House or be thrown out and collect a pension of a minimum of 30 per cent.

An hon. Member: Don't you get that?

Mr. Thacker: Sure I do, but at least I am honest. I do not stand up and hypocritically condemn someone else. That is exactly what members of the NDP do.

An hon. Member: What are you doing?

Mr. Thacker: I am condemning the hypocrisy of the NDP. I have a feeling that if we went to the doctors and offered them $75,000 a year with the same pension plan as that of Members of Parliament, deputy ministers and senior management, and provided them with office space and staff that Members of Parliament and others receive, and required them to work 37.5 hours a week as do civil servants, every doctor in the land would accept that. If they could get in the trough with that kind of money, they would be in it. Why do we not do that? The cost to the Canadian people would be billions of dollars.

I want to deal with the incomes of doctors. The NDP talk about $100,000. That is not correct. It is true that some specialists make a lot of money, but the average GP works 60 to 70 hours a week. That is why his income is as high as it is. He puts in super-long hours. If a doctor worked 37.5 hours a week, he would earn only half as much as a Member of Parliament. If the Canadian people had to choose between their doctor or their Member of Parliament, they would choose their doctor. When I travelled across the country, including my travels with the task force, I gained a very strong feeling that people favour their doctors. They appreciate the hard work their doctors do. For the NDP to challenge that is just incredible.

The hon. member for Winnipeg-Birds Hill went after the doctors today. He challenged them. If he is going to criticize them and then portray doctors to us as being good people, why does he not say one good word about them? I have never heard that hon. member say anything good about doctors.

Post-secondary education is another critical issue in our society. The cutbacks here are going to hurt more than anywhere else. By making these cutbacks in the Atlantic provinces, the Liberals are attacking the future of the nation. Just as the deficit places a burden on future generations, cutting back support for post-secondary education will also affect the future. There will be fewer people coming out of our universities and colleges who are adequately trained to take on the challenges of the future. That is bad.

Today the Minister of Finance (Mr. MacEachen) made a funny statement about EPF. He said the universities were not meeting the national goals, not responding to the imperatives of the federal government. When I asked him to clarify that, he did not do very well. The Minister of Justice (Mr. Chrétien) made an interesting comment with regard to the reason for the cutbacks. He said the federal government is going to determine where the money goes because his own province of Quebec uses the money for ulterior purposes.

That may well be, because that province has an elected separatist government that is doing some mighty funny things. However, let us not make cutbacks in all the other provinces, because of a separatist government in Quebec. For years and years people have had to move out of the Atlantic provinces in order to find jobs. The taxpayers in the Atlantic provinces have been keeping the institutions going, providing some of the top graduates in every discipline, but these graduates have had to go to other parts of Canada to find work. So it is quite appropriate that the federal government should transfer enormous amounts of money for education. Maybe it should be 100 per cent.

Mr. LeBlanc: It is. In my province it is 98 per cent.

Mr. Thacker: Why then was there a cutback of $181.2 million in the transfer payments by the Secretary of State (Mr. Regan)? Check page 132 of the estimates. It is in the Blue Book.

The real issue in post-secondary education is fiscal capacity. How can those seven provinces east of Saskatchewan cope with the deficit? The federal government can because it has access to taxation across the whole country. That is not something that the people in P.E.I. can bear. There is clearly a cutback. The revenue guarantee is a fraudulent excuse. I will be glad to oppose this bill tonight because the government has been dishonest with the Canadian people.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, it was not my intention to participate in this debate. However, after listening to the last two speeches, there are a few comments that should be put on the record. We just heard an attempt by a couple of hon. members to drive wedges between the people of this country. I take extreme exception to that kind of political rhetoric and dishonesty.

I was astounded and astonished to hear the hon. member for Hillsborough (Mr. McMillan) talk about the shameful way in which the federal government is treating his province. Let me put a few facts on the record. Let us examine the federal contribution to provinces for post-secondary operating expenses for the years 1974-75 and 1981-82. I can give the

hon. member figures for all the years in between but I will use those two years.

• (2120)

I will begin with the province which is represented by the hon. member for Hillsborough. In 1974-75 the percentage of the total operating costs for post-secondary education was 69 per cent from the federal government to the government and people of Prince Edward Island. In 1981-82 it is 110 per cent, and yet that member has the unmitigated gall to rise and say that we are reducing the expenditures to the provinces.

Some hon. Members: Shame.

Mr. Dionne (Northumberland-Miramichi): The hon. member for Kingston and the Islands (Miss MacDonald) talks about $185 million. As usual they are using selective figures and selectively misleading the public with those figures because that $185 million from the department of the Secretary of State which she talks about refers specifically to second-language training in the province and does not refer to post-secondary education.

Miss MacDonald: It is in the estimates. That is a lie.

Mr. Dionne (Northumberland-Miramichi): That is another canard laid to rest.

Let us examine the other provinces. If we look at the percentages as a percentage of the operating expenses of post-secondary education, in Newfoundland it was 62 per cent in 1974-75 and 83 per cent in 1981-82. In Nova Scotia it was 51 per cent in 1974-75 and 58 per cent in 1981-82, a modest growth there. For New Brunswick it was 62 per cent in 1974-75 and 98 per cent in 1981-82. Ninety-eight per cent, Mr. Speaker, and the premier of the province had the nerve to get up in front of a group of students in front of the legislature the other day and tell them that if they want more support for education they had better see their federal members. What a disgraceful performance we are getting from these Tories. I will refer to Premier Hatfield a little later, as sickening as it may be. In Quebec it was 50 per cent in 1974-75 and only 49 per cent in 1981-82, which of course has to do with the particular bent of the Quebec government at the present time. In the wealthy province of Ontario it was 46 per cent in 1974-75 and 60 per cent in 1981-82. In Manitoba it was 51 per cent and 68 per cent.

An hon. Member: You are playing with figures.

Mr. Dionne (Northumberland-Miramichi): In Saskatchewan it was 48 per cent and 61 per cent. In Alberta it was 46 per cent and 51 per cent. In British Columbia it was 43 per cent and 54 per cent. In 1974-75, the figure nationally was 48 per cent of all the operating costs for post-secondary education in Canada which came from the federal government. That percentage has grown to 57 per cent in 1981-82. All this despite the fact that we have no responsibility whatsoever in post-secondary education or indeed in elementary and secondary education.

There are a few points which have to be made about those figures. These federal transfers to the provinces are an attempt by the federal government to achieve a balance of restraint and responsibility. I wish that the premiers of these provinces would exercise some balance, responsibility and restraint. I wish that members opposite would show some restraint, responsibility and balance.

Mr. Taylor: How about the Liberals? Do not tell us about restraint, practise it.

Mr. Dionne (Northumberland-Miramichi): There have been no cutbacks in equalization payments or in the established programs financing payments. Members opposite do a lot of talking about the revenue guarantee being cut out.

Miss MacDonald: On a point of order, Mr. Speaker, the hon. member has just said that there have been no cutbacks in EPF transfers. I wonder if he could explain in that context why we were given figures in committee, which were issued to us last week by the Department of Finance, which show that EPF transfers have dropped in 1981-82 from $6,187 million to $5,807 million. Could be explain why the Department of Finance gave us those figures?

The Acting Speaker (Mr. Blaker): Does the hon. member for Northumberland-Miramichi (Mr. Dionne) choose to accept the question at this time?

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, to begin with, that was not a point of order. However, the fact is that the hon. member knows, or should know, that that is the base figure without the transfer of tax points and other programs, like the refusal, on the agreement of the government, to charge back to the four Atlantic provinces and to Manitoba the excess moneys that were paid to them because of their decline in population, which amount to about $67 million as an outright gift in the case of New Brunswick, for example. I can give the figures for the other provinces but I think I have used enough figures.

There have been no cutbacks. Another fact that the opposition continually refuses to recognize is that the Government of Canada, as a national government, must protect its ability to fashion, implement and promote national policies. The opposition continually forgets about this. They want to sectionalize the country and turn it into that community of communities which will be a community of nothing if they have their way.

All of the money which we are talking about is being given to the provinces without strings attached. As a matter of fact, if I have any fault to find with this program it is the fact that strings are not being attached. The very reason the revenue guarantees are being cut out as a separate payment to the provinces is that the provinces were using those guarantees for all sorts of projects except those for which the money was intended, that is health, medicare and post-secondary education. They were going to build all kinds of edifices to the memory of the Tory ministers in those provinces.

Mr. Taylor: That is completely false and you know it. You are day-dreaming.

Mr. Dionne (Northumberland-Miramichi): Almost $200 million in overpayments were forgiven to five provinces.

The evidence is in the facts that I am afraid the hon. member for Hillsborough deliberately ignored when he was speaking in the House and misleading the Canadian public with his selective figures, and in fact with his statements that were based on nothing but his own imagination.

Some hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): The fact is that at least 80 per cent of every penny that the government spends in his province comes directly or indirectly from moneys raised by the federal government. I happen to be rather proud that those of us who live in the less advantaged provinces can obtain that kind of support from the federal government. But if those members over there who want to tear apart and destroy the national government and give all power to the provinces have their way, we will not be getting those payments for very long. It is damn near time somebody woke up to that fact and told them so. As a matter of fact, the Government of Canada has been increasing the support to post-secondary education on a regular basis, as the figures I have quoted tonight prove.

Mr. Taylor: Tell us another fairy tale.

Mr. Dionne (Northumberland-Miramichi): As a matter of fact, Prince Edward Island now receives 126 per cent of the operating costs of its university. We just heard the hon. member for Lethbridge-Foothills (Mr. Thacker) say that that is fine because the federal government is obviously the one which can most easily afford the deficit. Yet they get up on their hind legs here every day and condemn the government for the size of the deficit while at the same time demanding increased expenditures from the government. They cannot have it three ways, and that is why they are in opposition.

• (2130)

We also heard the hon. member for Lethbridge-Foothills talk about a separatist government in Quebec and a separatist being elected in Alberta. Obviously that distresses all of us.

Miss MacDonald: I am sure it does.

Mr. Dionne (Northumberland-Miramichi): I take exception to that facetious remark by the hon. member for Kingston and The Island, who thinks she is the only one around here who is a Canadian. She thinks she is the only one who cares about this country, and she is not. There are many of us who care. I do not question her loyalty to this country, and I do not like her questioning that of anyone else because she is not the only one around here who has virtue, and she has no monopoly on it, as far as I know.

Would the growth of separatism in western Canada have anything to do with the propaganda of the Tories in this House, their hate campaign against the Prime Minister (Mr. Trudeau), their hate campaign against the Charter of Rights and their continued belittling of the Charter of Rights in many speeches across the country because it does not contain a guarantee of property rights?

Mr. Taylor: Tell us about metric.

Mr. Dionne (Northumberland-Miramichi): Never once did hon. members opposite publicly say that clause was in the Charter of Rights and was withdrawn at the insistence of all the provinces. The Premier of Prince Edward Island was one of the most vociferous against that clause in the Charter of Rights, as well as the premiers of Ontario, Saskatchewan, Alberta, Manitoba and British Columbia.

Mr. Taylor: Tell us about metric.

Mr. Blais: That is what he is talking about.

Mr. Dionne (Northumberland-Miramichi): There is no point in telling the hon. member about metric because he does not understand it.

Mr. MacBain: He doesn't understand imperial either.

Mr. Dionne (Northumberland-Miramichi): I want to put on the record a couple of brief quotations. I want to quote from a speech—

Mr. Taylor: Tell us about gun control.

Mr. Dionne (Northumberland-Miramichi): —given in the House on March 26 by my colleague, the hon. member for Gloucester (Mr. Breau), when he was talking about this very bill.

Miss MacDonald: The switcher.

Mr. Dionne (Northumberland-Miramichi): He said:

> The moral question is important . . . My own province of New Brunswick is an example but we could take any province, the trend is the same in all. In New Brunswick the federal contribution as a share of provincial expenditures for post-secondary education through EPF—and I include in that, minority and second language training—has gone from 78.1 per cent in 1976-77 to 107 per cent in this fiscal year. That is legally correct. Those are the facts, Mr. Speaker. In 1976-77 the federal government paid 67.7 per cent of what the post-secondary institutions spent. When I say post-secondary institutions, I do not mean only universities but include everything after high school—community colleges and technical schools. What credit does this federal Parliament get for that?

Is the hon. member for Hillsborough prepared to give credit to the federal Parliament? Is the hon. member for Lethbridge-Foothills?

Mr. McMillan: I did.

Mr. Dionne (Northumberland-Miramichi): The hon. member for Hillsborough gave it, yes, in a very left-handed manner after he put all kinds of canards on the record.

Mr. Taylor: Where did you get the money in the first place?

Mr. Dionne (Northumberland-Miramichi): I want to put another quotation on the record, and this one is from the Minister of Finance (Mr. MacEachen). We have heard doom and gloom from the opposition on about how badly they are being treated, and I think it is important that this statement be put on the record one more time.

Mr. Taylor: Tell us whom you get the money from.

Mr. Dionne (Northumberland-Miramichi): We get the money from the people of Canada, the same people the hon. member's colleague just said we could afford to tax more in order to give to the provinces. The hon. member cannot have it both ways, so he should just sit there and keep quiet for a minute. Perhaps he will learn something. He may not be beyond the pale yet.

Mr. Taylor: Tell us about where it came from.

Mr. Dionne (Northumberland-Miramichi): It came from the taxpayers of this country, and it is precisely because of the Government of Canada and the generosity of Canadians across this country that we can afford to make equalization payments to the poorer provinces.

Some hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): It is precisely for that reason that we in the House should not be misrepresenting the facts as they have been time and time again by Tory members across the way.

Mr. Taylor: Tell us about loans to Russia and the statue in Algiers.

Mr. Dionne (Northumberland-Miramichi): I would like to go on and put on the record the quotation from the Minister about which I spoke.

Mr. Taylor: Tell us about loans to Russia and low-interest loans to other countries.

Mr. Corbin: The order of the day is transfer payments to the provinces, Taylor. You know that; wake up.

Mr. Taylor: I am wide awake. I am sick and tired of your policies.

Mr. Corbin: Write your motions under Standing Order 43, and never mind the rest.

Mr. Taylor: It is that kind of talk that is causing separation.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, if the hon. yahoo opposite would keep quiet, I would continue my speech.

Mr. Taylor: Talk sense, then.

Mr. Dionne (Northumberland-Miramichi): I wish to put this quotation from a speech of the Minister of Finance on the record because of the dire statements made by hon. members opposite and their exclamations about how we as a national government are being so grossly unfair to the provinces.

Miss MacDonald: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): This is what the Minister of Finance said:

> Four of the six equalization receiving provinces have formally indicated to me that they find the representative average standard system conceptually superior to the Ontario standard and consequently they are able to support it. I have received written communications to that effect from the Hon. Richard Hatfield, Premier of New Brunswick—

He is hardly a Liberal.

> —the Hon. Joel Matheson, Minister of Finance of Nova Scotia—

Another Tory.

> —the Hon. Dr. John Collins, Minister of Finance of Newfoundland—

Another Tory, for the time being.

> —and the Hon. Lloyd MacPhail, Minister of Finance of Prince Edward Island.

That is the island we just heard was being devastated by this formula.

> I have had detailed discussions with each of these ministers on the implications of the equalization formula for the province concerned. I have had negotiations with finance ministers as a group; I have had them individually; and I have had discussions with them by telephone since the first ministers' conference. I believe that we have made an effort, an honest and successful effort, to accommodate the principal concerns of equalization receiving provinces.

Mr. LeBlanc: Why don't you admit it, Tom?

Mr. Dionne (Northumberland-Miramichi): I want to talk again about the topic raised by the hon. member for Lethbridge-Foothills, the separatists in this country.

Mr. Anguish: Western Conservative cousins.

Mr. Dionne (Northumberland-Miramichi): There is no doubt that we have problems in this country, and those problems will not be solved by members of this House going across the country sowing and cultivating hatred among Canadians and sowing and cultivating mistrust, distrust and discord, because that kind of sowing and cultivating can only result in the reaping of disaster. We cannot sow hatred and reap love any more than we can spend without taxing.

We happen to be a very fortunate nation. We happen to be perhaps the most fortunate nation on earth, and I find it very disconcerting to sit here in this chamber day after day listening to hon. members from various parts of this country proclaiming what an awful state we are in. I do not believe we are in such an awful state on a comparative basis. It is true we have problems today which we did not have in 1974 or 1972 or 1968. We have problems, and there can be no argument that we do not, but compared with any other nation we are fortunate indeed. There are few other nations in which Members of Parliament could get away with making some of the outrageous statements which are being made in this country. There are few countries indeed where a fellow like the fellow who has just been elected to the legislature of Alberta could make the kinds of calumnies he did in his election campaign about the

national government and get away with it. There indeed are few other countries in the world where the editor of the *Edmonton Journal* and the publisher of the *Alberta Report* could continuously and consistently publish calumnies, falsehoods and outrageous distortions and not have to be called before the bar of justice. And it might not be a very just bar if it were in many other countries. Yet day after day in the House hon. members try to sow the seeds of dissension, the seeds of distrust and the seeds of disunity.

• (2140)

In this House we brag, or some members do, because one province has a separatist government and that is supposed to make the federal government look bad. We brag in this House, or some of us do, because a separatist has been elected in Alberta. That is supposed to make the federal government look bad. We crow because—

Mr. Elzinga: Mr. Speaker, I rise on a point of order. In all fairness, the hon. member opposite should clarify what he is saying. I should like to know who has bragged in the House. If he cannot name the member then it is obvious that he is not telling the truth.

Mr. Blais: You should have been here earlier. There were three of them tonight.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I am trying—

Mr. Elzinga: You are very trying!

Mr. Dionne (Northumberland-Miramichi): —to put some facts on the record tonight. Obviously I am cutting rather close to the quick of some of the members opposite. Just a few minutes ago we heard the hon. member for Lethbridge-Foothills crow because this government was responsible for the election of a separatist in Alberta. If that is not crowing then I do not know what is.

Mr. Elzinga: You said bragging.

Mr. Dionne (Northumberland-Miramichi): What is the difference between bragging and crowing? The hon. member is crowing now and his colleague was bragging. That is okay.

It seems to me that it would behoove us all to tone down the political rhetoric in this nation and start to deal a little more in fact than in fancy. We should try to knit together the noble fabric of the nation rather than try to shred it.

I do not take any satisfaction in the fact that there is a separatist government in Quebec. I do not take any satisfaction in the fact that there are separatist candidates running in the Saskatchewan election. I suppose it will be immaterial in the final analysis or one hundred years from now who will win the election in Saskatchewan, unless it happens to be the separatists. I am confident it will not be, however, but that would not be a matter of indifference to historians. It is not a matter of indifference to us today, or it should not be that there is a separatist government in Quebec, a separatist government that is turning Canadian against Canadian. That is what some of the rhetoric uttered by other politicians in the country is doing—it is turning Canadian against Canadian.

We hear some of the most outrageous rhetoric—we heard some tonight, Mr. Speaker. Some was shouted at me across the aisle on the subject of metrication. Whether we like metrication or whether we do not is immaterial, I suppose, but many years ago a decision was taken—in fact the law regarding metric was passed by Sir John A. Macdonald's government—

Mr. Taylor: Baloney!

Mr. Dionne (Northumberland-Miramichi): The hon. member for Bow River (Mr. Taylor) does not accept that either, but it happens to be a fact.

Mr. Taylor: He did not impose it on people.

Mr. Dionne (Northumberland-Miramichi): It was he who passed the law, but I am not going to get into any more arguments with the rather vocal member opposite who is inclined to be rhetorical. As a matter of fact, the government of which he was once a supporter promoted the metric system just as this government has. Yet hon. members opposite go across the country talking about it being forced down their throats even though when that party formed the government it followed exactly the same practice.

Mr. Huntington: You do not know what you are talking about!

Miss MacDonald: There is nothing new about that.

Mr. Dionne (Northumberland-Miramichi): The only difference is that that government appointed a minister of state for metric.

I hope that in the days ahead, we will continue as a national government to contribute to the legitimate needs of the provinces. I hope as well that the governments of the provinces recognize where the funds come from because they come from all the people of Canada who, through their taxes and their generosity, make equalization payments possible.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): The hon. member for Burnaby.

Some hon. Members: Question.

An hon. Member: Let's vote.

Some hon. Members: Question, question.

Some hon. Members: Oh, oh!

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, I have the floor and there are a few remarks that I should like to make and I am going to make them.

Voltaire once said that when it comes to money we are all of the same religion. He could have said as well that when it comes to taxes we are all of the same religion.

Just the other day the Fraser Institute published figures which indicate that 40 per cent of the average Canadians income goes to taxes. A study of the history of the world and many civilizations will show that as soon as taxation goes above 40 per cent, all incentive in the country dies. That is the time a country gets into serious trouble. This country is in that state today, Mr. Speaker. It scares the pants off me when I see what is taking place.

You will remember, Mr. Speaker, that the Liberal government forced the provinces into medicare by guaranteeing to pay 50 per cent of the cost. It forced them into block funding by offering a bonus of $7.63 per capita and one equalization tax point. This bill removes that incentive, although as late as April 23, 1981, a Liberal minister promised that it would be maintained.

We speak of the need for higher education in this country yet each of us has received letters from our secondary schools and universities complaining about the cutbacks in funds for education. These cutbacks were instituted by this government, a government that claims to be interested in research and development while it cuts back on funds for education.

We talk about equalization for all provinces and of course no member is opposed to the poorer provinces receiving help from the richer provinces. The question is how that should be done. The bill mentions five provinces—but why not equalization based on ten provinces, Mr. Speaker? Why not treat each province exactly the same as the others?

The government has lost control of national educational standards, Mr. Speaker. There are just no standards. Some of the gobbledygook I have heard this evening appals me. The House has ceased to be a place of reasoned thought, a place where we all realize that each of us came here for the same reason, and that is, to do the best we can for our country. I hear insults hurled back and forth on all sides of the House, and in many cases the debate strays very, very far away from the subject matter of Bill C-97, which is what we are supposed to be discussing. The subject of metrication comes up—deplorable as that may be—and other subjects which should not be discussed. I suggest that stronger restraint on the part of the Speaker should be exercised.

I am not going to speak very long on this bill, Mr. Speaker. Obviously I will vote against it and I will vote against it because it is bad for the country.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Call in the members.

The House divided on the motion (Mr. Ouellet for the Deputy Prime Minister and Minister of Finance) which was agreed to on the following division:

● (2150)

(Division No. 162)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Côté (Mrs.)
Cullen
Cyr
Dawson
de Corneille
Demers
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Fox
Garant
Gauthier
Gendron
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Irwin
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lalonde
Lamontagne
Landers
Lang
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Maltais
Marceau
Massé
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rossi
Roy
Schroder
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead
Yanakis—111.

NAYS

Messrs.

Althouse	Gurbin	McCuish
Andre	Gustafson	McKinnon
Anguish	Hamilton (Qu'Appelle-Moose Mountain)	McMillan
Baker (Nepean-Carleton)	Hargrave	Miller
Beatty	Hawkes	Munro (Esquimalt-Saanich)
Benjamin	Heap	Murphy
Blackburn	Howie	Murta
Blaikie	Huntington	Neil
Blenkarn	Jarvis	Nickerson
Bradley	Keeper	Nielsen
Clark (Yellowhead)	Kempling	Orlikow
Clarke (Vancouver Quadra)	King	Parker
Cook	Kristiansen	Sargeant
Cooper	Kushner	Scott (Hamilton-Wentworth)
Crosby (Halifax West)	Lambert	Scott (Victoria-Haliburton)
Darling	La Salle	Taylor
Deans	Lewis	Thacker
Dick	Lewycky	Towers
Elzinga	MacDonald (Miss)	Waddell
Forrestall	MacKay	Wilson
Gamble	Manly	Wise
Greenaway	Mazankowski	Young—67.
	McCain	

● (2220)

Mr. Deputy Speaker: I declare the motion carried.

Motion agreed to and bill read the third time and passed.

[*Translation*]

Mr. Prud'homme: Mr. Speaker—

Mr. Deputy Speaker: The hon. member for Saint-Denis.

Mr. Prud'homme: Mr. Speaker, I merely wish to advise hon. members, including my good friend the hon. member for Joliette (Mr. La Salle), that the Quebec Liberal Party has just won two resounding victories in the ridings of Saint-Laurent and Louis-Hébert.

[*English*]

Mr. Clark: Mr. Speaker, on a point of order, in light of the interest of the Liberal Party in by-elections, I wonder if the Prime Minister might call the three by-elections.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

INTERNATIONAL MARITIME TRANSPORT—LEVYING OF TAX ON WORLD PRICES

Mr. Pierre Deniger (La Prairie): During question period last Friday, Mr. Speaker, I referred to statements made by respresentatives of the Canadian shipping industry, who held a convention in Ottawa last week, concerning the levying of a surcharge on marine fuel expended by Canadian ships on international voyages in inland waters.

Again this morning, at the official opening of the seaway for 1982 which took place in Saint-Lambert in my riding of La Prairie, a number of representatives of the industry foresaw a very difficult season and blamed it precisely on this surcharge. In principle, the National Energy Program aims at protecting the Canadian economy by making it possible for all Canadians to buy Canadian oil below world prices. The fact that world prices are imposed on Canadian ships as well as on foreign ships, while highway or railway transportation are exempted deals a very hard blow to an industry which is of paramount importance to a sound economy.

● (2225)

Such a discriminatory policy, according to representatives of the Canadian shipping industry known as Dominion Marine, may have dire consequences not only for the shipping industry but also for Canadian consumers. The practice will deprive Canadian shipping of essential cargo and benefit American shippers who are now more competitive. There is, therefore, the possibility of a huge deficit. Thus, Mr. Speaker, American steel plants are already getting less of their iron ore from Quebec and Labrador and more from the United States themselves, particularly from the Mesabi Range. Unemployment will therefore increase in Canada. The higher transportation costs of those Canadian industries which use and depend on river and sea transport will inevitably result in higher consumer prices. Water transport is now the least expensive means of transport available. It is three times more energy efficient than the railways and eight times more than road transport. Therefore, by forcing the sea carriers to pay world prices for their fuel, which does not apply to road and railway transport, the federal government is promoting a traffic transfer to a means of transport which is less energy efficient. This is a cause for concern at a time when energy conservation is an absolute priority.

While supporting the efforts of our government aimed at avoiding that foreign sea carriers benefit from lower fuel prices on the domestic market, I cannot agree to a policy which clearly discriminates against one sector of the Canadian industry. This policy goes against the purpose of the National Transportation Act, which states the following:

> Regulation of all modes of transport will not be of such a nature as to restrict the ability of any mode of transport to compete freely with any other modes of transport;

I believe that the right to free competition has been unfairly restricted. The Canadian maritime industry uses 6,000 barrels of fuel a day for domestic international shipments. By imposing world prices, the government will get about $5.5 million a year. This $5.5 million of additional revenue constitutes the only advantage for the government. The benefit seems small

compared with the following costs: first, the additional administrative costs imposed on the private and public sectors, which will amount to over $1 million.

Second, the loss of a major part of the American traffic which was until now using Canadian ships, and finally, which is even worse, the obvious damage caused to the entire Canadian maritime transport industry. To conclude, Mr. Speaker, it seems obvious to me that this action goes against the interests not only of the industry, but also of Canada, and I believe that the government would be wise to reconsider its position.

• (2230)

[*English*]

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I should like to take this opportunity to congratulate the hon. member for La Prairie (Mr. Deniger) for raising an issue which is not only very important to the industry but also to the government.

Allow me to take this opportunity to remind hon. members what the Minister of Energy, Mines and Resources (Mr. Lalonde) said when he replied to this question in the House on April 2, that the government has always had taxation systems that varied, depending on the type of transportation. For instance, we have certain taxes for land carriers which are different from those levied on marine carriers. He went on to say that Canadian carriers have a considerable advantage in Canadian ports and that, while in the case of international transportation the same arrangement exists for United States' and Canadian ships, there is no evidence that this factor has any effect on the preference for Canadian over U.S. carriers, or vice versa.

I would like to remind the House of the objective of the transportation fuel compensation recovery charge. It is to ensure the recovery of equivalent federal oil import compensation payments for oil exported in the form of marine fuel. The charge is currently levied on fuel used by domestic and foreign vessels involved in international trade.

The transportation fuel compensation recovery charge on marine fuel, as it pertains to domestic carriers, is based on prevailing competitive fuel prices in U.S. and other relevant international markets. Since fuel prices vary considerably from country to country, and change frequently, this is a matter requiring judgment and ongoing review.

I would like to emphasize that Canadian carriers are paying international fuel prices only for marine fuel consumed in international transportation. Fuel consumed in travelling between Canadian destinations, which generally comprises the largest portion of fuel purchased in Canada by domestic carriers, will still be acquired at subsidized Canadian price levels. The application of international fuel prices on a non-discriminatory basis to both Canadian and foreign carriers is consistent with undertakings which Canada has with other countries and international organizations. In addition, it is reasonable to expect Canadian carriers to maximize efficient fuel utilization and to pay international level fuel prices when competing with foreign carriers in international transportation markets.

Finally, there appears to be no evidence at present that the charge is causing serious damage to the economic position of the industry. Much of the reduced activity, which some in the marine industry have apparently ascribed to the TFCRC, is the result of changing market circumstances and slower economic growth. I am sure hon. members would agree. In addition, the administration of the charge has helped to ease the impact on the Canadian marine sector, for example—

The Acting Speaker (Mr. Blaker): Order, please. I am sorry to interrupt the hon. parliamentary secretary but the rules for adjournment motions are extremely strict. I cannot allow him more than three minutes as that would have to be subtacted from the time available to other members.

ADMINISTRATION OF JUSTICE—ALLEGATIONS CONCERNING PRODUCTION OF DOCUMENTS

Mr. Peter Elzinga (Pembina): Mr. Speaker, in participating in the adjournment debate tonight I should like to say that a number of us on this side have, on a regular basis, put questions to the Solicitor General (Mr. Kaplan). I refer to the hon. member for Central Nova (Mr. MacKay) the hon. member for Athabasca (Mr. Shields) and the hon. member for Edmonton-Strathcona (Mr. Kilgour) and myself. We have asked the Solicitor General to release the documentation RCMP defence counsel have requested, as it is essential for a fair and full trial of the 17 RCMP officers charged in the Quebec courts. I have pointed out that two former security service chiefs have indicated that they were pressured by the government to become involved in probing, by legal or illegal means, separatism in Quebec. The reason for the Solicitor General's refusal to release the documentation is simply a cover-up—the alleged cover-up for this government's illegal activities. It is alleged that the reason for the failure to release these papers is that the documents would shift the blame from the RCMP to Liberal politicians and bureaucrats. In addition, there are allegations that this documentation will be destroyed in order to make sure that Liberal politicians are never implicated.

Mr. Paul Jackson, who is the Ottawa correspondent for the *Edmonton Journal,* has put months of research into a lengthy article which appeared in that newspaper on February 4, 1982. I should like to commend him for his painstaking research that went into his story, which is the basis for my remarks this evening. He contends—and I agree—that the treatment the 17 officers are receiving from this government is shameful.

I hope the government will have the decency to release these papers, at least to the courts, so that these officers do not have to take the blame for the instructions they received from top Liberal politicians and bureaucrats.

Douglas Fisher of *The Toronto Sun* highlighted the story in an article of April 2, 1982, and paid tribute to Mr. Jackson for

his thoroughness in investigating the story. Mr. Fisher also indicated that "there does remain unfinished matters of equity and fairness".

• (2235)

Let us look for just a moment at the McDonald commission report. I should like to illustrate a very good example of McDonald's two-faced posture. He would not criticize government ministers because he is a Liberal and part of the "old boy" network, but his findings when read carefully are contradictory. We must remember that Starnes did not know until February of this year that McDonald had been president of the Alberta Liberal Party. Starnes had been wondering for months why McDonald never took time in his reports to make public his devastating evidence of Liberal Party attempted manipulation of the RCMP for partisan purposes. This is why Starnes resigned in disgust in 1973.

An example of the unfairness which resulted from the McDonald commission decision to avoid comment on the quality of the acts of ministers and senior public servants is contained in its third report. On page 177 the commission criticized John Starnes, the former security service chief, in the following terms:

> Mr. Starnes was aware of violations of federal and provincial laws occurring as a result of physical surveillance operations. Specifically, he was aware of traffic violations, the use of false documentation, false registration in hotels and the use of false or "dummy" registration for surveillance vehicles. In the absence of supporting evidence we do not accept Mr. Starnes' broad statement that the security service talked to ministers about traffic violations and dummy registrations . . . Mr. Starnes took no steps to stop these practices which he considered to be illegal and in that respect his conduct was unacceptable.

However on page 45 of the same report, in dealing with what transpired at a meeting of cabinet ministers and senior officials on December 1, 1970, the following passage appeared concerning testimony by the secretary to cabinet, Gordon Robertson:

> —he does not doubt that Mr. Starnes must have said something like, "the S & I has been doing illegal things for 20 years but never caught" or such words would not in his view appear in the notes.

The report went on to say that the secretary to cabinet:

> —infers, from the fact that the notes do not record that anyone at the meeting asked Mr. Starnes what he meant by that statement, that everyone around the table must have thought Mr. Starnes was talking about . . . "minor misdemeanours where things like traffic violations, false registrations in hotels, completing ownership certificates for cars falsely, surreptitious entry, other things of that kind took place", and that was thought to be a perfectly normal and necessary part of police work.

It is difficult to imagine what better supporting evidence the commission needed to satisfy itself that ministers and senior officials were aware of such activities, yet nowhere in the three reports of the commission is the secretary to cabinet or any of the 15 others around the table criticized or cited for unacceptable conduct on this score.

This raises the interesting question of whether ministers and senior officials received notice, called "Section 13 Notices", as did Starnes, warning them that they might be cited for unacceptable conduct in relation to their knowledge of possible violations of federal and provincial laws as a result of physical surveillance operations carried out by the RCMP. If ministers and senior officials also received such notices, the question then arises as to why such criticisms are not in the third report.

Possible explanations are that, (a) those who might have received such notices were more successful than was Starnes in appealing before the commission, (b) the criticisms were removed from the reports by the governments, or (c) the commission decided that the testimony of the secretary to cabinet, Gordon Robertson, did not constitute, to use the words of the commission, "knowledge of illegal activity combined with a failure to stop it or deal with it in some proper manner, or willful blindness".

• (2240)

I close, Mr. Speaker, by saying that my main concern is to protect the innocence of the 17 RCMP officers charged in the Quebec courts. I think this government has a responsibility to the officers to offer those documents at least to the court, so they will be cleared of any charges against them, because they received their directions from the ministers opposite.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, as the House will recall, during the course of proceedings in November, 1981, against present and past members of the RCMP instituted by the attorney general of Quebec, it was necessary to swear an affidavit under Section 41.2 of the Federal Court Act to withold documents requested by defence counsel. These documents contained information the production of which would be injurious to national security, or disclose confidences of the Queen's Privy Council of Canada. The documents requested were among the thousands to which the commission of inquiry into the RCMP had access.

The federal commission of inquiry, headed by Mr. Justice David McDonald, was given access to all categories of government and RCMP documents. In an unprecedented move, under the terms of an order in council passed in 1979, the commission was permitted access to cabinet and cabinet committee minutes which might bear on government knowledge of illegal activities. In its third report the commission pronounced itself well satisfied with the terms and conditions of this access. It had access to the indexes of the minutes of cabinet and its committees, and was shown any minute which it thought relevant to its concerns. In its report the commission noted that the Clerk of the Privy Council interpreted its right of access to cabinet and cabinet committee in broad terms.

In its report published in August, 1981, the commission made three principal findings: Certain members and former members of the RCMP had committed acts not authorized or provided for by law which could be referred to an Attorney General, federal or provincial, for possible prosecution, and to the commissioner, RCMP, for possible discipline; that in order to establish the context of the acts in question, certain information should be made public notwithstanding the need to protect cabinet confidences, national security and international relations; no superior authority for the acts could be attributed to ministers and senior officials.

The commission sought and received declassification of the relevant portions of many classified documents, and reported at length on the contents of many of them. These disclosures were unprecedented in our history, and were made possible, not as a result of findings of wrongdoing but because the government acceded to the commission's request to publish all relevant material, even if the purpose was to establish that no wrongdoing occurred.

The commission took the view that it would be necessary to make a report citing misconduct if any minister or senior official participated in, knew of, or failed to deal with activities of the RCMP not authorized or provided for by law. After hearings, which numbered in excess of 300, and having received evidence from numerous ministers and senior officials, including the Prime Minister (Mr. Trudeau), the commission was unable to make any finding of misconduct against any minister, former minister, senior official or former senior official.

The government, through its judicial commission of inquiry, has done everything possible to ensure the publication on the basis of independent advice of all material relevant to questions of guilt or innocence in relation to allegedly illegal activities of the RCMP.

PUBLIC SERVICE—ACTION TAKEN AGAINST EMPLOYEE OF DEPARTMENT OF MANPOWER AND IMMIGRATION. (B) APPLICATION OF CHARTER OF RIGHTS

Mr. Howard Crosby (Halifax West): Mr. Speaker, on March 30, 1982, I had an opportunity to present to the Minister of Employment and Immigration (Mr. Axworthy), and then to the Prime Minister (Mr. Trudeau), the case of Paul McNeill of Halifax, Nova Scotia. Mr. McNeill is employed by the Department of Employment and Immigration as an economist whose duties include assessing the labour force and market in his region, which duties are totally unrelated to the federal government home insulation program. Mr. McNeill has another avocation forced upon him by a chain of unfortunate circumstances.

In 1979 he purchased a home in which urea-formaldehyde foam insulation had been installed. I will not detail the subsequent links in the chain, but suffice it to say that he and his family suffered physically from the effects of this chemical product officially approved by CMHC as agent for the Government of Canada. Understandably, Mr. Speaker, he joined with others who had encountered a similar problem. In 1981, he was active in the formation of an association called the Urea-Formaldehyde Fight Society of Nova Scotia. He removed the UFFI from his home in August of 1981 at a cost of $12,500. Quite naturally, he was interested in whatever compensation program the federal government had established. Quite understandably, he was disappointed, as were the other 80,000 Canadians with UFFI in their homes, at the level of compensation offered by the Minister of Consumer and Corporate Affairs (Mr. Ouellet). That program, as Your Honour recalls, had a limit of $5,000 for remedial measures. However, I am not here to discuss or debate the compensation to home owners with UFFI, but to consider the more important matter, namely, freedom of speech and public expression.

• (2245)

In my question, I was concerned with two related matters: first, the provision in the Canadian Charter of Rights and Freedoms and, second, the need and desirability of a code of conduct to govern the activities of departmental employees of the Government of Canada. The Government of Canada, in the case of the Department of Employment and Immigration, has apparently approved a very extensive code of conduct, a portion of which I will read. However, let me first deal with the provisions in the Canadian Charter of Rights and Freedoms. Section 2 of the Canadian Charter of Rights and Freedoms states that everyone, that is every person in Canada, has the right of freedom of thought, belief, opinion and expression, including freedom of press and other media of information. Those freedoms are guaranteed by Section 1 of the Canadian Charter of Rights and Freedoms which states that these freedoms exist and are only limited to the extent that it can be demonstrably justified, in a free and democratic society, that restrictions are required.

The question I put to the Prime Minister and to the Minister of Employment and Immigration was simply this: does the provision of the Canadian Charter of Rights and Freedoms not allow public servants, along with all Canadians, to publicly express their opinions and their views on a matter of serious concern to them? Is any restriction on that right of public expression not outlawed by the provision of the Canadian Charter of Rights and Freedoms? Of course, the answer I got from the Prime Minister was that the matter would have to be determined by the courts of law.

It is a shame and a crime that we stood in this House of Commons day after day and debated the provisions of the constitutional proposal, particularly the provision of the Canadian Charter of Rights and Freedoms, but that when there is a practical application, where a dedicated public servant only seeks a remedy for a wrong which has been done to him, he must go to the courts to seek redress.

I want to underline and point out to members of the House and to all Canadians that, with that kind of attitude on the part of the Prime Minister and of the Minister of Employment and Immigration, this Canadian Charter of Rights and Freedoms will become an empty and meaningless document.

Let me address a few remarks to the other aspect of the question that I put to the Minister of Employment and Immigration concerning the code of conduct which has apparently been adopted in respect of employees in his department. Anyone who looks at this code of conduct would be shocked by the wide nature of its provisions with respect to public criticism. The document virtually outlaws criticism of any kind of any government official or government policy whatsoever, whether it relates to the Department of Employment and Immigration or to any other work of the Government of Canada. The adoption of such a code of conduct would force employees of the Department of Employment and Immigration

into second class status. It is not fair to the 500,000 public employees of Canada and other public employees across this country.

The adoption of a Charter of Rights and Freedoms for all Canadians can have real meaning only if we give it proper force and effect. If we cannot invoke the Canadian Charter of Rights and Freedoms in a practical situation to support the public statements of an employee of the Government of Canada, a Canadian citizen seeking to redress wrongs done to him, then it is meaningless and empty. Therefore, my point on rising is to bring to the attention of this House and of the public the plight of Paul McNeill and all other public servants whose right to express their opinions freely is unnecessarily restricted by the code of conduct and by improper interpretation of the Charter of Rights and Freedoms. I hope the government will see the error of its ways and right the wrongs which have been done to Paul McNeill and other government employees.

Some hon. Members: Hear, hear!

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, first allow me to say to the hon. member for Halifax West (Mr. Crosby) that I am glad to hear that he and his party are in agreement with the program that the Minister of Consumer and Corporate Affairs (Mr. Ouellet) has announced as it relates to the problem of UFFI. Furthermore, no one on this side of the House disagrees or questions the integrity or, indeed, the competence of the individual in question. That is certainly not the issue.

The nature of the various provisions contained in the code of conduct referred to by the hon. member are by no means peculiar to the Canada Employment and Immigration Commission. These guidelines respecting employee conduct are founded on a well-established and widely understood principle, based on jurisprudence and precedent as these have evolved over time in both the public and private sectors. The proscription against public criticism in particular has been tested and supported many times through third-party review in the labour courts and tribunals, where it has consistently been held that while terms and conditions of employment may be publicly commented upon, employees must avoid public statements which are closely associated with criticism of government policies and programs.

In the case of Mr. McNeill, the Canada Employment and Immigration Commission met its obligation to remind the employee of the provisions of the code of conduct and to ensure that the guideline with respect to public criticism was properly understood. The decision was ultimately Mr. McNeill's, whether or not to continue as public spokesman. It should be noted that at no time was Mr. McNeill requested or required to forgo his membership in this interest group.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock tomorrow afternoon.

At 10.52 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, April 6, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

PARLIAMENT

SUGGESTED POSTPONEMENT OF CONSTITUENCY REDISTRIBUTION—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to seek redress for an unnecessary exercise which will waste approximately $4 million of the Canadian taxpayers' money. A government spokesman, the Parliamentary Secretary to the President of the Privy Council, is on public record to the effect that the next election will be based on current boundaries. Therefore the proposed changes in electoral boundaries will never be used. As a result, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the government introduce a one-line bill halting this futile redistribution until such time as the much-needed reform of Parliament, including the Senate, has been effected in order to avoid a repetition of the useless redistribution which took place in 1972-74.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

CALL FOR COMMITTEE STUDY OF GOVERNMENT GUARANTEES—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Auditor General has expressed deep concern that government guarantees of private company indebtedness now exceed $8 billion. Many of the companies whose debts the government has guaranteed are not viable and these guarantees represent a liability to the taxpayers not disclosed in the budget or budget papers. I therefore move, seconded by the hon. member for Halifax West (Mr. Crosby):

That a special committee of this House examine the outstanding guarantees given by the Government of Canada to banks and bankers on behalf of private companies, to determine the extent of the government's liability, and that the government's financial statements be amended to make realistic provision for the payment of these guarantees should they be called.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

ARGENTINA—CALL FOR BREAKING OF DIPLOMATIC RELATIONS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa): Madam Speaker, considering the refusal of the Argentinian government to obey the United Nations' call for a removal of its troops from the Falkland Islands and its belligerent assertion that it will use force to maintain their illegal occupation, I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

That this House (1) urges the government to break off diplomatic relationships with Argentina, and (2) immediately contact other countries to urge them to follow suit.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SUGGESTED LOWERING OF INTEREST RATES—MOTION UNDER S.O. 43

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, the high interest rate policy of the government is destroying the agricultural industry in Canada. Farmers cannot afford the interest charged on loans, general or operating. The Farm Credit Corporation loans and Small Business Development loans are a farce, with their tight regulations and meagre funding. I am sure that members on that side of the House are also aware that farmers just cannot raise their prices, like other producers, to cover cost increases. Madam Speaker, farmers just cannot take the price-cost squeeze any longer. I therefore move, seconded by the hon. member from Elgin (Mr. Wise):

That this government immediately take steps to lower interest rates on all agriculture loans.

Some hon. Members: Hear, hear!

S.O. 43

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MEMBERS OF PARLIAMENT

SUGGESTED STATUE TO COMMEMORATE NEW DEMOCRATIC PARTY MEMBERS—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, yesterday the Leader of the New Democratic Party and the member for Hamilton Mountain (Mr. Deans) combined in a devastating attack on Canadian home owners. If, as they suggested, variable rate mortgages are indeed illegal under the Interest Act, the Interest Act provides that home owners would be in no danger of losing title to their homes and would have to pay only 5 per cent interest or less. This year 650,000 Canadian home owners could have taken advantage of these low interest mortgages if these two hon. members—acting, no doubt, on behalf of the banks—had not exposed the scheme. Therefore I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That, to commemorate the folly of the two honourable members' questions, a statue of Don Quixote be erected on Parliament Hill, with curly white hair and holding a long Cuban cigar instead of a lance.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN BROADCASTING CORPORATION

SERVICE TO LAKE LOUISE, ALTA.—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the community of Lake Louise has been imploring the Canadian Broadcasting Corporation to improve its signal in that community, but CBC, contrary to facts, insist that the population of Lake Louise is only 140 according to the 1976 census and CBC will not undertake the project until the permanent population reaches 500. Whereas the actual population of Lake Louise is 411 year-round residents, plus 800 permanent seasonal employees, plus some 300,000 visitors—all of whom want better radio and TV facilities, I move, seconded by the hon. member for Ontario (Mr. Fennell):

That this House urges the hon. Minister of Communications to contact CBC and provide improved facilities for these people. People who live and work in our national parks are human beings and deserve equal treatment to that given to other communities, many of which are much smaller.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN WHEAT BOARD

SUGGESTED RESPONSIBILITY FOR CANOLA—MOTION UNDER S.O. 43

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I rise under Standing Order 43. Whereas the Minister of State for Trade has told us, through the press, that Japan recently purchased 25,000 tonnes of canola from Sweden because Canada's open marketing system could not deliver, even though Pacific port stocks were 85,000 tonnes at the time; and whereas Canada lost a sale of 20,000 tonnes of canola meal to Hungary for the same reason, I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

• (1410)

That this House instructs the government to amend the Canadian Wheat Board Act to include rapeseed or canola under the authority of the Canadian Wheat Board in order that a co-ordinated sales approach can be undertaken to the benefit of producers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EDUCATION

FUNDING FOR POST-SECONDARY INSTITUTIONS—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax West): Madam Speaker, university students and their families across Canada are disturbed by the prospect of drastic increases in tuition fees to offset government funding cutbacks to post-secondary institutions. Students have been forced to demonstrate publicly to bring their plight to public attention. Yesterday concerned students at the University of Moncton demonstrated to focus attention on tuition increases and funding cutbacks. Similar demonstrations will occur at other universities. Accordingly, I move, seconded by the hon. member for Fundy-Royal (Mr. Corbett):

That this House direct the Minister of Finance to assure Canadian university students that new federal government policies on provincial transfer payments will not result in tuition fee increases beyond the normal and that the dream of post-secondary education will be preserved for Canadian young persons.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE LEADER OF THE OPPOSITION

MOTION UNDER S.O. 43

Mr. Ray Chénier (Timmins-Chapleau): Madam Speaker, I rise pursuant to the provisions of Standing Order 43 on a matter of urgent and pressing necessity. We on this side of the House are delighted to learn from *Le Soleil* that the leadership of the right hon. Leader of the Opposition (Mr. Clark) is more solid and widely based than at any other time, and that he fully intends to lead his party in the next federal election.

Some hon. Members: Hear, hear!

Mr. Chénier: I move, seconded by the hon. member for Mercier (Mrs. Hervieux-Payette):

That this House express its confidence in the right hon. member's ability to lead and wish him well in keeping his party working so well together.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Some hon. Members: Agreed.

Madam Speaker: The hon. member for Pembina.

An hon. Member: Who said no?

Madam Speaker: I feel I cannot put the motion to the House even with unanimous consent since I am sure the motion was put in a facetious manner.

* * *

METRIC CONVERSION

SUGGESTED ENDORSATION ON VOLUNTARY BASIS—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, in view of the widespread opposition to mandatory conversion to metric by cabinet decree of Order in Council PC 1981-1705, which will be illustrated by the presentation of thousands of petitions later this day, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this Liberal government follow the example set by the previous Progressive Conservative government and endorse conversion only on a voluntary basis with the agreement of the sectors involved.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE

POTENTIAL DANGEROUS EFFECTS ON EMPLOYEES USING VIDEO DISPLAY TERMINALS—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, since video display terminals are having abnormal effects on pregnancies, and since federal government department heads are quoted as being afraid to formalize a transfer policy for pregnant women because of the fear of setting a precedent, and since in the case of Les Terrasses de la Chaudière, workers there do not know about the government's policy of transferring ill or pregnant workers, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That Treasury Board issue a directive to all management personnel stating that all ill or pregnant employees be allowed immediate transfers from potentially dangerous work stations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE DISABLED AND THE HANDICAPPED

CALL FOR LEGISLATION TO PROHIBIT DISCRIMINATORY PRACTICES—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. Next Wednesday will mark the secondary anniversary of the Speech from the Throne in which the government promised to bring forward amendments to the Human Rights Act to protect the rights of the handicapped. In view of the fact the government has not yet done so, I move, seconded by the hon. member for Oshawa (Mr. Broadbent):

That this House calls on the Minister of Justice to bring before this House amendments to the Canadian Human Rights Act that would prohibit discriminatory practices against disabled Canadians and that these amendments be in conformity with recommendation Number I in the "Obstacles Report."

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

CONFERENCE BOARD OF CANADA ANALYSIS

Hon. Bill Jarvis (Perth): Madam Speaker, my question is for the Minister of Finance. We have available today the quarterly report of the Conference Board of Canada which includes a survey of economic forecasters who describe our current recession as "the longest and probably the most severe in the post-war period". Of course, the minister has available within his own department his own forecasters and analysts. Does the Department of Finance analysis lead the minister to agree with the report published today by the Conference Board of Canada that we are in fact in our deepest recession since the 1940s?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have not examined the precise figures which were released this morning by the Conference Board. I just saw them as I came into the House. I have no complaints with their description that the economy is in a recession. The recession, or the downturn, is deeper than we expected. On that point I think their comments are justified. I am not in a position to confirm whether they are correct in saying that it is the worst since 1947. It is bad enough the way it is.

CONCERN OVER HIGH INTEREST RATES

Hon. Bill Jarvis (Perth): Madam Speaker, the minister might comment on one specific figure wherein the average forecast with respect to unemployment was 8½ per cent. I wonder if the minister's advisers agree with the accuracy of that forecast. The principal fear of the Conference Board is that a projected second half economic recovery might be cut short and we would be back into a recessionary period in 1983 because of increased credit demands and higher interest rates. Do the minister and the departmental advisers share that concern as a real possibility and, if so, would the minister say what policies are being considered to avert that very serious situation? I emphasize that question because it would seem that his November budget is now very badly out of date.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member rightly draws attention to the prospects for recovery which most forecasters expect to take place later this year and the attendant fear that that recovery might be frustrated by a resurgence in interest rates. If the hon. member recalls when I spoke in New York in February, I drew attention to that very point and the danger that recovery might be thwarted by a resurgence of interest rates in the United States occasioned by a very large deficit. I can only express the same sentiment which I expressed in New York, namely, that all partners of the United States are still living in expectation that the assurance given by the President at the Summit in Ottawa last August that interest rates would decline will be fulfilled. That is very largely dependent upon how the deficit is handled in the United States.

UNEMPLOYMENT AND INFLATION FORECASTS

Hon. Bill Jarvis (Perth): I would ask the minister again if he might comment on the average forecast of 8½ per cent unemployment and whether his analysis in his department shows that to be an accurate forecast.

As the minister knows, Madam Speaker, the Conference Board forecasters were a little bit more optimistic about inflation rates, just under the 11 per cent mark, particularly as a result of moderation in food and world energy prices. Frankly—and I look forward to the minister's comment—in a deep recession one would expect a sharper downturn in prices when very few consumers are able to buy except where absolutely necessary. Does the Conference Board inflation forecast closely correspond to that of the minister? Second, can he explain why there has been less moderation in prices and in inflation in Canada as compared to that in the United States during the current recession?

• (1420)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the forecasts for 1982 established by the department are available in the budget papers, and they have not been revised since the budget. I do not have them at hand to refer to them—

Mr. Jarvis: Unemployment?

Mr. MacEachen: —but I believe the unemployment rate suggested by this collection of forecasters is 8.5 per cent on average for 1982. We have already exceeded that figure. In fact the last two rates were higher than that, so I do not believe their forecasts in any way overstate the gravity of the unemployment situation in Canada.

The hon. member has asked why, in my view, we have not succeeded in showing a better price performance in Canada than in the United States. I think there are two reasons, which are reflected in the Canadian cost of living index, which are not as pronounced in the United States. The first is rising energy costs. World prices were absorbed almost in one gulp in the United States. The second is that wage settlements in the United States currently are running at about four percentage points lower than in Canada. The American performance on the price and wage fronts is certainly better than Canada's at the present time.

AUTOMOTIVE INDUSTRY

EFFECT OF JAPANESE IMPORTS ON EMPLOYMENT

Mr. Scott Fennell (Ontario): Madam Speaker, my question is directed to the Minister of State for International Trade. The news today is that Japan will export the same number of vehicles this year as it did last year, namely, 174,000. Has the minister analysed the effect this will have on jobs in the automotive industry, and what is he going to do to solve this problem?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as the hon. member knows, we have indicated to the Japanese that shipments the same as last year of 174,000 units is not acceptable to Canada because of the fact that we expect a decline in the domestic market this year. Thus, if we accepted the status quo, that would mean a higher percentage of penetration of our market by the Japanese. Negotiations are ongoing.

Mr. Fennell: Madam Speaker, I really wonder if this minister has the intestinal fortitude to put his point across in a real way on behalf of the auto workers in this country and let the Japanese know the damage they are doing to the job situation in Canada.

Mr. Rossi: Ask your question.

REQUEST THAT MINISTER NEGOTIATE FAIR DEAL FOR CANADA

Mr. Scott Fennell (Ontario): Madam Speaker, I know a Japanese trade delegation is here right now. When is the minister going to go back to Japan with some hard-headed businessmen to negotiate a fair trading deal for Canada for the sake of jobs in the automobile industry in this country?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, those decisions are not taken by the private sector in Japan; they are taken by the Government of Japan. I have just returned from Japan with a blue chip group of 50 top level senior Canadian businessmen. Those businessmen are trying to sell products to Japan. They were not trying to restrict the import of products from Japan.

* * *

HOUSING

VARIABLE RATE MORTGAGE SCHEME

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the minister responsible for housing. Section 6 of the Interest Act stipulates that mortgage agreements must clearly indicate rates of interest, and also that interest is to be calculated either annually or semi-annually. Considering that the latest self-serving gimmick of the banks, the variable rate mortgage, meets neither of these requirements, could the minister tell us today if he has had the legality of this scheme checked out?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the Leader of the New Democratic Party has referred to a section of the Interest Act. I would like to respond by pointing out that Section 3(4)(h) of the National Housing Act clearly states that a mortgage:

—was made on such terms as to principal, interest and taxes by monthly instalments or otherwise as may be determined by the Corporation.

I would like to assure the hon. member in response to his question, and his questions of yesterday, that it is the intention of the corporation to ensure that with respect to any application by any carrier—be it a credit union, bank, trust company or other financial institution—for insurance from the fund for any of these kinds of new mortgage instruments which have been raised, all acts of the Parliament of Canada are closely looked at. The corporation would not insure any loan which did not comply with the provisions of any of the laws of this Parliament.

• (1425)

INQUIRY RESPECTING LEGALITY OF SCHEME

Mr. Edward Broadbent (Oshawa): Madam Speaker, when I put a question to him about the Interest Act, the minister quoted from the National Housing Act. Is he telling the House, in unequivocal terms, that this scheme, which does not stipulate what the interest rate is, which could have a home owner ending up, after five years, owing more money on his home than at the start of that five-year period, is clearly within the law? Is the minister telling us that, or is he not?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I was attempting to respond to the hon. member's question by assuring him that the government is concerned about consumers who might apply to take advantage of that kind of financial arrangement which is offered by credit unions, banks, etc. In so far as the Interest Act has any pertinence to the ministerial responsibility that I exercise, I have indicated that the government will ensure that all acts, whether the Interest Act or any other act of Parliament, are reviewed as they affect the operations of Canada Mortgage and Housing Corporation, and that the legalities of any proposition made by any carrier will be reviewed. We will assure all hon. members that, as has been the practice in the past, the law will be followed.

EFFECTS OF SCHEME ON HOME OWNERS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I take it from what the minister said that the government is going to review the Interest Act which, I understand, has not been changed in about 100 years. I also understand that the government accepts what we say, namely, that the variable rate mortgage is not a legal proposal and is going to require supportive amendments to government legislation. I wish the minister would state categorically if that is what he intended to say.

How can the minister support a scheme, the legality of which we think is nonexistent, that could leave the home owner

owing more after five years of paying on his mortgage than he owed at the outset? Is that any kind of justice for home owners, to put them deeper in debt without them even knowing?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the hon. member forgot one significant fact that is important to a person who is making a choice about what kind of mortgage to apply for. At this point we have not examined the variable rate mortgages that are being offered to which the hon. member has referred because they are no business of ours. Canada Mortgage and Housing Corporation does not insure them so the government is not involved. Those are private contracts between mortgage companies and individuals.

I am told that under these variable rate mortgages an applicant is offered an interest rate which sometimes is two per cent less than the going rate. I do not know why the hon. member is doing his very best to try to ensure that Canadians who opt for that break in interest rates cannot take advantage of it.

* * *

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MEMBERS OF NEW BRUNSWICK, QUEBEC, ONTARIO, AND MANITOBA LEGISLATURES

Madam Speaker: I have the honour of calling to the attention of the House the distinguished presence in our gallery of members of the legislatures of New Brunswick, Quebec, Ontario and Manitoba, who are taking part in an interparliamentary visit program on small businesses.

* * *

• (1430)

AGRICULTURE

INQUIRY WHETHER GOVERNMENT WILL INTRODUCE NEW MEASURES RESPECTING HIGH INTEREST RATES

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Agriculture. Last week, over 1,000 farmers met in Montreal to comment on the federal government's agricultural policies. The president of the Agricultural Producers Union, Mr. Proulx, took this opportunity to condemn, in very strong terms, the federal government's national policy, especially regarding interest rates, and he said that the present interest rates are bleeding farmers white. I should like to ask the minister first of all whether, considering this statement by a bona fide association, he intends to introduce new measures to reduce interest costs, and whether he received the information kit distributed by the APU in which federal Quebec members are criticized for not defending the interests of farmers in Quebec?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows full well that last week a question was asked in the House about who attended the meeting, etc. My parliamentary secretary attended the meeting, along with several other members of the caucus from la belle province. They had a very good meeting. Also the hon. member knows that about 7,000 members appeared in the capital of Quebec, Quebec City, and confronted the provincial minister of agriculture about the problems which in any case are the provincial minister's responsibility.

We have the farm credit legislation which was before the House and is before the other House at the present time. We are not in the short-term money market; we are in the long-term money market. We intend to increase our ability to lend money through the Farm Credit Corporation. The province of Quebec has a long-time program subsidizing interest rates. It has become a very costly program for them. They withdrew from it to some extent. We are not promising anything different than we have now. We have interest-free programs on storable crops. I believe last year the producers of the province of Quebec took advantage of that to about $40 million. We have national supply managed programs to take in the marketing costs of the whole operation, production costs, and the costing price formula which the majority of producers use in the province of Quebec. Those producers who are within that kind of a marketing system do not have the real concern of other producers outside the marketing system depending upon the open and free market to supply their return.

[*Translation*]

RECOMMENDATION THAT PRICES BE BASED ON PRODUCTION COSTS—GOVERNMENT POSITION

Hon. Roch La Salle (Joliette): This time, Madam Speaker, I should like to remind the minister that I am asking a question that specifically and exclusively concerns the federal government's interest rate policy. This is no time to blame our interest rates on one of the provincial governments.

Mr. Rossi: Is the federal government to blame for the results in Saint-Laurent and Louis-Hébert?

Mr. La Salle: Secondly, Madam Speaker, the APU strongly condemned the agricultural stabilization programs, and recommended that the stabilization system should be based on production costs instead of the average figure for the past five years. Considering that the seventy-four Quebec members opposite have the same document I do and that the the minister would have done well to examine it, could the minister inform the House whether he intends to respond positively to this recommendation, for the greater benefit of Canadian farmers?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member referred to a document which was

released late last week. Let me go back even further to one which I made available to farmers and to himself in 1977 where we offered 100 per cent income assurance to producers. Farm organizations and provincial governments turned down that program. If they had accepted the program which the Government of Canada offered them at that time, there would be no problem at the present time with the vast majority of producers in Canada.

Mr. La Salle: Yes or no, Gene!

Mr. Whelan: It offered to take care of those things. I suggest he ask his leader right next to him who advocated higher interest rates in the fall of 1979. He advocated higher interest rates. He said that we could look toward them and that he would support the Governor of the Bank of Canada at that time.

Mr. La Salle: You said, "No", Gene; that is all.

* * *

HOUSING

FIRST-TIME PURCHASERS OF HOMES

Mr. Bill Wright (Calgary North): Madam Speaker, my question is directed to the Minister of Public Works. Bill C-89 which was recently passed in the House provided some help for people who are renewing their mortgages, renovating their homes or needing rental accommodations, but no help was provided for first-time purchasers of homes. My question is simply this: why not?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, with respect, the question as posed by the hon. member is inaccurate. Indeed, questions were raised in the House over the last couple of days, for example dealing with new mortgage instruments such as a variable rate mortgage, a shared equity mortgage, or who knows what other new types of instruments might be promoted in the present changing economic climate, and all those instruments heretofore were not possible and could not be insured by the corporation. It was the initiative of the government in Bill C-89 to give the corporation additional flexibility to provide mortgage insurance to encourage additional flexibility for people who are first-time home purchasers.

QUERY RESPECTING NUMBER OF FIRST-TIME HOME PURCHASERS

Mr. Bill Wright (Calgary North): Madam Speaker, the annual report of CMHC on March 12 indicated that first-time home purchasers had a much reduced ability to participate in the current market. Also it indicated that in 1980, 61 per cent of people buying homes were first-time purchasers and that in 1981 the figure was 44 per cent. What is the minister's estimate for this year?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, it is almost a truism to reflect that one leader in terms of inflation in the last two years has been the cost of land and of housing. We know that the rapid increase in the price of housing in British Columbia was repeated right across Canada, from west to east. However, in the last six months or so, it appears as if the price is moderating and that that movement as an indicator of inflation is moderating. I dare say that the budget, which introduced the position taken by the government to restrain expenditures, to reduce the deficit, to monitor the economy at the same time and to provide impetus and support to those who need help the most, is responsible for that moderation in inflation.

COST OF LAND

Mr. Bill Wright (Calgary North): Madam Speaker, the minister said that the cost of land rose tremendously last year, but Statistics Canada showed that the cost of land remained stable. Who is correct, the minister or Statistics Canada?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I have not had the opportunity of looking at the statistics to which the hon. member referred. I think I would need to have an opportunity of comparing the two figures to which he referred. It may be, for example, that land and buildings are referred to; sometimes statistics refer to real estate. Without having the particulars of the schedules about which the hon. member is speaking, I do not think I could answer the question.

* * *

NATIONAL DEFENCE

FUTURE OF CANADIAN FORCES BASE CHATHAM, N.B.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, my question is directed to the Minister of National Defence. The minister will recall that last November he announced in Chatham, New Brunswick, that 416 Fighter Squadron would be withdrawn from the base there. He also made a commitment to the people of the region that the full resources of the Government of Canada would be brought to bear to find solutions to the problem created by that withdrawal. Also the minister knows that a great deal of anxiety and concern was caused by the announcement. Could he give us an update on what has occurred since then to resolve this serious problem?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the hon. member for Northumberland-Miramichi knows the problem in this region very well. I understand his concern. I can assure him that our first objective is to try to ensure that equivalent for employment and economic activity is found for the Northumberland-Miramichi region. To that end, we have just established a new committee of very respected, high-ranking officials to look specifically at the current problem in Chatham. I would also like to assure

the hon. member that we are doing everything possible to reassure the people of Chatham that we will stand behind the commitment we made in November when I was there.

• (1440)

REQUEST THAT COMMITTEE HOLD PUBLIC HEARINGS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question for the Minister of National Defence. He has just announced today, April 6, the setting up of a committee that he announced in December he would establish. There has been a four to five months time lapse. Will the minister assure the House that this committee will be charged with holding public hearings? Will he explain to the House why this is a committee of officials and will he explain why he does not trust members of this House of Commons to conduct a public inquiry into this question?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I do not believe the Leader of the Opposition understands the problem.

As the Leader of the Opposition is aware, we have an interdepartmental committee looking into defence infrastructure, and this committee looked at the Chatham area. As we are phasing out the 416 Squadron, we have a commitment to the Chatham area to find equivalent in economic activities and employment opportunities for that region.

Under the direction of several different ministers, among them the Minister of Regional Economic Expansion, we have now set up a special committee to ensure that we look at the Chatham area as a priority specifically so that we can arrive at a solution in 1984.

SUGGESTED PARLIAMENTARY STUDY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I understand perfectly that the Liberal government is shutting down the Chatham Base when it does not need to do so. I understand perfectly that the Liberal government is setting up a committee of officials, of public servants, who will shut out public inquiry. This is a democracy. Why trust everything to public servants? Why will the minister not allow this public question to be looked into by a committee of elected members of the House of Commons?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I fail to understand why the Right Hon. Leader of the Opposition is telling us we are not democratic. In fact, I announced last November to the Miramichi Chamber of Commerce that the 416 Fighter Squadron would be leaving Chatham. Certainly everything was open and above board. I believe we asked an interdepartmental committee to find out how we could meet our commitment to the citizens of Miramichi to maintain the same level of employment and economic activity in the region when 416 Fighter Squadron leaves in 1984. I think it is perfectly normal to ask our officials to look into this and prepare a study. I feel that, subsequently the ministers concerned will act according to their responsibilities and see what they can do in this area.

REQUEST THAT PARLIAMENTARY COMMITTEE BE ESTABLISHED TO CONDUCT INQUIRY

Right Hon. Joe Clark (Leader of the Opposition): I have a supplementary, Madam Speaker. I fail to understand why the minister is so afraid of the members of this House and of the Parliament of Canada. I do not know why he always seems to prefer public servants. The matter is quite simple. Why not have an inquiry by a parliamentary committee and do this in a democratic way? Why hide behind public servants? Why not have a parliamentary committee in order to have a full inquiry, a public inquiry, so that members on all sides of the House will be able to do for the citizens of New Brunswick what hon. members for northeastern New Brunswick are not prepared to do themselves.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think it is very sad to see the Leader of the Opposition using the people of Miramichi to indulge in petty politics—

Mr. La Salle: Give a straight answer, it's not that difficult. Sit down if you don't have an answer—

Madam Speaker: Order, please.

Mr. Lamontagne: I feel everything is quite straightforward. The Leader of the Opposition mentioned being afraid of democracy. The arrangements were made and the decision was announced last November. We met with the municipal council and the Chamber of Commerce. I had two meetings with the Premier of New Brunswick, Mr. Hatfield, who is coming here tomorrow for further discussions. So, everything is above board, and all the parties concerned in the Miramichi area will be informed about what we intend to do, and together we will decide what is to be done.

* * *

[*English*]

AUTOMOTIVE INDUSTRY

REQUEST THAT SURTAX BE IMPOSED ON IMPORTED JAPANESE VEHICLES

Mr. Derek Blackburn (Brant): Madam Speaker, my question is directed to the Minister of State for International Trade. In view of the fact that he seems to be banging his head against a brick wall these days with respect to imports of Japanese cars and trucks, and in view of the fact that the Minister of State for International Trade said in this House that his primary responsibility was to protect Canadian jobs, will the minister now impose a temporary emergency 15 per

cent surcharge on all Japanese cars and trucks coming into this country in 1982?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I am sure the hon. member is aware of the substantial number of jobs in this country that are dependent upon exports that Canadian firms have to sell to other countries. I am sure the hon. member would like to see a positive conclusion to the negotiations rather than an enforced unilateral system here in Canada.

REASON FOR NOT IMPOSING SURCHARGE

Mr. Derek Blackburn (Brant): Madam Speaker, in view of the fact that the minister's seemingly positive approach to this problem is getting him absolutely nowhere, I do not think I can agree with what he just said. In seven months sales of Japanese-made trucks increased 109 per cent while 21 per cent of all cars sold in Canada were built in Japan. Since there are no further restrictions on Japanese cars, the Japanese will still be able to claim at least 21 per cent or 22 per cent of our market while truck sales could double again. I ask the minister once more how can he continue to reject a 15 per cent surcharge which would simply equalize the price of Japanese and North American produced vehicles here in Canada?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as I have indicated several times in the last three or four weeks, we would much prefer to have a voluntary restraint quota agreed to by the Japanese.

An hon. Member: Are there negotiations going on?

Mr. Lumley: This matter is under negotiation, Madam Speaker. Negotiations of this magnitude do not come to a conclusion overnight, or in 48 hours. I am very hopeful that we will still arrive at a positive conclusion.

* * *

AGRICULTURE

ANDERSON-VANDERMEULEN REPORT ON BEEF INDUSTRY

Mr. Maurice Foster (Algoma): Madam Speaker, my question is for the Minister of Agriculture. In view of the very difficult problems of pricing, marketing, and import costs facing Canadian beef producers, can the minister tell the House whether he will be releasing the Anderson-Vandermeulen study which he commissioned some time last fall? Would he tell the House what actions he is planning to assist this industry as a result of this report?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Anderson-Vandermeulen report referred to by the hon. member has been completed. We have submitted it to the department. The department is considering this report in conjunction with work which the department has been doing, the questionnaire that I sent to some 230,000 beef producers and the Senate report. I hope to have something that I can make public in the very near future and which I hope will be for the betterment of the beef industry.

* * *

FINANCE

PROCESSING OF INCOME TAX RETURNS—TELEX SENT TO REVENUE CANADA OFFICE IN VANCOUVER

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is for the Minister of Finance. Yesterday the minister denied in the House that there was any delay caused by his inability to bring budget measures before the House. As reported at page 16139 of *Hansard* for April 5, 1982, the minister said:

> Madam Speaker, there is no delay attributable to any confusion arising from the Ways and Means motions.

Therefore I would like to draw to the minister's attention a telex that was sent from a Revenue Canada official in Ottawa to the Revenue Canada district office in Vancouver, which reads:

> Taxpayers have been encouraged to file 1981 and 1982 T1 and T2 returns on the basis of budget proposals to avoid a retroactive effect. Returns filed on this basis will not be processed until the legislation has been approved by Parliament.

Here we have an official statement saying that the taxpayers' returns will not be processed until the legislation has been approved by Parliament. Since 75 per cent of Canadians get refunds, and since this budget morass is not of their making, why does the minister not resolve the problem by simply delaying the effective date of the legislation involved so that these taxpayers' returns can be processed and Canadians can get the money they so badly need?

Mr. Mazankowski: That is too reasonable.

[*Translation*]

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): Madam Speaker, the Minister of National Revenue will be in the House tomorrow. I have taken note of the hon. member's question and her views, and the minister will act in the best interests of Canadian taxpayers.

• (1450)

[*English*]

IMPOSITION OF PENALTIES

Miss Pat Carney (Vancouver Centre): Madam Speaker, I will address my supplementary again to the Minister of Finance because it is his budget. At least that is what we are told.

Officials are urging people who really need the money to file under the conditions existing prior to the November budget, and therefore risk having to pay interest and penalties. Since the responsibility for this sad state of affairs rests with the Minister of Finance, is he willing to suggest to his colleague,

the Minister of National Revenue, that any penalties incurred by taxpayers trapped in this swamp should be waived?

[*Translation*]

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): Madam Speaker, I think the Minister of National Revenue is following very closely the matter of filing income tax returns. We do not intend to grant any extensions, but in order to safeguard the entire process as well as the filing of tax returns, we shall take appropriate action, as required.

[*English*]

Mr. Clark: Thank God for *Hansard*!

* * *

THE ECONOMY

REQUEST THAT GOVERNMENT REVIEW INTEREST RATE POLICY

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is for the Minister of Finance. The Conference Board of Canada has now fairly well substantiated what most of us have believed for some time, that if there is going to be any reduction in the inflation level it will be marginal, and will be borne primarily on the backs of people who are going to be unemployed. It is quite clear that the interest rate policy pursued by the government is the single largest contributing factor to the major economic problems we face today. It matters not whether you are talking about consumer purchasing, farm purchasing, or housing, in every single area interest rates are given as the main reason why purchasing is not taking place.

I ask the minister, is it not time for the government to review its mad policy of pursuing high interest rates and set an interest rate policy consistent with the recovery of our manufacturing sector? And if it means exchange controls, then let it mean exchange controls!

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, no one is quarrelling with the hon. member's concern about high interest rates, but every time he raises the question he fails to make the inevitable connection between high interest rates and high inflation rates. The surest way for the hon. member to get lower interest rates is to get lower inflation rates. Once he makes that connection it will be possible for us to have a reasonable discussion. If he refuses to make that connection, then of course it is futile for him to ask for lower interest rates because we will not have them unless we can lower prices and the general level of inflation.

REQUEST THAT INTEREST RATES BE REDUCED

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, of course there is a correlation between the two; no one denies that high interest rates contribute to the high level of inflation. I put to the minister that today in Hamilton there are another 1,800 people faced with another major lay-off, people who had been earning a living and looking after their families. In every community, in every industrial sector, and I do not care what part of the country you go to, no matter how you make the calculation, high interest rates are a major part of the cost of any commodity in the marketplace. If you reduce interest rates, you reduce the cost of a commodity and you get more efficiency, so why will the government not understand that and implement that kind of policy?

Mr. Thacker: You put them in there.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has again made the mistake of saying that high interest rates cause inflation.

Mr. Deans: They contribute to it.

Mr. MacEachen: Obviously they contribute to it, as the hon. members says, but the main force behind these high interest rates is the high inflation rate. The hon. member knows as well as I do that the high inflation we have is causing high interest rates and high unemployment, and the moment we start to make more progress than we are in getting the inflation rate down, the sooner we will have more jobs and the necessary recovery. That is why, Madam Speaker, the government is following the only policy available in the circumstances to bring down our rate of inflation.

* * *

ENERGY

DROP IN SASKATCHEWAN OIL PRODUCTION

Mr. Len Gustafson (Assiniboia): Madam Speaker, I have a question for the Minister of Energy, Mines and Resources, who will know that ever since he took charge of his portfolio, people in the oilfields of southern Saskatchewan have been out of work; it has not just happened in the last year. Eighty per cent of production in the Swift Current area is shut in, and 35 per cent in the Estevan-Weyburn area. This means hundreds of people out of work in Saskatchewan. At the same time the minister continues the practice of importing 400,000 barrels of oil a day at a cost to the taxpayer of over $3 billion a year.

Will the minister explain to the people of Canada, and in particular the people of southern Saskatchewan, how he can justify the direction he is taking in his portfolio?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I wonder where the hon. member has been during the past two years. First of all, last week I announced a number of specific measures to provide assistance in this area, measures aimed at starting up production in a

number of oil fields that are shut in at the present time. This was due in part to the excessive royalty rates imposed by the government of Saskatchewan, which has now agreed to revise its rates. Second, I have announced measures to increase exports of this commodity to the United States, with the possibility of extending export permits, and these measures have been endorsed and supported by the Saskatchewan Minister of Energy. I therefore suggest that my hon. colleague should be better informed before asking such questions.

[*English*]

INCREASE IN PRICE OF GASOLINE

Mr. Len Gustafson (Assiniboia): Madam Speaker, when the minister took charge of his portfolio the price of gasoline in Saskatchewan was $1 a gallon; today it is $2. The tax on that gallon is $1.36, divided between the two levels of government. How can the minister justify yet another increase, for which he is seeking the authority of this House, in view of the high price he has brought upon the people of Saskatchewan?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the Government of Canada is not asking for an increase in price other than the increases which have resulted from the agreement with the Government of Saskatchewan—

Some hon. Members: Oh, oh!

Mr. Lalonde: —and the hon. members on the other side, including the Conservatives, have been pressing the government to get even more.

Some hon. Members: Sit down.

Mr. Epp: Where is the 18 cents?

Mr. Lalonde: We have had to fight to get the agreement we have at levels lower than—

Some hon. Members: Oh, oh!

Mr. Lalonde: —what the Tories were trying to push upon the people of Canada.

Some hon. Members: Hear, hear!

NOVA SCOTIA OFFSHORE DEVELOPMENT

Mr. Howard Crosby (Halifax West): Madam Speaker, I also have a question for the Minister of Energy, Mines and Resources with respect to Atlantic offshore resource development. The minister must know that offshore development is the major hope for job creation in Newfoundland and Nova Scotia, yet the most promising developments off the Nova Scotia coast, such as Shell resources' $200 million drilling program with the Sedco 709, have been delayed and may be cancelled.

I have to tell the minister, Madam Speaker, that his policies are blamed for lost jobs and lost opportunities in Atlantic Canada, and I ask him whether it is true that he has refused to approve inter-company agreements and proposals which would result in development activity, all in the name of Canadianization. Will he Canadianize petroleum industry employees by giving them unemployment insurance cheques and welfare benefits in place of pay cheques from offshore developments?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member is completely off base on offshore.

• (1500)

MEASURES TO ASSIST DEVELOPMENT

Mr. Howard Crosby (Halifax West): Madam Speaker, the minister's answer indicates his view of Atlantic Canada, which is facing unemployment of over 120,000. Newfoundland has over 16 per cent of its population unemployed, and unemployment is almost as high in Nova Scotia. What I want to know and what the people of Atlantic Canada want to know is what the minister will do to promote offshore development instead of hindering and delaying it.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, in the last month we have succeeded in arriving at an excellent agreement with the Government of Nova Scotia which, I am sure, the people of Nova Scotia are very strongly supporting. Under that agreement, the Government of Nova Scotia and the Government of Canada are working jointly. We are working together for the benefit of the people of Canada, and the people of Nova Scotia, in particular. I can inform my hon. friend that, thanks to the Canada Oil and Gas Act that this government has passed in spite of the opposition—

Mr. Clark: The minister for OPEC.

Mr. Lalonde: —of the Tories on the other side, we have substantially increased Canadian participation and benefits to the Canadian workers and Canadian businesses of this country.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT

PRESENTATION OF NINTH REPORT OF STANDING COMMITTEE

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, I have the honour to present the ninth report of the Standing Committee on Transport. This is a special report entitled "Domestic Air Carrier Policy".

PETITIONS

IMPOSITION OF METRIC SYSTEM

Mr. Bill Domm (Peterborough): Madam Speaker, it gives me a great deal of pleasure to present to the House 135,327 signatures on a petition against the forced implementation of the metric system. This petition is 36 inches wide, three and a half miles long and weighs 247 pounds.

Some hon. Members: Hear, hear!

Mr. Domm: This is one of the largest petitions ever presented to the House of Commons. It is to be added to the 24,000 signatures which I presented last year.

Some hon. Members: Order, order!

Some hon. Members: Hear, hear!

Madam Speaker: Order, please.

Some hon. Members: Hear, hear!

Madam Speaker: Order. When the Chair rises, hon. members know that they must resume their seats. Hon. members cannot have it both ways. If they have given the page the petitions, which I assume were in the envelopes—

Mr. Baker (Nepean-Carleton): That was just part of it.

Madam Speaker: The roll and the envelopes. If they are all original signatures, that is fine. I cannot say that that is not a petition if the hon. member tells me it is.

An hon. Member: That's what it is.

Madam Speaker: I thought that the envelopes contained signatures and that the rolls contained other signatures.

Mr. Baker (Nepean-Carleton): Bring it in.

Some hon. Members: Hear, hear!

Mr. Blenkarn: There they go, to the internment camp!

Madam Speaker: It takes the pages and four MPs to carry that petition! I wonder what that means.

Mr. Andre: Thirty cents a letter, too.

Mr. Domm: Madam Speaker, I would like this petition of 135,327 signatures to be added to the 52,000 signatures which have already been presented to this House, making a grand total to date, in less than 12 months, of 187,327 signatures.

Some hon. Members: Hear, hear!

Mr. Domm: This petition was gathered, put together and signed by Barbara Amiel, Peter Worthington—

Some hon. Members: Oh, oh!

Mr. Taylor: Laugh at the people if you like.

Mr. Domm: —Robert MacDonald, A. Donato, Anti-Metric Canada, Operation HUMBUG, Measure Canadian and the staff and management of *The Toronto Sun.*

Mr. Chénier: Oh, *The Toronto Sun*!

Mr. Domm: This is the petition of the undersigned residents of the federal ridings of Peterborough, Carleton-Charlotte, Capilano, Red Deer, Don Valley West, Scarborough East, York North, Ontario, Rosedale, Etobicoke Centre, Mississauga South, Calgary West, Hamilton-Wentworth, Victoria-Haliburton, Brampton-Georgetown, Parry Sound-Muskoka, Crowfoot, Edmonton North, Edmonton South, Edmonton-Strathcona, Edmonton West, Pembina, Wetaskiwin, Yellowhead, Okanagan-Similkameen, Bow River, Calgary Centre, Calgary East, Calgary North, Calgary South, Malpeque, in the provinces of Ontario, British Columbia, Alberta, Prince Edward Island and New Brunswick, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that this honourable House will therefore provide a remedy.

We oppose the mandatory imposition of the SI Metric system in Canada; and we believe the pace, degree and nature of change to the SI metric should and must be determined voluntarily in the various sectors of trade and industry by the individual firms or industries directly concerned and with minimal government interference.

Some hon. Members: Hear, hear!

Mr. Domm: I urge this Liberal government seriously to consider these 135,327 signatures and add them to the 52,000 of 1981, making the grand total of 187,327.

Some hon. Members: Hear, hear!

Mr. Ouellet: Madam Speaker, on a question of privilege—

An hon. Member: We are not on privilege!

Mr. Ouellet: Madam Speaker, the petition presented today is the result of false and misleading representations and information given—

Some hon. Members: Oh, oh!

Madam Speaker: I am afraid that is not a debatable question.

Mr. Baker (Nepean-Carleton): We have concluded that is not true.

Madam Speaker: The petition will be read by the Clerk of Petitions and if it is in conformity with our rules, it will be accepted.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, in rising to present a petition, I should remark that it is not unusual that an hon. member who has, in the past, counselled judges—

Mr. Ouellet: Order.

Mr. Clark: —should seek to counsel the Chair.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: Madam Speaker, I have the duty to present a petition on behalf of my constituents of Yellowhead, Alberta. The purpose of this petition is to indicate that these petitioners, along with thousands of Canadians, oppose the mandatory imposition of the metric system in Canada. These Canadians believe that the degree and nature of change to the Systems International metric system should be determined voluntarily in the various sectors of trade and industry by the individual firms concerned and further believe there should be minimal government interference.

Therefore, I present this petition on behalf of my constituents in the full knowledge that thousands of Canadians share their concern and are protesting mandatory imposition of metric conversion.

Some hon. Members: Hear, hear!

Mr. Ouellet: On a question of privilege arising from the remark which has just been made by the Leader of the Opposition (Mr. Clark), I want to say—

Some hon. Members: True, true!

Mr. Ouellet: —that if the leader of that party has to go with cheap shots like the one which has just been given—

Some hon. Members: Oh, oh!

Mr. Ouellet: —to establish his own position in Parliament, it is very downgrading for this institution.

Some hon. Members: Oh, oh!

• (1510)

Some hon. Members: Sit down, sit down!

Madam Speaker: Order. I am sorry, but this is no time for debate. With one sentence on one side and one sentence on the other side, I think that equals the opportunities.

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, I rise to present a petition on behalf of a great many of my constituents in Hamilton-Wentworth who oppose the mandatory imposition of the metric system in Canada. While many of my constituents are not against metric conversion per se they feel very strongly that democracy should be brought to the system, that the conversion should be voluntary. My people believe, as I do, that if the Government of Canada can require bilingual labelling of all retail goods, then surely this same government can order tandem labelling of imperial and metric measurements, to give consumers a freedom of choice. Madam Speaker, I humbly present this petition.

Mr. Bill Wright (Calgary North): Madam Speaker, I have the duty to present a petition on behalf of my constituents. The purpose of this petition, signed by many hundreds of citizens in Calgary North, is to indicate to the government that the citizens of Calgary North protest the forced imposition of the metric system in Canada by order in council. The nature of the petition is to demand that this government rescind its compulsory order to impose metrication on Canadians.

The petitioners hope, Madam Speaker, that in your examination of their petition you will find the petition in order, sense the urgency and desperation of their concern, and that you might use the discretionary powers vested in you and your office to draw to the attention of the government the hardships caused by the imposition of this order in council.

Hon. David Crombie (Rosedale): Madam Speaker, I, too, rise to present a petition on behalf of the many residents of Rosedale riding who want to show their opposition to the compulsory implementation of the metric system. Madam Speaker, they believe that the pace, degree and nature of the change to the Systems International metric system should and must be determined voluntarily in the various sections of trade and industry, and by the individual firms or industries directly concerned and with minimal government interference.

Mr. John Bosley (Don Valley West): Madam Speaker, it is my duty and privilege to rise on behalf of the citizens of Ontario, and particularly the thousands of citizens of Toronto who continue to be opposed to the mandatory imposition of the metric system in Canada. Madam Speaker, they, among the 90,000 who have signed various petitions against this matter from my area, believe that the pace, degree and nature of the change to the metric system should and must be determined voluntarily in the various sections of trade and industry, and by the individual firms or industries directly concerned, and with minimal government interference.

Madam Speaker, I pray you will find when thousands of Canadians petition this House that they are expressing themselves openly and clearly, that they prefer free choice, and that you will find this petition important enough that it be given due consideration at some point here in the chamber.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Mel Gass (Malpeque): Madam Speaker, on behalf of the citizens of Malpeque, Prince Edward Island, and hundreds of thousands of Canadians across Canada, I would like to present this petition opposing the mandatory imposition of the metric system.

It is the firm belief of those who signed that the pace, degree and nature of the change to the SI metric system must be determined voluntarily in various sectors of industry and commerce and that the present law represents unwarranted government interference in the lives of individual Canadians.

Some hon. Members: Oh, oh!

Mr. John Gamble (York North): Madam Speaker, I have the honour to present to the House on behalf of my constitu-

ents a petition disclosing opposition to the mandatory imposition of the SI metric system and favouring a voluntary implementation of the same upon determination by the private sector.

At the same time, I would like specifically to pay tribute to a young man in my riding, a certain Chris Bartolin who, concerned about the way in which the government has behaved, personally paid for an advertisement which gave rise just recently to—

Madam Speaker: Order. Hon. members should limit themselves to the content of the petition.

Mr. Gamble: Thank you, Madam Speaker.

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, I, too, rise to present a petition on behalf of the worthy citizens of Edmonton North, who are angry, frustrated and furious that this government would not allow an open debate on metric and would hope that the government would absolve the cost of implementation of this disaster. Therefore, we oppose the mandatory imposition of the SI metric system in Canada, and we believe that the pace, degree and nature of the change to the SI metric should and must be determined voluntarily, in the various sectors of trade and industry, by the individual firms or industries directly concerned, and with minimal government interference. I pray that you will take this into consideration, Madam Speaker.

[*Translation*]

Mr. Tousignant: Madam Speaker, I must protest against that gang of hypocrites on the other side of the House who are speaking out against the metric system, while their leader—

Madam Speaker: Order, please. It is time to present petitions, not to debate the question. Hon. members are entitled to present petitions now.

Mr. Olivier: Madam Speaker, I just wanted to know—I gave notice in writing that I intended to raise a question of privilege, and I should be grateful if you would allow me to discuss my question now.

Madam Speaker: The hon. member will be able to discuss his question of privilege after the Chair has dealt with petitions, although questions of privilege do have priority over all other matters in the House. If the hon. member wants to discuss his question of privilege he may do so, since, it is true he has given me notice. The hon. member for Longueuil (Mr. Olivier) has the floor.

Mr. Olivier: Madam Speaker, as usual, I am quite willing to co-operate with everyone in this House. I am willing to do so if the Chair gives me the floor after the other members have finished their business.

[*English*]

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I am interested in the concern of the members opposite. I am sure that if they put forward a motion or a bill to make illegal the metric measure, they will be very pleased with the debate we would have.

Madam Speaker: Order, please. Is the hon. member rising on a point of order?

Mr. Wilson: Madam Speaker, I am rising to present a petition.

Madam Speaker: That is fine.

Mr. Wilson: Madam Speaker, I rise on behalf of thousands of constituents of Etobicoke North, Etobicoke Centre and Etobicoke-Lakeshore who have presented a petition. It is my duty to speak on their behalf, because they oppose the mandatory imposition of the Systems International metric system, particularly those Canadians who have been caught off guard in their shopping recently in buying goods in metric and finding when they got home that they had spent considerably more—

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. Hon. members need not be reminded, I am sure, that the only thing they can do is make a brief statement of the title of the petition, and that is all. They are not to debate it or refer to certain facts that are peculiar to their particular constituency. I would appreciate it, since I have had notices of several petitions being presented, if hon. members would be particularly brief.

Mr. Wilson: Madam Speaker, I will be brief. I believe it is my honoured duty to present this petition on behalf of the constituents of Etobicoke Centre.

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my petition on behalf of my constituents regarding the mandatory imposition of metric is similar. I only want to say on their behalf that freedom of measure ought to be a measure of freedom.

Mr. Gordon Towers (Red Deer): Madam Speaker, I present this petition on behalf of the many thousands of citizens of the electoral district of Red Deer, Alberta, who oppose the mandatory enforcement of SI metric. Prime Minister Pierre is imposing metric. The population finds it hectic. Convert or else—face jail or fine. Drop Imperial, toe the line. My petition is: if yards become meters, at the same time, will Pierres become Peters?

Some hon. Members: Oh, oh!

Madam Speaker: Order, please.

Mr. Bruce Halliday (Oxford): Madam Speaker, I rise today, as have many other hon. members, to present a petition

to the House of Commons opposing the government's mandatory imposition of the metric system of measurement here in Canada and calling instead for voluntary conversion. The petitioners' view is echoed by widespread and determined opposition in the constituency of Oxford to the government's strong-arm tactics in pushing for compulsory metric. The petitioners hope that the government will come to its senses and be sensitive to the needs, desires and concerns of the Canadian people, allowing them a say in metric conversion.

• (1520)

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, I rise in response to the thousands of names that I have received from my constituents with respect to the implementation of the metric system, and I present their petition at this time.

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, to the honourable the House of Commons in Parliament assembled, we petitioners of the undersigned riding of Parry Sound-Muskoka—and I also speak for many of the ridings in northern Ontario—now avail ourselves of our ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that your honourable House will therefore provide a remedy. We humbly sheweth that we oppose the mandatory imposition of the SI metric system in Canada, that we believe the pace, degree and nature of change to the SI metric system should and must be determined voluntarily in the various sectors of trade and industry by the individual firms or industries directly concerned and with minimal government interference and, as in duty bound, your petitioners will ever pray.

Mr. Bill Kempling (Burlington): Madam Speaker, I have the honour to present a petition on behalf of a number of residents of the federal riding of Burlington who oppose the mandatory imposition of the SI metric system in Canada. We ask the House to give a proper and just redress to this grievance.

Mr. Don Blenkarn (Mississauga South): Madam Speaker, on behalf of the citizens of Mississauga, may I present a petition against the mandatory imposition of the metric system in Canada. My constituents believe that metric should be voluntary.

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, I have the honour and the duty to present a petition to this House on behalf of the constituents of the federal riding of Okanagan-Similkameen who have added their signatures to a petition, the purpose of which is to express opposition to the mandatory imposition of the metric system in Canada. The nature of the petition is to pray and beseech that this House note the desire of the people of Canada to return to the voluntary nature of metric conversion with a minimum of governmental interference.

The petitioners hope, Madam Speaker, that you will find the petition in order, sense the urgency and that you will bring to the attention of the Government of Canada the anxious concerns of citizens to the mandatory imposition of metrication in their country.

Mr. John Kushner (Calgary East): Madam Speaker, it is my honour and duty to present this petition of the many undersigned residents of the federal riding of Calgary East in the city of Calgary, Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that your honourable House will therefore provide a remedy for those citizens who oppose the mandatory imposition of the SI metric in Canada and who believe that the pace, degree and nature of change to the SI metric should and must be determined voluntarily in the various sectors of trade and industry by the individual firms or industries directly concerned and with minimal government interference and, as in duty bound your petitioners will ever pray.

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, I have the honour and duty to present to you on behalf of the citizens of Scarborough East and the other Scarborough ridings not being represented here today a petition opposing the enforced implementation of metrication in Scarborough and in Canada at a time when electronics provide instant recognition on weigh scales, of both imperial and metric, and at a time when we apparently cannot afford the cost of extremely expensive bilingual labels. I earnestly petition that we be given the freedom of choice on all labels involving weights and measures.

Mr. Gordon Taylor (Bow River): Madam Speaker, it is my honour today to present a petition on behalf of thousands of my constituents in the Bow River riding in Alberta. My constituents oppose having metric shoved down their throats. They oppose compulsion by a totalitarian government in imposing metric on them. They oppose the spending of millions of their dollars to let the people know what is good for them.

Madam Speaker: Order. I am sure that is not in the title of the petition.

Mr. Taylor: It is.

Madam Speaker: The hon. member must not argue about the petition.

Mr. Taylor: Okay, I won't argue. I simply ask on behalf of my constituents that the government which passed the order in council and made metric compulsory now make it voluntary by order in council.

Mr. Jim Hawkes (Calgary West): Madam Speaker, it is my duty on behalf of thousands of constituents of Calgary West to present this petition to the House. The constituents in my riding are also concerned about the enforced aspect of metric and about the fact that democracy was not well served. The constituents in my riding would like to remind the members of this House and the government that when democratic ways are not attended to the faith which the people have in democracy today is inevitably eroded. This is one of those examples.

We hope that the government will pay attention to these petitions and might rescind the order forcing metric on a nation that does not want it.

* * *

[*Translation*]

PRIVILEGE

MR. OLIVIER—INCIDENT OF MARCH 31, 1982

Mr. Jacques Olivier (Longueuil): Madam Speaker, I wish to raise a question of privilege which I feel is extremely important and, in fact, there is a second question of privilege connected with the first one. That is why I accepted your ruling last week, in which you mentioned I had failed to send notice. Furthermore, I wish to make it clear that I did send notice the same day you pointed this out to me, and I trust that in that respect, I have acted in accordance with the Standing Orders of the House.

I have found, Madam Speaker—

Madam Speaker: Do I understand correctly that the hon. member now has two questions of privilege to discuss? I have only received notice for one question of privilege. If there is a second one, I am very sorry, but the same procedure must be followed. Unless this question arises out of proceedings in the House, the hon. member may not discuss it, but I should be happy to listen to what he has to say about the first question.

Mr. Olivier: Madam Speaker, I would like to say that the first question has been expanded so there is now only one question. So, in that respect, I have met your request. I should like to point out, and I want to make this quite clear, that the Speaker's role in the House is a very difficult one, and it is certainly not up to me to dictate the behaviour of anyone, even the Chair, and certainly not to make any kind of judgment on the qualifications of the members in this House.

Madam Speaker, on March 31, around 5.40 p.m. or 5.45 p.m., the member for Nepean-Carleton (Mr. Baker), who had the floor, and several government and opposition members, I believe, tried to raise points of order or questions of privilege to draw your attention and be recognized. I must point out, Madam Speaker, that on page 16031 of *Hansard*, it is clearly established that I tried to draw your attention eight times. On pages 16031 and 16032, we see names of the hon. members who witnessed my attempts to draw your attention eight times, Madam Speaker. I realize that I am a backbencher and I have been one for ten years in this House, but after all, it would have been only fair and reasonable to recognize me between my first and eighth attempt.

At my second attempt to draw your attention, Madam Speaker, you rose and said, and I quote:

> Order, please. There can be no point of order. The hon. member for Nepean-Carleton has not yet spoken. He has the floor.

In my view, you had, in fact, ruled on the alleged point of order or question of privilege I had raised. Furthermore, you—

Madam Speaker: Order, please. I must interrupt the hon. member at this point. I remember clearly pointing out to the hon. member that I could not allow points of order at the time because I had just given the floor again to the hon. member for Nepean-Carleton (Mr. Baker)—who had not yet uttered a single sentence, if I remember correctly—and that consequently, there could be no point of order on what the member for Nepean-Carleton had just said because he had not said anything. I must point out to the hon. member that if he would like to recall the circumstances in the House at the time, there were perhaps as many as fifteen members who were trying to be recognized by the Chair, and I could not, of course, recognize everyone at the same time. I tried to give each member a chance to speak, and the hon. member is not satisfied with the manner in which I finally was able to give him the floor. I am very sorry, but I do not feel that this is a matter for a question of privilege. The hon. member for Longueuil.

• (1530)

Mr. Olivier: I am sorry, Madam Speaker, I did not want to doubt your word, but I just wanted to point out that at page 16030, the member for Nepean-Carleton (Mr. Baker) had already started to speak. I would also like to remind you, Madam Speaker, that one of the privileges and perhaps the only privilege a member has in the House is the right to speak. And it is clear that the purpose of all privileges arising from that single privilege is to enable a member to express his views. It is also a fact, Madam Speaker, that it is extremely difficult for the Chair to recognize 282 members at the same time, and I realize this. I also realize, Madam Speaker, that when we consider the sixth time I tried to get your attention, not the second time as I said earlier but the sixth time, once more, you prejudged the question I wanted to raise, assuming that I wanted to question the hon. member, which was not the case. As page 16031 of *Hansard* indicates, you prejudged what I was going to say.

I should like to point out, Madam Speaker, that Beauchesne's fifth edition mentions the member's privilege of freedom of speech. In Beauchesne, fifth edition, Citation 55 on page 21, it says very clearly, Madam Speaker, that practically the only right a member has in the House is the right to speak. And neither the Chair nor anyone else may judge the hon. member before he has been heard.

Finally, Madam Speaker—

Madam Speaker: Order, please! I really have the impression that the hon. member, after sending me notice of his question of privilege which was supposed to refer to the fact that his earphone was not working, is now dealing with an entirely different question. The hon. member has probably realized

that his earphone has been repaired. After looking into the matter, we found that the earphone's wires had been cut. That means that we have a serious security problem here in the House of Commons, because I cannot imagine who could possibly get into the House and cut the wires of a member's earphone.

In any case, the matter is being investigated, and as far as the hon. member is concerned, I believe that since then his earphone has been repaired. If the hon. member wishes to criticize the manner in which I conduct the proceedings in this House, he knows there is a formal way of doing this. The other day, I was not prejudging the question he wished to address. I was simply making use of my right to recognize this one or that hon. member, and when twenty or more hon. members are trying to get the floor, it is really one of the few powers the Chair has. I gave preference to another hon. member over the hon. member for Longueuil (Mr. Olivier) at various times. Eventually, it was his turn. I really do not see any reason for the hon. member to complain, and I do not see that this is a matter for a question of privilege. Therefore, I do not think the hon. member can take the floor again to discuss his question of privilege.

Mr. Olivier: Once again, you are prejudging what I am going to say.

Madam Speaker: The hon. member for Longueuil has the floor.

Mr. Olivier: Madam Speaker, once again you are prejudging my conclusions. I suggest you wait until I finish.

Madam Speaker: Order, please! Will the hon. member please sit down? The hon. member for Yukon (Mr. Nielsen) has the floor.

[*English*]

Hon. Erik Nielsen (Yukon): Madam Speaker, it comes as a shocking surprise to me that we learn for the first time that the electronic *Hansard* system in the House of Commons has been tampered with. No doubt you have asked for an inspection of all members' systems, so that their microphones and speakers may be examined. I would be interested in learning whether any other member's microphone or speaker has been tampered with and whether there is an ongoing investigation into the whole of the circumstances surrounding what appears to have been a deliberate tampering with the electronic system in this chamber.

Madam Speaker: I would remind the hon. member that there is an ongoing inquiry into what has taken place because I, just as the hon. member, was quite shocked at the idea that someone could have tampered in this way with one member's microphone.

Mr. Nielsen: No doubt, Madam Speaker, when your inquiries are completed all members would be interested in hearing the results.

While that investigation is going on, I recall that particular evening in question when the sound in the whole of this place was turned off. I noticed the gesture of despair which was made by the operator of the system. The only station that was being heard was the Chair. The sound and the lights were totally dead at all other positions. Perhaps that also is the subject matter of the inquiry you are conducting.

Madam Speaker: I believe if that happened it was because the Speaker was standing in her place. As the hon. member knows, the rule that we established when we introduced electronic *Hansard* was that there would be an electronic interpretation of the Standing Orders. This is quite a brilliant idea since, when the Speaker rises, members should resume their seats and only the Speaker should be allowed to speak. The microphones at members' desks go off automatically. Those are instructions that we have all agreed would be given to the people at the console. If the hon. member is referring to a situation such as the one I have described, he would know that that is quite normal.

Mr. Nielsen: Madam Speaker, I know it is quite normal in those circumstances but I recall very clearly that you had recognized the hon. member for Nepean-Carleton (Mr. Baker). You were seated and the operator was obviously frustrated because he could not activate the microphone in front of the hon. member for Nepean-Carleton and he was shrugging in despair. I wonder if that might be checked out with the electronic *Hansard* personnel, just to double check on those circumstances.

Madam Speaker: That as well.

[*Translation*]

Mr. Olivier: Thank you, Madam Speaker. I also want to say that you were right when I pointed out that the simultaneous translation system was out of order. I simply wish to refer you to a ruling made by one of your predecessors, in 1968, I believe, about a defective translation system or the absence of translators. I would ask you to refer to this ruling, Madam Speaker, in the course of your investigation, and I would like this investigation to determine how it could happen that a member should be deprived of the simultaneous translation facilities when another member is speaking in the other official language which he cannot understand. It is in fact for this reason, Madam Speaker, that I rose eight times in an attempt to draw your attention to the problem. I did not want to interrupt the hon. member, who was entitled to speak, as you had recognized him. He therefore had a right to say what he had to say. However, what I want to say, Madam Speaker, is that I also had a right to understand what the hon. member opposite was saying, and it is for that reason that I tried eight times to call your attention to the problem and show you that I could not understand what the hon. member was saying. I would like to refer you, Madam Speaker, to a ruling made by one of your predecessors who stated very clearly that, in the various committees, when there are no interpreters or when no

translation is available, the committees should not sit or should at least interrupt temporarily their proceedings while the problem is being solved. As you have pointed out, Madam Speaker, if we had 282 defective earphones, the whole proceedings would come to a stop, but when the problem affects only a few earphones, it is only fair and reasonable that someone should check the matter.

Madam Speaker: Order, please. The hon. member is still debating the issue. I shall look into this matter of the translation that the hon. member could not hear, but he must understand that this is only a technical problem affecting one member. Not all members were without translation. The hon. member should not overdo it. This is purely a technical or an administrative problem which could have been settled by a telephone call to my office. I believe this is the way to settle such matters. Unless the entire House is deprived of all the facilities to which it is entitled, I do not believe that such problems should be raised in the House.

• (1540)

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, I do not want to prolong this matter, but I do think the record should be—

Madam Speaker: Order, please. I think the question has been sufficiently debated. I am trying to put an end to it. I will inquire into all these technical difficulties and report to the House.

* * *

CITIZENSHIP ACT

AMENDMENT RESPECTING EXTINGUISHMENT OF CITIZENSHIP

Mr. Donald W. Munro (Esquimalt-Saanich) moved for leave to introduce Bill C-650, to amend the Citizenship Act.

Madam Speaker: Is it the pleasure of the House that the hon. member shall have leave to introduce the bill?

Some hon. Members: Agreed.

Madam Speaker: When shall the bill be read the second time, at the next sitting of the House?

Mr. Munro (Esquimalt-Saanich): Madam Speaker, the purpose of this bill—

Madam Speaker: Order, please. The hon. member should have risen earlier to make his brief statement.

Some hon. Members: Oh, oh!

Madam Speaker: I know he is allowed to make a brief statement, but he should have risen earlier. If the House will allow the hon. member to make his brief statement, we can revert to that particular part of the procedure.

Some hon. Members: Agreed.

Mr. Munro (Esquimalt-Saanich): Madam Speaker, the purpose of this bill is to restore certain provisions omitted from the revised Citizenship Act which came into force in 1977. The former act extinguished the citizenship of any Canadian who, through a voluntary act, took up citizenship in another country or who declared his allegiance to another country. The bill would reaffirm this principle, namely, that a person cannot profess loyalty to two different countries at the same time.

I would add, Madam Speaker, that from the explanatory note in the printed version of the bill from which I am reading four words are omitted, and I would like to put them in. They should appear in the fourth line and read: "any Canadian who, through a voluntary act—"

Madam Speaker: Order, please. The hon. member is debating the bill. I think the House has an idea what the bill is all about, and that is the purpose of this brief statement.

Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*Translation*]

HOUSE OF COMMONS

MOTION RESPECTING EASTER RECESS

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I have had consultations with the representatives of each party, and if you ask the unanimous consent of the House for the following motion, I believe that you will get it, at least according to the discussions I have had with the hon. members for Yukon (Mr. Nielsen) and Hamilton Mountain (Mr. Deans).

I therefore move:

That, when the House adjourns on Thursday, April 8, 1982, it shall stand adjourned until Monday, April 19, 1982, provided that at any time prior to that date, if it appears to the satisfaction of Madam Speaker after consultation with the Government, that the public interest requires that the House should meet at an earlier time, Madam Speaker may give notice that she is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it has been duly adjourned to that time; and

That, in the event of Madam Speaker's being unable to act owing to illness or other cause, the Deputy Speaker, the Deputy Chairman of Committees or the Assistant Deputy Chairman of Committees shall act in her stead for all the purposes of this order.

Madam Speaker, I believe that there is unanimous consent for this motion.

[*English*]

Hon. Erik Nielsen (Yukon): Madam Speaker, I had no idea my name would appear as a seconder. I would like it to be removed. The seconder can be the hon. member for Hamilton Mountain (Mr. Deans). We give our unanimous consent for

the motion to be put now without notice. We do not intend to debate the motion. We do not intend to bring on a vote on the motion. We accept the decision of the government with respect to the content of the motion.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I get a little tired of the House leader for the official opposition picking and choosing when he will accept things. However, I will second the motion, if that is all that is required.

Some hon. Members: Oh, oh!

Mr. Andre: Poor Ian.

Mr. Waddell: Madam Speaker, I rise on a point of order. Perhaps the government House leader could clarify something for me. My constituency is in Vancouver, and I would like to be home for Good Friday. I wonder whether the House will be adjourning at six o'clock on Thursday or whether it will continue to the regular time of ten o'clock, because we cannot get planes to get us home for Good Friday if it does.

Mr. Nielsen: Ten o'clock.

Mr. Pinard: Madam Speaker, the way the motion reads it is obvious that the House will adjourn at ten o'clock on Thursday, but I certainly will not object if the hon. member leaves earlier, if he so desires.

I apologize to the opposition if I was understood as having said that the hon. member for Yukon (Mr. Nielsen) seconded the motion. That is not what I said in French at all. I said I had consultations with him. It could be seconded by any hon. member on my side of the House who wishes to support the motion.

Mr. Nielsen: Madam Speaker, I am not critical of the translation, but the problem is that what came over the translation was that I was seconding the motion.

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, apropos what the President of the Privy Council (Mr. Pinard) has said, my House leader, of course, has quite properly agreed to a reasonable adjournment of the House. Those of us from the west coast are prepared to agree to this order—

Mr. Munro (Esquimalt-Saanich): Hey!

Mr. Waddell: —but I ask the government House leader to consider the possibility of adjourning the House earlier because some of us have to take part in these debates, it is a long way home and we want to be home for Good Friday. Perhaps by a later agreement, if the House leaders would think about this, we could in fact—

Some hon. Members: Oh, oh!

Mr. Waddell: I hear hon. members laughing. This is a serious matter to us on the west coast. I just ask the government House leader to reconsider.

Mr. Pinard: Madam Speaker, I agree with the hon. member. I am willing to consider a further order, if we could get unanimous consent, but in the meantime I understand everyone agrees to the motion I have just read. In so far as the hon. member's request is concerned, I am willing to consider it and discuss it. If the opposition agrees—because Thursday will be an opposition day—I will certainly not object if we adjourn at six o'clock.

Mr. Bill Yurko (Edmonton East): Madam Speaker, I would just like to advise that as an independent member of this House I was not consulted. In fact, I can refuse to give my consent to this motion. Nevertheless, I want to get home for Good Friday also, so I suggest that perhaps we do leave on Thursday at six o'clock. However, I point out that I would also be prepared to second the motion put by the hon. member opposite.

[*Translation*]

Madam Speaker: The House gives unanimous consent to the motion moved by the hon. President of the Privy Council which asks that the House adjourn—and I shall not read it again—on Thursday, April 8, at ten o'clock. Does the House agree?

Some hon. Members: Agreed.

Madam Speaker: Motion carried.

* * *

[*English*]

ENERGY LEGISLATION

APPOINTMENT OF MEMBERS OF STANDING COMMITTEE

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I wish to put another motion which has the consent of all hon. members. We did not consult the hon. member for Edmonton East (Mr. Yurko) when we dealt with the order related to the energy bills, but his rights were protected in the order. I want him to be assured that when we do not consult him, we see that his rights are protected at all times.

I move:

That, pursuant to section (g) of Standing Order 75.1, the members of the Standing Committee on Energy Legislation, created pursuant to the aforementioned section of the aforementioned Standing Order, be Messrs. Andre, Bosley, Collenette, Dawson, Evans, Foster, Hawkes, Lefebvre, MacLaren and Waddell.

Madam Speaker: Does the House give its unanimous consent to this motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,512, 3,961, 3,962 and 3,963.

[*Text*]

PORT OF LANSDOWNE, ONTARIO

Question No. 3,512—**Mr. Cossitt:**

Since the placing of question No. 3,322 on the Order Paper concerning whether or not immigration in the port of Lansdowne, Ontario might be placed under the direction of Kingston, is the government moving swiftly to have the matter placed under the jurisdiction of Kingston and, if so (a) what are all the reasons for haste (b) will the government consider representations from various interested parties before any decision is made to place the port under any jurisdiction outside the boundaries of Leeds-Grenville?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): No.

(a) No haste is being taken in making this decision. As stated in the reply to question No. 3,322 part 1(b), it is part of our annual review of operational planning and as stated a final recommendation has not been made as of the date of this question.

(b) No. If it is simply an internal re-organization and does not affect the level of service in the area concerned or if it does not involve the closure of an office, the Commission has full authority to make this decision.

Question No. 3,961—**Mr. Cossitt:**

What are the names and job designations of all the persons in government who played any part whatsoever, directly or indirectly, in the consideration being given to placing the Department of Employment and Immigration at the port of Lansdowne under the authority of the port of Kingston, which is outside the boundary of the constituency of Leeds-Grenville where the port of Lansdowne is located?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): The decision to place the port of Lansdowne under the responsibility of the port of Kingston was made by the executive director of the Ontario region in consultation with his senior officials. It would be inappropriate to provide the additional information requested, as the full authority for making this decision rests with the executive director.

Question No. 3,962—**Mr. Cossitt:**

Is the provincial jail in Brockville in the constituency of Leeds-Grenville used for all persons arrested for immigration infractions at the port of Lansdowne and, if so, what would be the purpose of placing the port of Lansdowne, located in that constituency, under the authority of the Department of Employment and Immigration at Kingston, which would be outside the area and 50 miles from the jail?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): No. The provincial jail in Brockville is used for some persons arrested for immigration infractions at Lansdowne. Some are transported to Ottawa immediately, the remainder are transferred to Ottawa within 24 hours. Brockville jail is usually crowded and does not have proper facilities to hold adjudication hearings. There are no full-time matrons for female prisoners; therefore, females are transferred to Ottawa as soon as possible.

Question No. 3,963—**Mr. Cossitt:**

Has political pressure been or is it being exerted from any person in government, directly or indirectly, on behalf of the government to place the Department of Employment and Immigration at the port of Lansdowne in the constituency of Leeds-Grenville under the authority of the port of Kingston which is outside the present area and, if so, what are all the details in this regard and what are the names of all those exerting such pressure?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): No.

[*English*]

Mr. Smith: I ask, Madam Speaker, that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

WAYS AND MEANS

PETROLEUM ADMINISTRATION ACT

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved:

That a Ways and Means Motion about a bill to amend the Petroleum Administration Act, laid upon the table of the House on Monday, April 5, 1982, be concurred in.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1550)

[*English*]

Mr. Nielsen: No.

Madam Speaker: All those in favour will please say yea.

Some hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five members having risen:

Madam Speaker: Call in the members.

The House divided on the motion (Mr. Lalonde) which was agreed to on the following division:

● (1600)

(Division No. 163)

YEAS

Messrs.

Allmand
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Bujold
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cullen
Cyr
Dawson
de Corneille
Demers
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Irwin
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lalonde
Lamontagne
Landers
Lang
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
Mackasey
MacLaren
MacLellan
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tousignant
Turner
Watson
Weatherhead
Whelan—115.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blenkarn
Bosley
Bradley
Broadbent
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Corbett
Crombie
Crosby (Halifax West)
Darling
Deans
Domm
Elzinga
Epp
Fennell
Forrestall
Fretz
Fulton
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Keeper
Kempling
King
Kristiansen
Kushner
Lambert
La Salle
Lewis
Lewycky
MacKay
Manly
Mayer
Mazankowski
McCain
McCuish
McKinnon
McMillan
Miller
Mitges
Munro (Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Oberle
Orlikow
Paproski
Parker
Reid (St. Catharines)
Robinson (Burnaby)
Rose
Sargeant
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Stevens
Taylor
Thacker
Thomson
Towers
Waddell
Wilson
Wise
Wright
Young—86.

● (1620)

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to.

* * *

[*English*]

PETRO-CANADA ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved that Bill C-101, to amend the Petro-Canada Act, be read the second time and referred to the Standing Committee on Energy Legislation.

He said: Mr. Speaker, I am pleased to have this opportunity to introduce for second reading Bill C-101, to amend the Petro-Canada Act, which is an important legislative element of the Government of Canada's National Energy Program. As hon. members may know, these amendments were originally included in Bill C-94, the energy security bill. The Tories' strike-with-pay against Parliament was an avoidable and most regrettable incident. Time which could have been spent debating in Parliament our proposals for energy security was lost, for nothing as it turns out, since the government had said all along that it was ready to split Bill C-94 if there was an agreement to treat all its elements with some dispatch.

Again today, Mr. Speaker, we saw more abuse of Parliament as the Tories were trying to turn the House into a circus. All those members who presented a petition today were the same members who, in 1977, passed unanimously the statute law amendment to the Metric Conversion Act.

Mr. Kempling: Wrong!

● (1630)

Mr. Lalonde: This is the type of hyprocrisy—

Mr. Kempling: You are the biggest hypocrite of all.

Mr. Lalonde: —that we are facing from the Conservative party, which had been hijacking Parliament a few weeks ago

and is now trying to turn this House into a circus by acting on the basis of false and misleading information.

However, we now have an agreement by this House that all the legislative proposals contained in Bill C-94 will see approval by the end of June. I truly welcome this opportunity to put the past behind us and to put the first of our legislative proposals, these amendments to the Petro-Canada Act, before Your Honour.

During the 1980 election campaign, the Liberal Party promised to strengthen and expand Petro-Canada as an instrument of energy policy. This government is committed to deliver on this promise. Let me cite from our 1980 energy election platform. The Liberal Party program of the 1980 election campaign stated:

> The Liberal plan seeks to achieve energy security at a fair price for all Canadians. We would start at once to:
>
> —strengthen and expand Petro-Canada as an instrument of national policy;
>
> —ensure that Canada's energy sector becomes more Canadian-owned and controlled.

Some hon. Members: Hear, hear!

Mr. Lalonde: That promise was formally repeated in the Speech from the Throne in which we said we will strengthen and expand Petro-Canada. I believe those are the precise words we used in the Speech from the Throne. Of course, the importance of Petro-Canada was ultimately written into the National Energy Program itself.

These commitments were obviously completely at variance with the position of the Conservative Party. Ever since, the Conservative Party has tried to dismantle, to dislocate, to destabilize Petro-Canada by hook or by crook. It has tried to damage Petro-Canada and to hurt this institution.

However, what we have is a number of amendments to the act. Many are merely for the purposes of consolidation and clarification. However, there are three amendments which I do consider express significant initiatives. These include an amendment to expand the authorized common share capital of the corporation, an amendment to permit the allocation of start-up funds for Petro-Canada International Assistance Corporation, and an amendment to provide for the payment of moneys to fund a new subsidiary called Canertech.

Petro-Canada is an important element of the NEP because it allows all Canadians, through their national oil company, an opportunity to participate directly in, and benefit from, the development of our vast energy resources. Through its activities, Petro-Canada continues to play an important role in contributing to the process of Canadianization.

The total additional capital provided by this bill will be $4.9 billion. The new authorized capital ceiling it authorizes is $5.5 billion, but because $500 million has been subscribed under the present act, and since a further $100 million has been provided with respect to the interest in Panarctic Oils, the total of new capital funds available is $4.9 billion. This is a large sum, but in this context it should be pointed out that $4.9 billion is a small share of the roughly $300 billion which will be spent on Canadian energy projects in this decade.

What are the objectives of Petro-Canada, and how efficiently has this Crown corporation fulfilled that role? I think it is important that I spend a few minutes discussing these objectives, especially to inform our Conservative friends on the other side of the House about this very important national institution.

First, Petro-Canada is seen as playing a major role in securing Canada's energy future by finding and developing major new sources of oil and gas. To indicate the degree to which the corporation has been successful, I simply have to point out the Sable Islands and Hibernia discoveries where the role of Petro-Canada has been very significant and, as a matter of fact, Petro-Canada has been an active participant in both.

Second, it has the goal of encouraging industry to explore and develop in the risky and expensive, but exciting, frontier lands. Exploration and development activity in the Arctic Islands is testimony to Petro-Canada's achievement in this regard. Petro-Canada has been heavily involved in exploration in the Arctic Islands through Panarctic Oils, in which it has a 52 per cent interest. Panarctic, more than 80 per cent Canadian-owned, is the operator for a consortium of companies which has spent $600 million over the past ten years, resulting in very significant discoveries of natural gas and promising indications of oil in the Arctic Islands.

One field, Whitefish, which is located west of Lougheed Island, has been estimated to contain 64.5 billion cubic metres of natural gas. Panarctic officials estimate they have located possibly as much as 425 billion cubic metres of natural gas in the Arctic.

The third goal of Petro-Canada is to encourage Canadian oil and gas companies to become more deeply involved in oil and gas development by showing that a Canadian company can work with, and be as successful as, the major multinationals. Petro-Canada's success here is best illustrated by the fact that the company has been particularly active in encouraging other Canadian companies to become involved in eastern offshore drilling. For example, it heads up the Labrador project, a long-term effort involving many companies to thoroughly explore the coast of Labrador for oil and gas.

In 1980, Petro-Canada assigned a share of its participation in Davis Strait exploration to two Canadian companies, Home Oil Company Limited and PanCanadian Petroleum Limited, as part of a broad program to help Canadian companies become involved in frontier exploration.

The fourth objective is to provide Canadians with a significant and direct stake in the development of their oil and gas resources. Petro-Canada has made good progress toward achieving this goal, using the assets publicly acquired in effective and exciting ways. It has been particularly aggressive in exploring in the frontier regions and in encouraging other Canadian companies to do likewise. Approximately 35 per cent of its corporate spending and 60 per cent of its exploration budget goes into frontiers. Since 1976, Petro-Canada has been a prime mover behind 76 of the 128 wells drilled in the frontier. It is currently the only large Canadian landowner in the

eastern offshore, the only Canadian operator there, and a participant in every major offshore well.

In 1981, Petro-Canada participated in more than 5 per cent of all exploratory and development wells in Canada. This included the drilling of over 230 oil and gas wells in western Canada, as well as participation in 15 out of the 22 wells drilled in the frontier Canada lands. I understand that the company's success rate on exploratory wells is 70 per cent, which is even higher than the average for the industry.

Although its spending in the frontier region is not expected to yield significant amounts of revenue until the latter part of this decade, Petro-Canada is facing the high risks of these frontier investments, knowing that when the time comes it will have the experience and talent, to the benefit of all Canadians, to develop the huge oil and gas reserves. The achievements of Petro-Canada have certainly not gone unnoticed, Mr. Speaker. Petro-Canada has in fact been recognized as a vital component of our plans to achieve energy security and self-sufficiency.

• (1640)

I would say that the only ones in this country and around the world who have not recognized this major role and major investment of Petro-Canada are the members of the Conservative party in this House.

Some hon. Members: Shame.

Mr. Lalonde: The 1980 study of Petro-Canada by the United States general accounting office identifies several areas where the Crown corporation has played, or is playing, a critical role in Canada's energy strategy. For example, the report has this to say about Petro-Canada generally:

> Petro-Canada has made an important contribution to improving Canada's energy situation, and is likely to play an increasing role in this regard under the Canadian Government's new energy policy.

Or this about Petro-Canada as a catalyst of oil exploration and development:

> Petro-Canada's experience indicates that it is possible for a national oil company to fulfil a social benefit function by accelerating the pace of exploration and development activities in high-cost/high-risk areas where private company activity may be insufficient and currently uneconomic.

As the U.S. study finds:

> Likewise, it appears that Petro-Canada has been about as successful in conventional oil and gas production as private companies.

[*Translation*]

Mr. Speaker, I believe the facts I have just described speak for themselves, and more often than not, Petro-Canada has played a leading role in starting up projects, especially in the frontier areas of the Arctic offshore. However, I wish to repeat a formal commitment made by the government in the past. We want to strengthen and expand Petro-Canada and increase its activities, but the government has no intention of allowing the presence of the public sector to squeeze out the private sector in the oil and gas industry. The industry is, and will remain, largely in the hands of the private sector. In fact, a major part of the National Energy Program was developed with a view to creating policies and a climate that would be favourable to investment, thus enabling a dynamic private sector to fulfil its role in providing for Canada's future energy needs. If polls are any reflection of reality, Canadians heartily approve of the expenditures related to Petro-Canada. The Crown corporation has done excellent work, both on its own and in collaboration with others. Many of the projects it is undertaking in the national interest require enormous investments on which no return can be expected before the long term. The corporation must have the financial resources it needs to do a good job.

[*English*]

Mr. Speaker, another important initiative taken by Petro-Canada is the formation of the subsidiary, Canertech. Only a year and a half old, Canertech is already playing a substantial and important role in helping to achieve the National Energy Program's goals of conserving energy and moving off oil on to more abundant alternate energies.

Based in Winnipeg, Canertech is dedicated to helping commercialize conservation and renewable energy technologies. There are three ways that this mandate can be carried out: first, Canertech can invest in or participate in joint ventures with enterprises involved in demonstration, production, distribution and marketing. Second, it can take a leading role in producing, distributing and marketing these technologies. And third, the Crown corporation can engage in research and development projects.

Canertech can promote real progress in meeting public policy objectives in conservation and renewable energy. In this regard, it will act as a catalyst and provide management and financial assistance to an infant Canadian industry that is in many cases hampered by the lack of managerial or financial strength.

Canertech was originally capitalized with $20 million from Petro-Canada. The amendments to the Petro-Canada Act now before this House provide for the repayment of that capital as well as for up to $35 million in additional funding.

In addition to ensuring Canada's energy security we also have an obligation to less fortunate nations.

[*Translation*]

In the past, the Government of Canada has emphasized its desire to help less fortunate countries, particularly in the energy field. One form of aid would consist in helping these countries to reduce or altogether eliminate their dependence on imported oil. The objective is to give them the capability of producing certain quantities of as yet undiscovered or undeveloped energy resources, or to encourage them to focus on new forms of energy and adopt additional energy conservation policies. To meet Canada's commitment in this respect, amendments are being proposed to the Petro-Canada Act in order to establish a Petro-Canada subsidiary, to be called the Petro-Canada International Assistance Corporation. The subsidiary is to provide various forms of assistance to developing countries, including, for instance, participation in oil and gas exploration in these countries and studies and preliminary

studies on oil and gas exploration. Finally, Petro-Canada will be able to provide technical assistance and training in the exploration, development and production of oil and gas.

The government is placing considerable emphasis on this new initiative, which, I must say, has been extremely well received by the developing countries and in fact, by all countries, especially at the international conference held in Nairobi last summer under the auspices of the United Nations. The plan to create Petro-Canada International was very well received, and the corporation has already received requests for aid from some forty countries.

Mr. Speaker, this bill, which provides for a number of amendments to the Petro-Canada Act, is therefore extremely important. It specifically provides for a substantial increase in the corporation's capital, to enable Petro-Canada to take on its responsibilities with respect to the oil industry in general, so that the corporation will be able to continue to play the major role it has already been playing in Canada lands exploration and development. It is clear that as a Crown corporation, Petro-Canada does not have the same access to the capital market as a private enterprize, and that the corporation's financing is provided by the Government of Canada, its sole shareholder. The amendments to the Petro-Canada Act, whether they concern an increase in capital shares or the creation of Canertech Inc. which has a mandate to develop new forms of energy and energy conservation in Canada or the Petro-Canada International Assistance Corporation, all of the amendments I have just mentioned are extremely important as far as the implementation of our National Energy Program is concerned.

Indeed I hope that these amendments will win the support of all the parties in this House and that for once, the Progressive Conservative Party will relinquish its instinctive antagonism against Petro-Canada and that all Tories in this House and elsewhere in this country will realize that the vast majority of Canadians are favouring the development of Petro-Canada, supporting the existence of this corporation and condemning the position of systematic criticism which the Progressive Conservatives have taken as concerns this institution. Indeed, the amendments which we are introducing today will give Petro-Canada, and through Petro-Canada, all Canadians, an opportunity to participate even more in the development of oil and hydrocarbon resources in Canada. Once again, I invite all the members of this House to consider these amendments and to support them unanimously.

• (1650)

[*English*]

Mr. Jim Hawkes (Calgary West): Mr. Speaker, I rise in the House today to talk on one of the eight bills which have come out of the bell-ringing which took place for 16 days in the Parliament of Canada. The bell-ringing has already achieved several objectives which I think are in accord with the protection of democracy and, therefore, important. Part of what we achieved through the bell-ringing is a saving of 46 cents a gallon in the taxing power of the minister. That is not necessarily a democratic principle, but it is a bread-and-butter issue for most Canadians.

As I stand here today, I wonder how many members of this chamber, in particular how many cabinet ministers and backbenchers on the government side, knew that one hour ago in this chamber they were voting on a Ways and Means motion which would impose a tax on gasoline of 52 cents a gallon; 52 cents a gallon from a government that won an election by saying that 18 cents was too much. That is not all the taxes. That is just one tax in that Ways and Means motion.

How many members opposite read the complex 140-page bill and the ways and means that lay behind it? How many understood that the tax was to be 98 cents a gallon? The bells rang for 16 days. Whenever we could we pointed out to Canadians that hidden in that massive, mixed up bill was 98 cents a gallon. All of a sudden the minister backed down from 98 cents and all he wants is 52 cents.

I wonder if the minister in charge of housing understood that. Did he know what he was voting on in this House one hour ago? I suspect he did not. He believed the Minister of Energy, Mines and Resources (Mr. Lalonde). One of the difficulties in Canadian public policy today is the mythology that the Minister of Energy, Mines and Resources knows what he is talking about. That is a myth. This Minister of Energy Mines and Resources consistently, time after time, day after day in this House of Commons, demonstrates with clarity that he does not understand the industry and does not understand the impact of his national energy policy on Canadian consumers, workers and the fabric of our society.

As I stand in this House today, I have a sense of certain knowledge that we have heard time and again that this government will protect Canadians from the high costs of gasoline and home heating oil, that it has reached a marvellous agreement that will not allow Canadian oil and gasoline prices to rise above 75 per cent of world prices. They say it day after day after day.

To the south of us is a nation that in public policy said something different. They said their prices would be at world levels. Canada said ours would not go beyond 75 per cent. However, if we get in our cars and drive south across that border, in most parts of the country when we pull up to the gasoline pump or buy home heating oil, the price we pay as consumers is less than the price in Canada today. To prove that to yourself, Mr. Speaker, you need only get in your car and drive south of the border. That is a special kind of magic. We will only pay 75 per cent of world prices, Americans will pay 100 per cent; yet when a consumer buys gas or home heating fuel, he pays less south of the border today than he would pay north of the border.

Then we get to Petro-Canada. The minister says he will strengthen and expand it. He says the Conservative party would have dismantled it. I have never heard the leader of my party or any spokesperson on behalf of my party use the word

"dismantle" in relation to Petro-Canada. We used the word "privatize", and we used it for good reason.

Let us examine the minister's assertion that Petro-Canada, on behalf of the Canadian people, has proved to to be a marvellous vehicle. We on this side of the House are anxiously awaiting the annual report of Petro-Canada; it is due fairly soon. It will deal with the activities of that Crown corporation in the year 1981, the year just passed.

It is an oil company existing in Canada, owned by the government. The shares are not held by all Canadians but by one person, the Minister of Energy, Mines and Resources. That one person appoints the chief operating officers, has influence on the board of directors and has put together a company. Over the years that company bought three successful companies differing in size but with one common characteristic. Every one of those companies made a profit, sometimes substantial. They paid taxes on that profit. They paid those taxes to the Government of Canada. Taxes were paid by their employees and taxes were paid on what they bought. All of that came into the government till.

Several years ago this chamber was asked to approve a bill. I was not a member of this chamber at the time. It was to take some taxpayers' money and put it in the hands of a president, chairman and board of directors in order that they could buy some successful company, which they did. I will make a prediction. It is too bad the minister of energy has left the chamber. When we get to see the 1981 annual report of the Crown corporation called Petro-Canada, I predict that the bottom line will be a red one. In spite of taxpayers putting over $1,000 million into that company in one form or another, its management, board of directors and the Minister of Energy, Mines and Resources will have managed that company so successfully that it will be the only multinational, the only large company in the oil industry in Canada, which will have to report that it lost money.

• (1700)

The minister indicated that there were only three important amendments in this bill which is before us today. I believe there are more than three, but he identified three amendments which will cost taxpayers more money, and identified them as the most important amendments. The first amendment will cost $5 billion dollars. This is a curious day to consider the question of Canadian taxpayers forking over another $5,000 million, because in this chamber last evening at about ten o'clock the Liberal members made a choice on public policy. They are being asked to make another choice today. They indicated last evening that they were going to cut $5 billion dollars from the provinces who could use that money for health care and post-secondary education. They said they were going to squeeze health care and post-secondary education, take that $5 billion dollars which could have gone back to the people of this country and put it into the hands of a small board of directors who are appointed by Parliament so that they can spend that money—if they perform as they did last year—and go into the red again.

I remind members of the House that the government recently borrowed billions and billions of dollars at rates of interest very close to 20 per cent, 19½ per cent. If that $5 billion—$5,000 million—is simply loaned out, you could earn interest with it. You could just keep it but if it is loaned at close to 20 per cent it means $1 billion a year in interest. That is $1,000 million a year. This money could be kept in the hands of the government, who are the trustees of the taxpayers' money, and spent for other purposes.

The Minister of Energy, Mines and Resources began his remarks by indicating that our party rang the bells as a strike against Parliament.

Mr. Lalonde: "Strike with pay".

Mr. Hawkes: Although that is a perception that I hope the minister really does not believe, I suspect that he does. Our concern on this side of the House is becoming deeper and more acute every day about the rights of Canadians to be able to express themselves in a democratic process, in Parliament and other forums.

Mr. Lalonde: You muzzled Parliament.

Mr. Hawkes: When I look at the amendments regarding Petro-Canada proposed by the minister, one of the amendments proposes to give three members of cabinet—the Minister of Finance, the President of the Treasury Board and the Minister of Energy Mines and Resources—the power to risk another billion dollars of Canadian taxpayers' money. If the government was concerned about democracy, Parliament and the electoral process, would that amendment be there? If it was concerned about democracy, would we have instead an amendment which would provide that if taxpayers of Canada are to risk their money through the borrowing authority of a Crown corporation, the opinion of Parliament on that borrowing should be sought? That is what democracy and representative government is about.

We live in a democracy—or we used to—with democratic processes. Voters elect people to come here and they give Parliament certain authority which does not exist in other parts of our society. They give us the right to take away our freedom through legislation in the Criminal Code. They give us the authority to take money out of their pockets and determine how it will be spent. During my two and a half years in this chamber, almost every piece of legislation I have seen has contained clauses which transfer that authority to take money out of people's pockets and put it into the hands of the government. There are always clauses which take that authority away from Parliament.

This subverts the fundamental principle of democracy that voters should control their Parliament. That is the reason why this place exists. The subversion which happens in piece after piece of legislation takes that authority away from elected Members of Parliament and gives it in perpetuity to appointed cabinet members, boards of directors and appointed civil servants. The authority to tax the people is taken away from their elected representatives and given to people appointed by

the government. This is a subversion which is very real and damaging to our whole democratic system.

I would like to deal with some aspects of the National Energy Program and the role that Petro-Canada plays in it. I have already discussed the fact that by splitting this bill we were able to have a vote today on whether or not members of this chamber want to authorize the minister of energy to tax Canadians to the tune of 52 cents a gallon. The members in our opposition party stood up in the House and said no, that 52 cents a gallon was too much. If we had not allowed the bells to ring we would not have been able to vote separately, as was done today and as will happen two or three more times.

I wonder how members opposite will feel about getting up in the House two or three more times to say that the minister of energy should be allowed to tax Canadians 52 cents a gallon when those members know that they said during the last election that 18 cents was too much. That is the first point.

I am somewhat disturbed today. I was in public accounts this morning when the steering committee proposed a motion that the Auditor General of Canada—the watchdog of taxpayers' money—should conduct an audit into the operation of the petroleum compensation charge. It was a motion for an audit of that revenue of $5 billion to $6 billion which is collected in taxes, some of which they pay out.

Mr. Dingwall: On a point of order, Mr. Speaker, perhaps it is time for you to consider the point of relevancy. I do not see what this has to do with the bill which we are discussing this afternoon.

Mr. Hawkes: Thank you, Mr. Speaker. The nine members of the Liberal Party who were entitled to sit on that committee stood up today and said no, they do not want the public accounts committee—elected Members of Parliament—and they do not want the Auditor General, who is the watchdog on behalf of Canadians, even to consider whether or not there are hundreds of millions of dollars worth of taxpayers' money being wasted by that program. Testimony was put on the record showing clearly and absolutely that it is, but the Liberal members voted not to allow that inquiry to proceed. The Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. Dingwall) was at that meeting, and that is the way he voted. He knows very well this is relevant to the bill before us today because this morning he heard that the advice to the Minister of Energy, Mines and Resources respecting that charge and how it should be spent may indeed have been influenced by Petro-Canada, that wonderful window, the large oil company which is losing money when all others are making money.

• (1710)

Mr. Thacker: Even dummies make money.

Mr. Hawkes: He knows such an investigation by the Auditor General might have been important to the taxpayers of this country. It might have been their only protection against a cabinet which controls information and appointments to board of directors. it controls and controls and controls. All we were trying to do in the Public Accounts Committee this morning was save Canadian taxpayers some money. I refer particularly to people on fixed incomes and with health problems. But no, something is going on on the other side. Something is going on which indicates that public inquiry is to be avoided. Getting information so that we understand is to be avoided.

When we rang the bells we set a couple of conditions, but one was of particular importance to hon. members on this side of the House. That condition was that the bill be split so that parts of it could be sent to committee. I do not intend, nor do other members of my party, to use a lot of the time of the House debating this bill on Petro-Canada at second reading because we believe it is important to get it to committee. The committee has the capacity to call witnesses who have the technical competence necessary to advise us on the repercussions of this particular piece of legislation and the seven others the committee will have to examine. That was the very important principle which lay behind the ringing of the bells. Pieces of legislation which deal with complex subjects and require witnesses with technical expertise should go to committee where witnesses can be called and hon. members can have the opportunity to be informed and, hopefully, to discover whether the minister has been well advised.

When we look at the National Energy Program, we discover very quickly that the consequences of that program to this date are as follows: the extent of our use of imported oil has increased. The extent of our use of domestic oil has decreased. Oil prices have gone up as an inevitable consequence of that mix. Our balance of payments has been affected negatively. The value of our dollar is less, and all kinds of goods are more expensive as a consequence.

It takes a particular kind of genius to put in place a chunk of public policy which is so clearly antithetical, negative and against the public interest, and yet that is what the Minister of Energy, Mines and Resources has succeeded in doing in two years. If the president of Petro-Canada, our marvellous window on the Canadian petroleum industry, appeared before the committee and we asked him what has happened to the Canadian petroleum industry, being honest, he would have to say he has never in all his professional career seen the industry so devastated, that he has never seen so many people out of work and so many dollars being sent out of this country and off to other nations. This is not just for the purchase of petroleum, which is bad enough; experts will tell us of the flight of some $10 billion—$10,000 million—of investment capital, money which could have been used in this country to create jobs and to buy cars, trucks, drilling platforms, pipe, snowmobiles and all those products produced by our manufacturing industry. The Minister of Energy, Mines and Resources has sent $10,000 million out of the country with his policies. Has this saved us money at the pump? No, it has not. Most of it went to the United States, and when we drive up to the gas pump there today, we pay less than we do in Canada. Has this caused many to be unemployed? You bet your life it has, Mr. Speaker. In my city the bankruptcies are like dominoes. My

city was a vibrant part of the country. It was an engine of economic growth. Jobs were being created all over this country because the industry was buying products.

Mr. Irwin: Why don't you use the Heritage Fund to bail them out?

Mr. Wright: Don't be so naive.

Mr. Hawkes: The Minister of Energy, Mines and Resources singlehandedly has done more than anyone to drive this country into depression and recession.

Mr. Waddell: He made an agreement with Lougheed.

Mr. Hawkes: I have heard hon. members opposite express concern on behalf of unemployed people in their ridings. I think their concern is genuine. Every member of this House is bothered by an increasing unemployment rate, but do we in this chamber accept responsibility for having caused it?

Mr. Gimaïel: Speak for yourself.

Mr. Hawkes: It is not an accident. It has been caused by a mix of misguided and ill-founded policies. The consequences of those policies were not thought through.

In the committee this morning the New Democratic Party joined with us in our concern about the impact of the petroleum compensation charge on jobs, on consumers and on people on fixed incomes. Members of the New Democratic Party should share some of the responsibility for the decision made in December 1979. That decision was to put the present Minister of Energy, Mines and Resources in charge of energy. That decision was to put the present Minister of Finance (Mr. MacEachen) in charge of finance. That decision taken by the NDP in December 1979 was to put in place the policies which are driving Canadians out of their homes, driving Canadians off their farms, driving Canadians out of their small businesses and driving Canadians out of their jobs. That was a decision the New Democratic Party and the Liberal Party together took in December 1979.

It is prophetic to be standing here examining Petro-Canada today, a day on which members of the Liberal Party stood in this chamber and voted to give the Minister of Energy, Mines and Resources the authority to raise the price of a gallon of gasoline 52 cents after he and members of his party fought an election saying 18 cents was too much. Surely there must be a point where politics stop, common sense begins and the welfare of the Canadian people becomes our primary concern. In the midst of a recession I hope that we have come to that point.

• (1720)

In that context, Mr. Speaker, we must consider whether we want to give $5 billion more to Petro-Canada. We must also examine whether we want to take it away from other potential uses, such as health care, job creation and education, and turn it over to a board of directors that apparently is not known to anyone. Who is on this board of directors? Do hon. members opposite know? What do these people know about running an oil company? Are they campaign managers, appointed civil servants with other responsibilities or are they people knowledgeable about what is a very difficult and technical business?

In the public accounts committee I asked whether there was anybody on the Petroleum Compensation Board who had the background, training and experience necessary to compete successfully for a position as a crude oil buyer. The answer was that there was not. At that moment I felt a small twinge of sympathy for the Minister of Energy, Mines and Resources and for the cabinet. They have received advice on that program from people who do not have the background or experience that would make them reliable sources for the kind of information that is needed by a minister who is willing to listen and to act. When any of us receive flawed information, then the possibility of making a bad decision is increased immeasurably.

May I suggest that that is the difficulty that the Liberal party has always had in regard to energy policy, Mr. Speaker. Members of that party do not come from regions where large numbers of people are employed in the industry, and their friends, their neighbours and the people on the street in their constituencies do not work in the industry.

If I could draw an analogy, let us suppose we had an automobile compensation charge which worked the way the petroleum compensation charge does. In that case the federal government would decree that every car and truck sold in Canada would carry an extra tax of $2,000. It would then say that all importers of cars and trucks should be given $2,000 per vehicle. In other words, put it on all vehicles then give it back, and more, on the imported vehicles. Imagine what it would do to the Canadian automotive industry if all of a sudden a tax was charged on every automobile purchased and then that money was then given back to the foreign car companies.

The analogy to oil is not complete until we get to the numbers involved and find that some kinds of Mexican crude is 40 per cent cheaper than Canadian. In reality, the Canadian is the cheapest one but we are buying the Mexican crude and using our taxes to subsidize it and make it cheaper. How would hon. members opposite feel if that practice were applied to automobiles or shoes or snowmobiles? The money is being taken out of taxpayers' pockets in order that the government can give it to foreign competitors. This makes their product cheaper than the Canadian one. That is the logic of the petroleum compensation charge, Mr. Speaker.

I notice the Minister of National Health and Welfare (Miss Bégin) has come into the House—

Miss Bégin: Mr. Speaker, I rise on a point of order. The hon. member has suggested that I was just coming into the House. It is now 5:25 p.m. and I have been here all afternoon. I do not see why by innuendo he links my name with his criticism of the government.

Mr. Hawkes: By definition, I thought any cabinet minister was someone who belonged to the government.

Mr. Epp: No; they write letters!

Mr. Hawkes: The Minister of National Health and Welfare will probably not remember the first question that I ever asked her in June of 1980. In a series of question during Committee of the Whole I asked the minister if she believed more in the needs of senior citizens of this country than in the needs of the oil companies. As a member of cabinet and a member of the Liberal caucus she consistently stands in this House and says that she cares about health and about senior citizens. Last night, however, she voted to cut funding for those purposes by $5 billion. As soon as the Petro-Canada bill comes to a vote, I suppose she is going to vote to give Petro-Canada $5 billion. She is going to vote to take money away from health care and education and she is going to vote—

Mr. Waddell: Are you going to vote for it or against it? You have been speaking for 40 minutes and you have not said yet.

Mr. Hawkes: What is at issue here, Mr. Speaker, is an industry in which there are three important commodities: people, money and equipment. From day one Petro-Canada, as a state-owned oil company, has been and will always be in difficulty. In a competitive world labour market it has not been able to attract competent experienced people who will stay with it. The record shows that in its early days Petro-Canada had to pay 30 per cent over the industrial average in order to get staff; the record shows the remarkably high turnover rate of employees compared to the industrial average, and the record shows that people in senior positions on average have less experience and less skill. That is not a unique Canadian phenomenon; it is a characteristic of state-owned oil companies around the world. I think Canadians understand that.

If I owned a family farm that I had grown up on and gradually acquired, I would have learned a lot about farming. I would care about it because it was my land. But if the state came in all of a sudden and said, "We own your farm and somebody's campaign manager is going to be on the board of directors to tell you how to run the farm and he has no knowledge of farming", would it be expected that the farm would do as well as it had before? I suggest the answer is that it would not.

I hope that as hon. members opposite approach their task on this special committee and as they approach this bill, they will assist in bringing forward witnesses who will testify about the ease or difficulty experienced by Petro-Canada in acquiring staff. I hope we will hear some testimony about what they expect in the future.

Surely if hon. members opposite want to vote to turn $5,000 million more over to a board of directors and staff, they have an obligation to examine whether an organization of that size will be able to attract and hold the kind of competent people who will spend our taxpayers' money wisely. This is the basic issue. We might wish it were not, or all kinds of things, but in reality nothing works very well—the Parliament of Canada, the family firm or Petro-Canada—unless the people within it have the motivation, the skill and the desire to make it work. Before voting this $5 billion for that purpose, surely we should ask ourselves that question.

• (1730)

The second question we should ask ourselves is the money question. I am not prepared to accept the fact that Petro-Canada needs another $5 billion. But even if I were, surely hon. members opposite should join with us in obtaining an answer to the second question. If that money is needed, from where should it come? Should it come from general revenue? Should it come from the pockets of taxpayers at a time when 23 cents of every dollar is already going to pay the interest on the pubic debt? Should we increase the public debt and give it to the board of directors of Petro-Canada? Are there other ways of raising money which do not put such a heavy burden on Canadian taxpayers?

We used to have a system where people willingly put their own money into the development of resources. More than we think, we are replacing it with a system where money is forced out of people's pockets and put into the pockets of others—employees, boards of directors and landholders. We are taking it away through the tax system and giving it to a group of people who are not really accountable to Parliament but simply accountable to one man, the Minister of Energy, Mines and Resources. Surely the committee should explore whether there are alternative ways to raise the necessary money.

Another question is a bothersome one to anyone who believes in Canada, in Canadian ownership and in Canadian development. Some years ago the present chairman of the board was chosen. Much of his background was in New York. As Petro-Canada spends dollars on ships, rigs, carpets, logos and signs, perhaps the committee should explore the degree to which it spends dollars in Canada on Canadian products and the degree to which Canadian taxpayers' dollars are being used to fund a corporation which, far too often for my taste, chooses to spend money outside of Canada, creating work in other countries. In that connection I wonder whether or not, on the exploration side, Petro-Canada has spent more dollars in other nations this year than it has in western Canada on oil and gas exploration. If so, would that be the definition of a national Crown corporation? Should it spend more money on exploration in other nations than it spends in our nation?

Mr. Lalonde: From where did you get that?

Mr. Hawkes: I throw it out; it is something for the committee to examine.

Mr. Lalonde: Yes, throw it out.

Mr. Hawkes: What is its record lately? Where is it drilling? Perhaps the committee should examine whether or not the oil reserves of Petro-Canada are going up or down. We know that through acquisition it acquires new reserves. If, for example, one owns a grocery store, starts to sell groceries off the shelves and simply spends the money, rather than purchasing new groceries from wholesalers to restock the shelves, one would

look pretty good for a while, but sooner or later one would have no groceries to sell and would not be in business any longer. The minister can say what he wants, but the basic record of Petro-Canada over its years of existence is that it sells barrels of oil in the ground which it bought from other companies and does not replace them. It is a one-way sleigh ride to a very bad end, if it sells the oil in the ground and does not use the proceeds to find more. I suspect that is what the evidence would show fairly clearly before the committee.

I should like to bring one other matter to the attention of the House before this bill goes to committee. A number of people in Quebec, Ontario and western Canada are increasingly disturbed about two specific incidents on which I hope the committee might hear some testimony. The first is that Petro-Canada is using taxpayers' dollars on something called the liquefied natural gas project and that it is commissioning engineering design studies to build the system. The word I get is that the technology which Petro-Canada is asking private sector companies to design on its behalf is 20 years out of date. I hope the special committee will call technically competent witnesses to examine as one illustration the management of the corporation and its ability to spend taxpayers' dollars.

The second concerns the increasing sense of unease in many parts of Canada that the giant they have created, Petro-Canada, is becoming a predator in the marketplace and that in fact that big company is driving out of business family owned and operated firms, not Imperial Oil, Esso or Shell. Some firms have existed over 20, 30, 50 or 100 years in the province of Quebec, for example. They are family-owned firms which supply heating oil or operate small service stations in small and medium-sized communities.

We must ask ourselves as members of the House whether or not we want to create with taxpayers' dollars a corporation which drives small family-owned businesses out of work. If we cannot answer the question in a manner which indicates that we should restrict Petro-Canada and not allow it to be the predator in the marketplace competing with small family-owned businesses, if in our wisdom we cannot design clauses to stop that, do we really want to move forward with making it ten times as big, making it ten times as hungry, or making it ten times as predatory? Do we really want to use taxpayers' dollars to drive family firms out of business?

I look forward to the bill moving to committee and to the examination we can give it there, if we have the will and the background knowledge to choose the witnesses and to ask the questions.

Some hon. Members: Hear, hear!

• (1740)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

The Acting Speaker (Mr. Blaker): Order, please. Before I recognize the hon. member for Vancouver-Kingsway (Mr. Waddell), may I deal with the proceedings of the adjournment motion this evening.

It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Halton (Mr. Jelinek)—Automotive Industry—(a) Negotiations over importation of Japanese manufactured vehicles. (b) Request that Canadian content regulations be imposed. (c) Length of negotiations; the hon. member for Saskatoon West (Mr. Hnatyshyn)—(a) Corporate Affairs—Uranium price fixing trial—Query respecting Crown immunity (b) Instructions to counsel; the hon. member for Provencher (Mr. Epp)—Political Parties—Former affiliation of Manitoba Attorney General.

GOVERNMENT ORDERS

[*English*]

PETRO-CANADA ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Lalonde that Bill C-101, to amend the Petro-Canada Act, be read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I just want to confirm that we are sitting through the dinner hour. I gather our House leaders negotiated that on our behalf, for which we can thank them.

I am pleased to open debate for the New Democratic Party on this first of eight bills dealing with energy security. We have a question which will be asked throughout the debate on the eight bills. It is this: Energy security for whom? In the context of setting out what we think are the fundamental flaws in the Liberal government's Canadianization program, we in the NDP would not merely increase the capitalization of Petro-Canada, as this first bill does; we would make Petro-Canada the number one oil company in Canada. It is not now. Dome Petroleum and other companies are ahead of Petro-Canada. We believe that predominant public ownership of the oil industry is long overdue. It is popular. It is what the people want and it is what they should get. Only then could Petro-Canada be the pace-setter for a fair retail pricing policy for Canadian consumers. Instead of taking this opportunity to advance the goals of Canadianization substantially, which I believe Canadians do support, and I tell the minister that, the

Liberal government, however, has in the most complicated and convoluted way possible chosen the worst of all possible worlds. Instead of using Petro-Canada, the Liberals have opted for an expensive and unworkable program of grant giveaways to their chosen friends in the private sector. This is Liberal Canadianization. It is phony and it is a sham. Consumers pay at the pump. The money comes out of the pockets of consumers. The government takes $6.5 billion of it and gives it away over five years in the form of grants to private Canadian oil companies whose express interest is to export the oil and gas once found. I will illustrate this point a little later in my speech.

Therefore, the question is: Energy security for whom, Mr. Speaker? It is not for the consumer or the taxpayer. They are getting hosed. We will propose during the course of this debate a simpler and more effective way based on predominant public ownership. We would use the $6.5 billion grant money to take over one of the large multinationals through Petro-Canada. We would take the remainder of the money, because there would be some left, and we would put it where it should go, that is, into real energy security. In other words, into energy conservation and alternates. I will come back to that in a moment. Also I want to make reference to the minister's speech.

The energy pattern in this country is to give grants and tax concessions to private companies. There is an energy crisis and they need these things. Private companies have to find oil and gas. They find oil and gas and they want to export it. They export the resources and then they need more grants and tax concessions in order to continue. When are we going to break this pattern? We will not break it unless we make Petro-Canada the predominant company.

Before I go into some details of how Liberal Canadianization works vis-à-vis Petro-Canada, I have some remarks with respect to the speech made by the hon. member for Calgary West (Mr. Hawkes). I see him here in the House. I am amazed when I hear Tory policy on Petro-Canada. I remember back to the much lamented Joe Clark government, lamented by them but by no one else, in which the Conservative Party had not one, not two, but three policies on Petro-Canada. The first policy was to privatize the whole thing, that Petro-Canada was bad. I was going to say it was a political position, but it was almost a theological position that Petro-Canada was bad, even though other countries in the world, such as Mexico, Norway and Britain, had set up government-owned oil companies.

Mr. Thacker: Would you like to move to any of them?

Mr. Waddell: If the hon. member would listen to his policies on Petro-Canada, not many people would move to a country that has these kinds of policies. The first policy was to privatize Petro-Canada.

Mr. Thacker: Answer the question.

Mr. Waddell: Then the second policy was to privatize part of PetroCan. The third policy, which came into view during the course of the 1980 election campaign, was that they did not know what they were going to do with it. The present Tory policy is that they still do not know what they are going to do with Petro-Canada. The Tories nit-pick at the kinds of people who are running the company and so on. What are the Tories going to do? Are they for it or against it? Are they going to vote for or against this bill? It is not good enough to take 40 minutes to throw out suggestions, as the hon. member for Calgary West did. Did we ring the bells for that? Is that what the big fight was about? We expected to hear some real policy from the Conservatives. I can imagine how difficult it must be for the hon. member for Calgary West and the hon. member for Calgary Centre (Mr. Andre) to drive up to a Petro-Canada gas station in Calgary in their Lada automobiles and get served by a bilingual attendant and their gas measured in metric.

Mr. Thacker: Would you answer the question?

Mr. Waddell: It was not little Bob Rae and the NDP who knocked out the Clark government. It was the people of Canada. They had had enough and that is why the people threw them out. It was because of their stupid policies on Petro-Canada, among other things. It is not good enough to say: "Well, they threw them out in eastern Canada". They did not. People threw them out in western Canada also. In most of my colleagues' ridings in western Canada, the Conservative vote went down and the New Democratic vote went up. The Tories were not popular, and Petro-Canada was one of the reasons for that unpopularity.

I thought the hon. member for Etobicoke Centre (Mr. Wilson), the Tory's previous energy critic, was starting to bring the Conservative party back from their allegiance to big oil. But with my friend, who is the new energy critic, the hon. member for Calgary Centre (Mr. Andre), the Conservatives are back in the same old position of wanting to get rid of Petro-Canada and complete their free enterprise theology at all costs. What is the difference between a Tory and a dinosaur, Mr. Speaker? At least they bury dinosaurs.

Some hon. Members: Oh, oh!

Mr. Waddell: I see the Minister of Energy, Mines and Resources (Mr. Lalonde) laughing. He thinks he is going to get off lightly. Let me deal a little with this Liberal Canadianization policy. I want the minister to listen and I thank him for staying in the House to listen.

Mr. T. Trevor Eyton, President of Brascan Ltd. spoke recently to the Montreal Chamber of Commerce. He gave a rare and accurate insight into modern corporate thinking about government investment in the economy. I put it to the minister that he agrees with this thinking. Mr. Eyton said that governments should invest their vast pools of capital in the private sector but leave the decision-making to businessmen. Mr. Eyton also said:

> My suggestion is that governments should invest in private enterprise as substantial minority partners with the objective being to provide the requisite financing.

In other words, taxpayers—most of us—should provide the money but a small group of private entrepreneurs should control the projects. Preferably the projects should be the megaproject type. This philosophy exactly has been adopted by the Liberal government in its plan for energy security. In some instances the government will pay 93 per cent of the exploration costs for a minority 25 per cent control in the projects. Through the new grant system, taxpayers will put over four times the amount the company does for exploration on Canada Lands but gets only one quarter of an interest in the project.

This first bill is a smokescreen likely put up by the Liberals to embarrass my friends to the right on Petro-Canada. But you have to see the whole Liberal policy. This is a little more difficult dinosaur to deal with, but a dinosaur nevertheless.

• (1750)

One has to look at this project because, quite simply, the ordinary Canadian is being doubly hosed by this scheme. Consumers in my riding are now paying 41 cents a litre, compared to 37 cents in Blaine, Washington. Under the petroleum incentives program, known as PIP, the taxpayer is going to fork out $6.5 billion to the oil companies in the next five years. With medicare in jeopardy and student fees going up, this Liberal government has decided in its wisdom to dole out literally wheelbarrows of money to those poor oil companies. If I were the Minister of National Health and Welfare, who is now in the House, I would in fact be concerned about this kind of money going out, especially when, as I pointed out the other day, all that money may not be coming in. Some of the money for the PIP grants will have to come from general revenue, which means out of the minister's budget eventually.

It seems to me, Mr. Speaker, that Dome Petroleum has indeed struck it rich, not by drilling in the Beaufort but by drilling right here in Ottawa.

An hon. Member: They were drilling in cabinet.

Mr. Waddell: Mr. Speaker, this process of tax breaks for oil companies is not new. The Liberals have used the taxpayer and consumer in the past to finance the multinationals' expansion and takeover of our energy industry. No other industrialized country has so much of its vital energy industry foreign owned and controlled. In 1980, for example, federal tax breaks to the petroleum industry were over $4.3 billion; income tax revenue is only $2.1 billion. Speaking at the University of Toronto on November 12, 1980—I have to say "Toronto" correctly, Mr. Speaker, in case I am mistaken for a Torontonian—the Minister of Energy, Mines and Resources said:

> It is true we have imposed new taxes on the oil industry. There have been complaints about this by the oil companies since the budget was brought down, but I can honestly say that their position was no worse in 1980 than it was in 1979, perhaps better.

It seems to me that 1982, in spite of all the yelling and screaming, will be a lot better. The netback for new oil under the October, 1980 National Energy Program was $7.19. After the September, 1981 agreement, it went up to $16.73. These figures come from the minister's own department. So there is a significant netback.

The nominal corporate tax rate for the petroleum industry is supposed to be 36 per cent, Mr. Speaker. However, because of tax concessions to this wealthy industry, its effective tax rate has been only 10 per cent for the period 1974-80. Compare that to an income tax rate of 18 per cent in 1980 for a married taxpayer with two children and earned income of $25,000. They would like to scream, too, but they do not have the power, wealth and advertising ability of the oil companies. For the period 1977-80, federal tax concessions to the resource sector were over $13 billion; income tax collected was $5 billion. I do not just throw out those figures; they come from the Petroleum Monitoring Agency.

The question then arises: why so many tax breaks in the past? The answer is simple, Mr. Speaker: to provide energy security, as this bill and the other seven bills are going to provide. But look at what we have. After telling us in the early 1970s that we had enough oil for 300 years, thus permitting oil exports to the United States, we now have an oil shortage and it appears we may be moving to paying more than world price for a litre of gasoline. So the question is: What are we going to get this time?

Mr. Miller: Another hosing.

Mr. Waddell: My friend says another hosing. During a wheat pool meeting in Mozart, Saskatchewan, in 1953, when the CPR argued that the Crow rate was driving them into bankruptcy, a farmer by the name of Johnny Grimson jumped to his feet calling the CPR a bunch of "hosers", and its president a "hose-head". The term "hoser" came from the old practice of sucking gas out of barrels left in the field near tractors and, of course, it applied to sucking higher freight rates out of grain bins. So things really have not changed. A practitioner of the art becomes a boggy-eyed, sort of brain-damaged hose-head or hoser. With apologies to Bob and Doug McKenzie, is this not exactly what the present Minister of Energy, Mines and Resources is doing?

Some hon. Members: Hear, hear!

Mr. Thacker: You are on the other end of his hose.

Mr. Waddell: He is sucking money out of our pockets and siphoning it off to the oil companies in the form of PIP grants. He is a hose-head because he has not learned the lessons of our recent energy history.

The new grants, Mr. Speaker, are supposed to help industry find new oil for our energy security, our future.

Mr. Lalonde: Why don't you talk about the bill?

Mr. Waddell: If the minister will wait, he will see how this fits in with his Petro-Canada bill. Jack Gallagher, the chairman of Dome Petroleum—

Mr. Dingwall: Your friend.

Mr. Waddell: —told the CBC "Journal" on February 9, 1982—the hon. member should know Jack Gallagher; he is a good friend of that party.

Mr. Dingwall: You and Tommy Douglas.

Mr. Waddell: He is a good pal. Mr. Gallagher had this to say:

> Canada has lived and continues to prosper as an exporting nation, and there's nothing very different about oil or gas or wheat or anything else. If we can prove that Canada has a major surplus of oil, then there's no reason why we won't and can't export part of it.

There it is, Mr. Speaker, the same old pattern. The consumer and taxpayer give grants—grants instead of super-depletion allowances—to Dome and the company looks for oil to export. So again Liberal Canadianization, which is the main thrust of these bills, hoses the consumer and taxpayer. The government will grant a company up to 80 per cent of its exploration costs, and what does it get in return? A 25 per cent interest. For example, the government puts up $40 million for a project and gets 25 per cent ownership, whereas the private company puts up $10 million and gets 75 per cent ownership. What kind of deal is that? I ask even my friends to the right to examine that kind of deal. They are keen to have PIP grants and so on, so what kind of deal is that?

I address this part of my remarks to the Minister of National Health and Welfare. Wouldn't she like this money? The federal share for PIP grants in 1981-82 is $940 million; $1,040 million in 1982-83; $1,150 million in 1983-84; $1,480 million in 1984-85; $1,850 million in 1985-86. That is a total of $6,460 million from 1981 to 1986.

Mr. Lalonde: On a point of order, Mr. Speaker. The mathematics of the hon. member are always very interesting, but I suggest his research assistant has provided him with the wrong speech. We have a bill which deals very specifically with the PIP grants, which bill is called the Petroleum Administration Act. Today we are debating the Petro-Canada Act—P-e-t-r-o - C-a-n-a-d-a—and I would invite my hon. friend to talk about this bill, which provides for an increase in the capitalization of Petro-Canada, the creation of Canertech and the creation of Petro-Canada International. I submit his speech is completely out of order.

The Acting Speaker (Mr. Dionne (Northumberland-Miramichi)): The minister was very specific, but I am not sure it was a point of order.

Mr. Waddell: Mr. Speaker, the minister was once termed a brilliant minister, but he has one brilliant fault. If he would listen a little bit, he would see how things fit in. He just cannot see beyond his own views. The point is this, Mr. Speaker, and I ask the minister to listen; $6.5 billion in PIP grants is the basis of this scheme. This first bill is a minor part. Instead of giving the oil companies $6.5 billion, if that money were given to Petro-Canada, they could then move in and take over not Petrofina, but one of the major foreign oil companies, like Imperial Oil. That would be real Canadianization. A greater role for Petro-Canada would lessen our vulnerability to private oil company blackmail.

• (1800)

One hears the argument that new taxes or less generous allowances will drive investment out of Canada. It seems to me that this argument forgets about one fact; that is, we have great potential for finding more oil in Canada. I invite hon. members to look at the situation in Norway and Britain, in the North Sea. For example, Norway has a more onerous tax regime, but the companies are still in the North Sea. Britain has a more onerous tax regime, but the companies are still there. We say that if the companies want to go after off shore oil, let them go after the off shore oil in Hibernia and the Beaufort Sea, but do not give away wheelbarrows full of public money with no guarantee that we would get equity and control. There should simply not be more giveaways to the oil companies.

I think the issue is even bigger because it does involve all the ramifications of Canadianization. As at the end of the first half of 1981, foreign ownership of oil and gas revenue was between 65 and 70 per cent. Foreign control was between 70 and 74 per cent. The assets of the oil industry have risen 359 per cent, from $14.6 billion in 1973 to $52.4 billion in 1980. The capital gains implicit in the growth have been mainly collected by foreign shareholders. We have permitted in this industry what no other industrialized country would permit, namely, foreign control of strategic commodities, oil and gas.

Who is responsible for this mess? The Liberal Party of Canada, with its continuous continentalist policies enacted by successive Liberal governments, is responsible. It even admits it. The minister, speaking in New York on November 18, 1980, said:

> —I doubt that Americans would tolerate anything like 50 per cent foreign ownership in any major industry—let alone a vital, basic industry like oil and gas.

Yet the Liberals have tolerated this for a long time. In 1974, the Prime Minister (Mr. Trudeau) campaigned on a promise of 50 per cent to 60 per cent Canadian ownership for all new energy projects. That was another broken promise, just like the cynical promise of cheap gasoline in the 1980 election campaign. But now, in 1981 and 1982, these same people who offered Canadians that policy in the past are offering a policy of Canadianization. Therefore, one must very carefully consider what they want to do with Petro-Canada and what they want to do with Canadianization.

The problem with Canadianization, as the Liberals define it, is that it is both too little and too late, and it is missing a great opportunity. This is the point I was trying to bring forward to the minister. Petro-Canada is there; why do we not use it? If we were enacting this bill with regard to Petro-Canada, we would use the bill to make Petro-Canada in fact the leading member of the oil industry in Canada.

In order to make this case, I think it is necessary to define public interest in energy. I say that the public interest in energy is to ensure a secure energy supply at reasonable prices.

Canadianization, both for the Liberals and for the Conservatives, means privatization. The government proposes to replace large American companies with large Canadian companies. We are replacing the Rockefellers with the Gallaghers and the Blairs, all friends of the government. That is why I said that Dome had struck it rich in Ottawa. We have Petro-Canada, ready and waiting. But that is not the route that the Liberals are taking. They have chosen to go the route of the private sector. They say it will be a private Canadian sector. I even have my doubts about that. I think we will see corporate shells and we will see a lot of games being played and shuffling around so that the large multinationals which can afford to go up to the north and the off shore will still be in control of the developments there.

The main fault in Liberal Canadianization, it seems to me, is that the Canadian private sector of the energy industry has acted and will act no differently from the way the multinationals acted in the past. If we depend on the private sector, this time being Canadian, which I suppose is better in a sense than being American but not that much, we will be following the same old pattern I spoke about before. We will have the surpluses, allegedly the shortages, the tax concessions, the price increases, again the surpluses, again the shortages, again the pressure to export, and it will continue. That pattern is showing up again with natural gas, where there is pressure to export gas. Five years down the road, we will be paying higher prices for Arctic gas.

It seems to me that if the Liberals were really serious about Canadianization and about the public interest in this bill, they would bring in predominant public ownership. The reason is that predominant public ownership, through Petro-Canada, would mean that the people, through their elected representatives, their elected government, could set the course of energy development and we could get out of this Catch-22 situation that I spoke about.

We do not have to apologize for an active government presence in the energy industry because Canadians, the taxpayer and the consumer, have already financed virtually all of the expansion of the industry.

This is what the National Energy Program states at page 17:

—in general, price and tax policies have provided the industry with the cash flow necessary to finance its expenditures. This means that the oil consumer and the Canadian taxpayer have financed virtually all of the substantial expansion of this industry.

Historically, the tax system has not recouped the public investment. The value of this scarce resource will continue to go up, and this richest of industries will expand into non-energy areas.

Canada could achieve a dominant position in the oil industry by taking over Imperial Oil instead of giving $6.5 billion in grants to the private companies. What would this accomplish? One thing it would accomplish would be the rather instantaneous achievement recognition of 50 per cent Canadian ownership, the goal of the government. The government wants 50 per cent Canadian ownership by 1990. Instead of taking this money and giving it out in PIP grants and to Dome and Nova, that $6.5 billion, or perhaps two-thirds of it, should be used by Petro-Canada to take a really big company like Imperial Oil under public ownership. Then the government would achieve its goal. If the government were really serious about Canadianization, that is what it would do.

It would also accomplish something else. It would accomplish what the government itself has been arguing, and what the Minister of Energy, Mines and Resources argues when he asks for 25 per cent equity. He says that we need 25 per cent equity because we want to be at the table and we want to have some control. If we want to be at the table and have some control, we should get 51 per cent equity and then we can really have control. If we were to do that, Petro-Canada would not be subjected to the whim of the multinationals, buying oil for its refineries, getting oil refined for its gas stations. Petro-Canada could, in fact, be like Imperial was in the past, the trend setter on prices. It might do things differently. It would be much more democratic, and we could challenge it in the House.

Therefore, the same people who got us into the mess over here, those in the Liberal Party, propose to lead us out of the mess. Their solution is to have 50 per cent Canadian ownership by 1990. It is probably a solution which any other industrialized country would consider to be too little. The Liberal Canadianization means that energy decisions will be in private hands, even though the money is largely from the public. That is no solution at all. Therefore, I call it a phony and a sham.

The real solution would be to achieve predominant public ownership. A realistic scenario would be for Petro-Canada to take over Imperial Oil so that the government could become the leader in the field. Sometimes when one expresses that view in the House of Commons, one feels very alone, as though almost the entire House, with the exception of those in the New Democratic Party, is against one. However, I submit that there is support for that position in the country and that the politicians and the government are far behind public opinion concerning this measure.

• (1810)

In June 1981, the Committee for the Canadianization of the Petroleum Industry wrote these words to the Prime Minister:

—the majority of Canadians will support a determined and effective program to bring our energy resources under Canadian, particularly public, ownership and control which ensures that these resources are developed and utilized in the best interests of the nation—

On January 24, 1982, the committee said:

—Canada's goal must be increased to at least 75 per cent Canadian ownership of the vital petroleum industry by 1985 with Petro-Canada the largest oil company in the country.

This is not what this bill is doing—no way. The committee continued:

—we strongly urge the federal government to acquire one of the four major foreign-controlled companies as a new Crown corporation or as a component of Petro-Canada.

Where is it in this bill that gives Petro-Canada power or directs Petro-Canada to be the predominant oil company in the oil industry?

Mr. Lalonde: That is what we are doing.

Mr. Waddell: That is not what you are doing at all. You are Canadianizing by giving $6.5 billion in PIP grants. That is the Liberal Canadianization program.

Mr. Lalonde: You voted against that bill?

Mr. Waddell: In a poll conducted by Gallup on this very question, 64 per cent of Canadians favoured the goal of 75 per cent Canadian ownership by 1985, and 23 per cent were opposed. So Canadians want more Canadian ownership. On government takeover of one of the big four, 55 per cent said yes and 28 per cent said no. So Canadians are way ahead of their government and they are miles ahead of the official opposition. Instead, the government gives us these complicated, unworkable, inequitable, bureaucratic COR and PIP programs.

If the government were really interested in energy security, I would submit, and it is reflected in this bill, the government could look more at the demand side, that is, look to conservation and alternative energy.

The Russian writer, Aleksandr Solzhenitsyn, once said that any gravedigger in the Ukraine could tell you that 12 worms would only gnaw one apple for so long. We are dealing with these non-renewable resources in oil and gas. If we had the wisdom of those village gravediggers, we would get into conservation and into alternatives in a big way.

I was listening, Mr. Speaker, while the minister was speaking and I noted he defended the Canertech. I may be wrong in what I heard him say, and I will no doubt be corrected if I am by the next speaker for the Liberal party, but it appeared to me that he was saying that Canertech had received $20 million and that it is the government's alternative energy corporation.

Mr. Lalonde: And another $35 million.

Mr. Waddell: And additional capital up to $35 million. Compare that with what Petro-Canada is being given, $500 million in authorized capital, going up to $5,500 million. It does indicate, in a rough way—

Mr. Lalonde: You are against it?

Mr. Waddell: The minister says I am against it. I would like him to listen to the point I am making. The point I am trying to make is that perhaps we are spending too much, or we are weighing it too heavily on the supply side, that is, going out and finding oil and gas, when we could be spending some more money on the demand side, and at times, too, on the conservation side. The minister and the government were told the same thing by an all-party committee. My colleague, the hon. member for Mission-Port Moody (Mr. Rose), will speak again on this matter, when his turn comes to speak, and no doubt he will give a much more witty speech than mine on the value of conservation.

I should tell the minister that a study by the Peace Research Institute showed that Canada's energy effectiveness ratio, that is, its total primary energy in relation to gross national product, is the poorest amongst the OECD countries and that we have the most dismal record in real energy conservation. I should say that it is improving, and we are all glad of that. The study says that Canada has merely slowed down rather than eliminated the waste; and that a massive program of conservation and efficiency and genuine commitment to renewable energy sources is needed if we are to reduce demand in striving to achieve energy self-sufficiency. So says the study.

There is no reason, Mr. Speaker, why we cannot have an acceptable level of economic growth of over 3 per cent a year and an energy growth of 2 per cent a year.

A study conducted by the Department of Energy, Mines and Resources, the minister's own department, predicts that if an energy demand of 2 per cent is obtained by 1990, Canada would be saving energy equivalent to the combined annual output of five Syncrude-sized oil sands plants, plus 20 per cent of total annual gas production in 1985, plus 13 Pickering-sized nuclear plants, plus 8.5 million tons of coal.

Some energy experts say, Mr. Speaker, that we can achieve this with only modest adjustments to our lifestyle. Such adjustments include adopting more rigorous fuel mileage standards for automobiles. We will have something to say about that when that bill comes up, it will be one of the future bills that we will be debating. We could have the adjustment also of promoting a more extensive insulating program to make buildings air tight and providing more incentives to reduce waste in industry.

Again I would draw the attention of the minister to the discrepancy in figures in this bill for what is provided for the alternative energy corporation, as compared with what is provided to Petro-Canada to go out and find more oil. I do not object to Petro-Canada going out and exploring. I want to say, however, in response to the hon. member for Calgary West (Mr. Hawkes), that my experience of Petro-Canada is that it is staffed by some excellent people, who, thank God, are working for a Canadian corporation and for the Canadian public, rather than working for corporations whose parents are in Pittsburg and New York, directing the show. I think that is a good thing, and that young engineers and young people in the oil business are going to work for people who will pay them a good salary. I think what the member for Calgary West was spouting is nonsense.

The point I am making, Mr. Speaker, is that real energy security demands predominant public control through Petro-Canada. That is not what we are given. Real energy security means substantial emphasis on conservation. It means taking some of that $6.5 billion now earmarked as giveaway grants to private oil companies and putting it into Petro-Canada to take one of the majors under public control.

The question facing democratic politicians everywhere, I suppose, is what economic areas should be under state control and what areas should be left to the marketplace. It seems to me that the development of a strategic commodity such as oil is one area where we should have at least predominant public control. That does not mean control of the entire industry—we have not advocated that—it means predominant public control.

The minister prides himself or congratulates himself sometimes on being logical, and when he makes the argument for the 25 per cent equity, the fact that they have to be at the table, that they have to direct, that they have to know what is going on, if you follow that argument to its logical conclusion, it would argue for predominant public control. This would regulate the industry, it is said, in one of the most over-regulated industries in the country. That is not true. The industry can get around all the regulations. Look at the history of the National Energy Board, and the way it has been manipulated with respect to exports, especially on oil.

The way to do it, logically, I put this to the minister, is that we should have predominant public control. It makes sense. The public wants it. But the public should not be bamboozled by this flim flam, this unworkable sham of COR and PIP and all these grants, in which millions of dollars go out to an industry like this. They should not get it that way.

I conclude then, Mr. Speaker, by returning to the question: energy security for whom? The Liberal answer in this group of bills is security for the oil companies. The government money will take all the risks. What about the taxpayers and consumers? They will continue to get hosed. It is no wonder Canadians are becoming more cynical of this Liberal government energy policy. It certainly has not been as promised.

Some hon. Members: Hear, hear!

Mr. Bill Yurko (Edmonton East): I hope to make some brief remarks, Mr. Speaker, on this first bill on energy that has been introduced in the House. To begin with, I would like to say that Petro-Canada is an essential key in the federal government's over-all energy plan. It will play a major role in terms of transferring regulation and control of the industry from the provinces to the federal government. It is in this area that I want to touch upon a few matters.

The minister has made sufficient speeches and published sufficient documents to give us the three goals of the National Energy Program. I would like to put forth six goals that tend to describe more adequately this very complex National Energy Program which very few people understand. I had hoped the program would have been implemented over a somewhat longer period than the short span in which it is being implemented. Some of the uncertainties and difficulties we will have to contend with would have been lessened.

• (1820)

In connection with the National Energy Program in which Petro-Canada plays such a vital role, I see the following objectives. The first is certainly Canadianization in two ways, Canadianization in the public sector and Canadianization in the private sector. There are some ingenious policies in this legislation by which this will be done.

The second and more important characteristic of the National Energy Program is control and regulation of literally most aspects of the industry. More important is the transfer of that control from the provincial area of jurisdiction to the federal. That is an area that I am concerned about. I think there will be increasing problems as we go into the future.

The third policy of the National Energy Program is nationalization. The program in Bill C-48, the oil and gas bill, has two pronas, the first with regard to Canada lands, and the second part with regard to energy security legislation which we will be dealing with in the next several weeks. Through Bill C-48 there is an all-inclusive system of nationalizing at least 25 per cent of the industry on Canada lands. All new oil and gas industry on Canada lands from here on will be nationalized to the extent of 25 per cent, either through PetroCan or a new corporation. I do not say this is good or bad. Bill C-48 has been passed, and that is fact. This is what it will permit.

The question is how much of the existing industry in the provincial sector will be nationalized in the federal government program. Here is where Petro-Canada can and will play a rather significant role, hopefully, as the minister said on several occasions, in the oil sands, and by purchasing other companies. It is now rumoured that Petro-Canada will be purchasing British Petroleum after having purchased several other companies in the past. I will come to that area.

The fourth major policy area is revenue accumulation from the industry to the federal government, or central Canada if you wish, and the subsequent use of that revenue for redistribution of the wealth of this nation. Oil and gas tax dollars will now be used for social programs and many other programs requiring wealth distribution instead of entirely for maintaining energy self-sufficiency for the future.

One can argue whether such a commodity as energy, which is basic to the well-being of the entire society, should be used as a means for wealth redistribution. Some of that wealth redistribution will be done rather ingeniously in terms of Canadianizing industry. You collect through the PGRT tax and turn around through the PIP program and give and promote Canadianization. Some will be used for Canadianization. Some will be used for wealth redistribution.

The fifth over-all policy is some international assistance, using Canadian energy dollars through Petro-Canada International. The sixth is the energy substitution program through Canertech which will be structured in this legislation.

In connection with the effect of the National Energy Program on the industry under provincial jurisdiction, particularly Alberta, it has produced some results in the last several months, in effect over the last couple of years. The first result has been chaos. It has brought uncertainty as to who is in control, by how much, who is to take how much money, how much is to be left to the industry and how much is for the little

industry as opposed to large industry. It has made predictability almost impossible. It is impossible for the industry to plan on a mid-term basis or for a longer term because it does not know where it is going.

If anything, the legislation is necessary at the earliest opportunity so that the industry knows what it has to contend with. In the area of massive capital requirement, nothing is more difficult than not being able to plan two, five, ten or fifteen years ahead without knowing the rules. Even though the rules may be poor, it is absolutely vital that they be established at the earliest opportunity and not be subject to change.

I remember when we had to deal with the industry with regard to the environment. They constantly talked of predictability. Even though the regulations were very tough, they asked that they be left in place and not changed. Even though they were tough regulations, they wanted them left for five or ten years so that they could plan.

The second matter which is general in the industry in connection with the provinces is a flight of capital and a shortage of capital. Some major industries have impounded their capital. They are not going to move ahead until there is a further definition in connection with the National Energy Program. This has caused a flight of some drilling companies, and particularly technological competence. We are losing technological competence which was created over the past 20 or 25 years and is second to none in the world. Some of this technological competence is leaving the provincial area of energy resources. It is because of uncertainty, instability, a lack of cash flow and so on. It is too bad. Some of this flight is outside the country. Indeed, foreign capital has stopped coming in.

In the provinces, particularly Alberta, there are now bankruptcies and business contractions in the oil and gas industry. Interest rates and debt loads are high.

If you have a system of exploration, you try to plan ahead. All of these smaller businesses have borrowed heavily and are having to re-finance at the high interest rates. We are getting an increasing number of bankruptcies and more business concentration because some small businesses simply have to sell to the larger corporations. We are having corporate concentration because of Canadianization on the one hand and economic instability on the other.

This has caused regional alienation. No issue has caused more alienation between the west and central Canada and now the east and central Canada than the energy issue. It involves large capital flows and large capital sums. It involves the ability of being master in your own house. The west, which has always wanted to be somewhat independent of central Canada, and the east, which is now demanding to keep the tools it had in its hand for creating its own economic climate, instead of them being taken over by central Canada. This is the general wisdom that is increasing in the west. Regional alienation is increasing in western Canada, because, again, it is being said that the centre is coming over to take control over western resources. I might say that non-renewable resources have a one way trip through the economy. The west is anxious to convert their non-renewable resources into renewable resources, into dollars, into investments and into the accumulation of massive sums of money which can subsequently be revolved. The west is concerned about seeing a massive shift of money from their resources back to the centre and a redistribution of that wealth through a formula which is foreign to them.

• (1830)

The final effect is a change in mood out west from optimism to pessimism; a change in mood from excitement and enthusiasm to anger and disillusionment. Of course, this has given rise to political philosophies which are not necessary favorable to the stability of the country.

I do not want to comment too extensively on the Alberta-federal government agreement but I would say that there was obviously some juvenile and amateurish posturing during the negotiations which led up to that agreement. I have always been very disappointed that both Alsands and Cold Lake have been held for ransom with regard to the evolution of an agreement. I have always been unhappy that Alberta had decided upon a course of action to cut back on oil supply, which again was used as a club to evolve a national agreement. I found both actions unnecessary. Indeed, one finds that political perspectives change in this game whereby you may have a bad agreement for a couple of years but you can always renegotiate that agreement to get a better one later on.

I believe that the nature of the agreement will push the province of Alberta to venture into some rather different areas. If I were associated with Alberta I would consider very seriously not investing any money from the Heritage Fund into Alsands. There is not much point in Alberta investing money in a resource which it already controls. Section 92(a) of the new Constitution says very specifically that the legislature in each province may exclusively make laws in relationship to non-renewable resources. If I were the Alberta government and wanted to make sure that some of the money flowed back from the rest of Canada to Alberta and some measure of control was effected in Alberta over the entire nation with respect to the energy industry, I might be somewhat interested in seriously looking at purchasing Imperial Oil and converting it into an Alberta corporation and indeed controlling not only much of the play in Alberta but some of the play throughout the rest of Canada. Certainly, I would seriously think about proposing to the federal government that instead of having absolute control over Petro-Canada the federal government should give serious consideration to bringing the provinces in as co-owners of Petro-Canada. I asked this of the former Progressive Conservative government because the provinces then might be directly involved through the ownership of perhaps a third of Petro-Canada in establishing national energy policies directly rather than indirectly. If it is not possible to give some ownership of Petro-Canada to the provinces, perhaps one third shared equally among the ten provinces, surely they should be allowed to place a member on the board of directors of Petro-Canada so that they have a direct input into policies made by Petro-Canada due to its influence on the future of national energy self-sufficiency and the national energy policy.

I hope, as this debate unfolds and some of the other legislation comes before the House, that I will again have a chance to make some remarks, but I believe that it is appropriate to get this piece of legislation before committee at the earliest opportunity so that witnesses can be brought forward and a much better understanding of the National Energy Program can evolve at the earliest opportunity.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I will not take long if the House is ready for the question, but I think you will discover that there will be another speaker from the other side after me.

This bill, Bill C-101, is the first of eight bills evolving from that enormous, outrageous and atrocious package that was originally presented to the House by an arrogant government. However, I wonder what we accomplished, because the hon. member from the New Democratic Party appeared to have written a speach in preparation for an omnibus bill, and the fact that it was broken up was not going to deter him from reading the speech which had been written for the omnibus bill. He went on and on to deal with all kinds of matters which had nothing to do with Bill C-101. After having listened to the hon. member it is hard to tell whether he is just dumb or doctrinaire.

An hon. Member: Both.

Mr. Andre: The New Democratic Party is obviously stuck in its reactionary posture. They have one answer for every problem: more government agencies, more Crown corporations, more state ownership, more regulations, and they call that progressive. Socialism was a progressive and new idea 60 years ago, and it looked attractive then. Even 40 years ago it was an idea which seemed to provide some hope for people who were in the midst of a depression. However, you would think that after 60 years of experience with socialism around the world where it has not worked anywhere at any time, people would learn from it. In a recent issue of *Maclean's* magazine, Northrop Frye said that the only way that you can see the future is by looking into the rear-view mirror. Apparently, the NDP looks back, sees the experience of 60 years of socialism in the Soviet Union, and in other countries to a lesser degree, and refuses to learn from that experience that socialism simply does not work. It has never worked. It has been tried extensively in many cultures and in all kinds of countries and it has not worked. It will not work. It certainly has not worked in the oil industry. There is not one state-owned oil company in the world, of which there are many because there are many people in other countries with the same philosophy as the NDP who insist that state oil companies are the direction in which to head, that comes anywhere close to the performance of a privately-owned oil company of equal size. However, the NDP say we should do the same thing. It makes you wonder why they do not learn from that experience.

This bill proposes to transfer another $5 billion to Petro-Canada. My colleague from Calgary West (Mr. Hawkes) commented in his remarks on the fact that at this time in Canadian history, with the economy in the state it is in, on the day after we voted on a bill which would take $5 billion out of moneys available for education and health care, it seems perverse for us to be transferring $5 billion over to a group of people who are not accountable to the House or to the people of Canada in any respect. They are people who are appointed by the minister. One such person is Joel Bell, a good friend of the Liberal Party. He knows nothing about the oil industry, but he is a good friend of the Liberal party. I could go down the list. Interestingly enough, some people who initially joined Petro-Canada did know the oil industry and were knowledgeable and could have made a contribution, but they quit. Don Wolcott is an expert oil man. He has a tremendous reputation. He knows how to find oil. He did not last very long. He quit. The president of Petro-Canada, Andy Janisch, is an expert oil man with an excellent reputation. He knows how to find oil. He quit and joined Canadian Superior, a 100 per cent foreign-owned oil company. When Mr. Janisch quit, I understand there were seven vice-presidents who submitted their resignations but were talked out of resigning at that point in time because of the damage their resignations would do to the company. Yet my friends here, the socialists, say we should give them more money and more authority and let them run the whole show. That kind of thinking boggles the mind. One has to assume it is simply doctrinaire thinking based on a complete lack of understanding.

• (1840)

The hon. member for Vancouver-Kingsway (Mr. Waddell), the spokesman for the New Democratic Party on energy matters, pooh-poohed the remarks made by my colleague, the hon. member for Calgary West, about the staff of Petro-Canada. I was watching Calgary television a couple of months ago when a television reporter asked a question of the graduating class of chemical engineers at the University of Calgary. There were 30 or 40 chemical engineers there. The television reporter asked the class to assume they had two job offers, one from Petro-Canada and one from Shell. The Petro-Canada offer was $200 a month more than the one from Shell. He asked how many would accept the job from Petro-Canada. There was not one. He asked how many would accept the job offer from Shell, and the whole class said, "hurray". That is the attitude of Canada's brightest and sharpest in the community which knows Petro-Canada best. The energy critic for the New Democratic Party says Petro-Canada has outstanding personnel, and that he knows it. He knows from nothing.

Petro-Canada was touted by the NDP as being a possible price setter. Indeed, it is. It has the highest priced gasoline in the country. In every community in which Petro-Canada operates its prices are at a high level. Petro-Canada is a price leader everywhere. The Canadian Independent Petroleum Marketing Association is anxious to present evidence that

Petro-Canada is predatory and is driving Canadian independents out of business. The association is anxious to present that evidence, and we are anxious to hear it.

Petro-Canada did the Mexico deal. It bought oil from Mexico. It signed a contract which lets Mexico set the quality and the price. Now we have a marvellous contract; we are paying world price for oil of inferior quality compared with oil shut in in the province of Saskatchewan because there is no market. The Mexican stuff has driven it out. And we want more of that, according to the government and the New Democratic Party.

If Crown corporations are the answer to our energy problems, we should not have any problems with anything in Canada because there are 460 Crown corporations. Nobody knows the number for sure. Last evening the President of the Treasury Board (Mr. Johnston) was asked in committee how many Crown corporations there are. He could not tell us. The minister responsible could not tell us how many Crown corporations the taxpayers of Canada own. He was asked how many have been created since his government took office in 1980. He could not answer that either. He thought it was some dozens, but he did not know how many. If Crown corporations are the answer to Canada's problems, then with over 460 Crown corporations why do we have any problems left? They are not the answer. They have not been the answer in any country which has resorted to that vehicle as a way by which to address economic problems.

Crown corporations are the vehicle for those who want to exercise power. They are a marvellous way by which the government and senior bureaucrats—those who feel they know better than the rest of us—can intrude, exercise authority and direct the lives of individual Canadians. That is fundamentally what socialism is about. There is a fundamental lack of trust in the people. Socialists do not trust the people.

Mr. Mayer: Hear, hear!

Mr. Andre: They do not believe people can make decisions as to how to spend their money, as to what to invest in or as to how to run their lives. There is a lack of belief that people can be trusted, and if people are not trusted, Big Brother has to be brought in to run their lives for them. That is what this bill is all about. That is why we cannot go along with granting to Petro-Canada $5 billion more.

If Crown corporations had spent our money wisely in the past, we might say there is some justification, but let us think back to the Fina deal. In 1980, Fina shares were selling at about $40. They were selling at about $50 in August of that year. We paid $120 in January of 1981. Since August of 1980 the shares of oil companies have about halved. If Fina had gone with the market and was still privately owned, its shares today would be trading at in the vicinity of $25. Petro-Canada paid $120, five times as much—

Mr. Mayer: The people of Canada paid that.

Mr. Andre: —as the market says the shares are worth today. We paid $1.7 billion for something the market says is worth about $300 million today. Some insiders made a lot of profit from that—and hair on them—and the Belgians certainly came out of that smelling like roses but, by cracky, if the taxpayers of Canada have $700 million or $800 million to give away in foreign aid, I can think of countries much more needy than Belgium. We could have spent that money much more wisely than sending it to Belgium, which is what happened when Petro-Canada got excited about buying Petro-Fina at an incredibly exorbitant price. The reason Petro-Canada could do that was, of course, because we, the taxpayers, are paying for it. Petro-Canada does not have any shareholders to worry about. It does not have any bottom line to worry about. We have not seen Petro-Canada's 1981 report on how it performed last year, but I would bet a few dollars that there was some red ink. And that was when Petro-Canada was given everything and paid for nothing, which is not the case with most companies.

The other aspect of this bill which bothers me is that a director shall be paid by the corporation remuneration fixed by the governor in council. Directors are usually, I think almost exclusively, paid fees. That used to be the case. For some reason the government wants to pay a salary. Is it because it wants to find a more direct way of remunerating Mr. Phelps or others like Mr. Phelps, or are there some defeated Liberal candidates who need jobs? What is this about?

Mr. Kempling: Pork barrel.

Mr. Andre: It is another pork barrel, I am sure. I suppose Mr. Phelps' mortgage must be coming due, and we have to find some way to give him the cash to pay off his mortgage. I do not know what it is, but this certainly is a concern to me.

Much more could be said about this, and perhaps should be said about this, but given the time and the fact that there are seven more bills and other features of this so-called energy security package which will devastate Canadians and Canadian taxpayers even more, we will reserve some of our fire power for those other pieces of legislation.

• (1850)

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, today we have heard speeches from members of the opposition, particularly the hon. member for Calgary West (Mr. Hawkes) and the hon. member for Vancouver-Kingsway (Mr. Waddell). I think it is quite evident why those individuals and the parties to which they belong sit in opposition. It is clear that the Canadian people do not buy what those two parties are attempting to sell. In fact, the people have overwhelmingly bought the policies of this government. The hon. member for Calgary West seems to be fighting the 1980 election all over again, but he and his party have done absolutely nothing since that time.

Mr. Mayer: Why don't you make the case for Petro-Canada and tell us how great it is?

Mr. Dingwall: They talk about the ringing of the bells having saved money. Mr. Speaker, absolutely no money was

saved; in fact, the Progressive Conservative Party cost Canadian taxpayers $300,000 through being on strike with full pay. That is what they did. We know where the Conservatives stand—they are anti-Petro-Canada and pro-multinational. Of course the New Democratic Party is locked in with that group of obstructionists which is against the PIP grant. That is absolutely unbelievable, Mr. Speaker. Supposedly they would prefer the old depletion allowance that we took away.

The hon. member for Vancouver-Kingsway reiterated that he did not think the PIP grants were useful to industry. I should like to tell him that the PIP program is going to be very useful, particularly in Atlantic Canada. Many companies there are coming forward to make sure that they can fit in the PIP program with the exploration and activity that is taking place on the east coast. The government ought to be commended for that. But the hon. member for Vancouver-Kingsway wants to destroy the free enterprise system. That is not the intention of the government, Mr. Speaker; we believe that we are assisting it. I imagine the hon. member would prefer that we go back to the Regina Manifesto.

The hon. member for Calgary Centre (Mr. Andre) talked about the $5 billion as being a transfer to Petro-Canada which is taking place now. That is not the case. As he ought to know, Petro-Canada is planning for the future and for the benefit of all Canadians. As the situation warrants it will be called upon to use the money that this bill authorizes. Therefore I reject his statement.

Bill C-101, an act to amend the Petro-Canada Act, is not a long or complex bill. It consists of a few clauses, most of which are technical in nature, serving to clarify and consolidate the act. There are a few changes which are not of major significance, such as the provision for payment to the directors of the corporation for the many tasks undertaken in addition to attending meetings and the payment of money that it lent in connection with the Cold Lake program. Finally, there are three areas in which significant initiatives are proposed, although it must be acknowledged that these are not new initiatives. All of them were announced or indicated in the National Energy Program.

These three initiatives are amendments to allot funds for Canertech—and obviously hon. members opposite are not in favour of that—to permit the allocation of start-up funds to Petro-Canada International Assistance Corporation and to raise the authorized share capital of Petro-Canada.

Speaking of the first initiative, the bill now before us provides authority for repayment of capital that Petro-Canada has advanced to its subsidiary Canertech, and also the payment for services it has provided to the new corporation during its start-up period.

As for Petro-Canada International Assistance Corporation, it has yet to receive start-up funds. This bill provides for up to $60 million of the $250 million that has been allocated to it for the four-year period ending 1984-85.

Petro-Canada International Assistance Corporation may be a world first. There have been a number of bilateral agreements for petroleum development assistance and technology transfer, but it probably represents the first permanent agency to provide development assistance. It is an existing idea that has been well received by the countries of the Third World and by international assistance agencies. Again, the Government of Canada ought to be commended for taking these new bold initiatives.

In the nine years since the international oil price began to climb, severe adjustment problems have not been confined to the developed countries with high energy costs. They have also occurred in middle-income countries where opportunities for economic development were often based on the increased use of imported oil. These middle-income countries, often dependent upon the export of a few commodities or manufactures for their foreign exchange, have found it difficult to cope with the tenfold increase in the price of oil. The repercussions have been severe.

For a number of obvious reasons, the large oil companies have little incentive to search for small fields in remote locations. Although there are excellent petroleum prospects in the Third World, exploration in these countries has been at a low level—not at the level that their geological potential would warrant. The countries need an assessment of their petroleum resources but they lack the knowledge and technology to do this. Petro-Canada International Assistance Corporation can assist a few countries in their search for oil. It can provide the experience and the technology to assess the petroleum potential and to drill. It may also have a role in the development of the fields it discovers, but the greatest need will remain the need for assistance in exploration. Once a field has been found, the host country will find it comparatively easy to borrow development capital against proven reserves or to interest an oil company in operating the field.

This Crown corporation responds to a pressing need for development assistance that is recognized both by the countries of the Third World and by international organizations and agencies. This iniative will probably be imitated in the development assistance programs of other countries, and I am confident that members of the House, including hon. members opposite, will support the funding of Petro-Canada International Assistance Corporation as is provided in this bill.

There are many parallels that could be drawn between the Canadian experience and the experience of oil-importing Third World countries. Canada has had the advantage of a rich and diverse energy endowment combined with the wealth and human resources and it should have taken full advantage of that endowment.

Mr. Mayer: And we have energy policies to lock them in the ground.

Mr. Dingwall: Mr. Speaker, I wish you would tell the hon. member opposite to stop rattling his chain. He is becoming a bit of a nuisance to all hon. members.

Nonetheless, we have been an oil importing nation and we have faced the problem of assessing and developing our frontier petroleum resources.

Over 20 years ago, when the full oil and gas potential of the Canadian frontiers was unknown, the federal government's resource management regime encouraged exploration. The pace was often slower than we had hoped, but in the end it was successful to a certain extent. Now the new oil and gas act promises to accelerate activity on the Canada lands. Oil and gas were found, and the good news of these discoveries is one of the factors which has required the major thrust of Bill C-101, the increase in the authorized common share capital of Petro-Canada.

To produce oil and gas from frontier locations will require huge investments. Petro-Canada has an interest in many of the discoveries and it must be able to pay its share of development costs. Also, it has a stake in other important oil projects such as Alsands, but it does not have the same access to capital markets as its private sector partners. It cannot issue shares in the private market and must rely on equity contributions from the Government of Canada to meet its responsibilities.

While petroleum developments form a large part of its financial responsibilities, exploration is also significant, and the corporation needs access to additional capital if it is to maintain its interests and its holdings. Continued participation by Petro-Canada in the search for and development of new oil sources is a fundamental part of the oil supply and Canadianization objectives of the National Energy Program. Not only does this Crown corporation give the people of Canada a share in the ownership of the oil and gas industry, it will take the lead in providing Canadian companies with opportunities to participate in energy projects. Joint ventures are already underway, and more such opportunities will be provided as Petro-Canada obtains the necessary funds to undertake its share of exploration and development. Where would Sable Island or Hibernia be if it were not for Petro-Canada; let hon. members opposite respond to that one.

● (1900)

Mr. Andre: Mobil found Hibernia.

Mr. Dingwall: Petro-Canada is a new company with a very heavy emphasis upon frontier exploration, non-conventional oil, and research and development for unique Canadian conditions. As with a similar ambitious young company in the private sector, it needs more money than is provided by its cash flow. Without the same access to capital markets which would be enjoyed by a privately-owned company, it must look to its sole shareholder, the Government of Canada. Also, if it is to plan effectively, it must have its capitalization assured.

The bill proposes an authorized capital ceiling of $5.5 billion, but as $500 million has already been issued and a further $100 million contributed in respect to the interest in Panarctic Oil Ltd., the total additional capital provided by the bill is $4.9 billion. In considering this figure it is useful to remember that $4.9 billion of new funds is a very small share of the total energy expenditures of roughly more than $300 billion which is predicted for the country in this decade.

Petro-Canada has not enjoyed the support of all hon. members of the House in the past, particularly those in the Conservative Party of Canada, but it has enjoyed the support of the people of Canada who are far superior in their intellect and their ability to grasp the difficult situations and issues which Canadians must face. I am confident that Canadians across the country support the idea that Petro-Canada should take an active role in frontier exploration and development, in non-conventional oil, and in research and development. I am confident they feel that Petro-Canada should have the capital to undertake its share of the energy developments which will give the country the oil self-sufficiency to which its rich energy endowment entitles it.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Lalonde) which was agreed to on the following division:

(*Division No. 164*)

YEAS

Messrs.

Althouse	Chénier	Dupras
Anguish	Comtois	Duquet
Axworthy	Corbin	Erola (Mrs.)
Bachand	Cosgrove	Evans
Beauchamp-Niquet (Mrs.)	Côté (Mrs.)	Ferguson
Bégin (Miss)	Cullen	Fisher
Benjamin	Cyr	Fleming
Blais	Dawson	Flis
Blaker	Deans	Foster
Bloomfield	de Corneille	Fox
Bockstael	de Jong	Frith
Bossy	Demers	Fulton
Broadbent	Deniger	Garant
Burghardt	Dingwall	Gauthier
Caccia	Dion	Gendron
Campbell (Miss) (South West Nova)	Dionne (Northumberland-Miramichi)	Gimaïel
Campbell (Cardigan)	Dubois	Gingras
	Duclos	Gourd (Argenteuil-Papineau)
	Dupont	Gourde (Lévis)

Messrs.

Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Irwin
Johnston
Joyal
Kaplan
Keeper
Killens (Mrs.)
Kristiansen
Lachance
Lalonde
Lamontagne
Landers
Lang
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Lewycky
Lumley
MacBain
MacLaren
Maltais
Manly
Marceau
Massé
Masters
McCauley
McRae
Miller
Munro (Hamilton East)
Murphy
Nicholson (Miss)
Olivier
Orlikow
Ouellet
Parker
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Robinson (Burnaby)
Rose
Rossi
Roy
Sargeant
Savard
Schroder
Smith
Tardif
Tessier
Tousignant
Turner
Waddell
Watson
Weatherhead
Whelan
Yanakis
Young
Yurko—125.

NAYS

Messrs.

Andre
Baker (Nepean-Carleton)
Beatty
Blenkarn
Bosley
Bradley
Cardiff
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Crombie
Darling
Domm
Epp
Fennell
Fretz
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Kempling
King
Kushner
Lambert
La Salle
Lewis
MacDonald (Miss)
MacKay
Mayer
Mazankowski
McCain
McCuish
McKinnon
McMillan
Munro (Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Oberle
Paproski
Reid (St. Catharines)
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Stevens
Taylor
Thacker
Thomson
Towers
Wilson
Wise
Wright—64.

• (2010)

Mr. Deputy Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Lambert: Mr. Speaker, I rise on a point of personal information. I wonder if we could get that bearer of glad tidings, the hon. member for Saint-Denis (Mr. Prud'homme), to give us the results of the Newfoundland election.

Some hon. Members: Hear, hear!

Mr. Prud'homme: Let me put it this way, Mr. Speaker: they elected no separatists.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Prud'homme: Mr. Speaker, if you will give me the floor, I will make a good speech on why they should have voted in another way, but I always respect democracy and wish good luck—

Mr. Deputy Speaker: The hon. member is out of order.

Some hon. Members: Oh, oh!

* * *

DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved that Bill C-102, to amend the Department of Energy, Mines and Resources Act, be read the second time and referred to the Standing Committee on Energy Legislation.

He said: Mr. Speaker—

Miss MacDonald: Tell us about the Newfoundland election, Marc. Give us the results.

Mr. Hnatyshyn: This is not your night, is it?

Miss MacDonald: Tell us all about the offshore. Tell us about Hibernia.

Mr. Lalonde: Mr. Speaker—

Miss MacDonald: Newfoundland.

Mr. Lalonde: —Bill C-102, to amend the Department of Energy, Mines and Resources Act—

Miss MacDonald: Chicken.

Mr. Lalonde: —has been introduced to provide the Government of Canada with the ability to move quickly and decisively to deliver on our Canadianization commitments and to take advantage of opportunities to meet the energy needs of Canadians.

The amendment will give the government the authority to establish new Crown corporations in the energy field.

• (2020)

Mr. Clark: How many?

Mr. Lalonde: In our view it strikes the proper balance between providing the government with the authority necessary to effectively manage our national energy challenges while at the same time providing parliament with the new powers to scrutinize or even revoke the use of this authority. It should be emphasized that the provision in this bill to establish such corporations is limited. Corporations to be acquired must be federally incorporated companies. Companies that are either acquired or incorporated may only be established as

Crown corporations for the purposes strictly limited to the energy sector as described in the bill.

The bill sets out these purposes as follows:

1) To explore for, develop, produce, gather, handle, refine, process, purchase, sell, import, export, distribute, store and transport all types of fuel and energy,

2) To produce, distribute and market energy conservation technology,

3) To conduct or engage or participate in energy research and energy conservation research,

4) To acquire and hold shares or assets of organizations carrying on these activities.

Mr. Clark: What is the reason?

Mr. Lalonde: We have introduced a bill which explicitly gives authority to parliament to reverse the decision to proceed with the establishment of a Crown corporation. It will be remembered that the previous government tried to dismantle a Crown corporation, Petro-Canada, without legislation.

Mr. Clark: That is false.

Mr. Lalonde: In the past it has been our practice for ministers to set up Crown corporations by merely arranging for incorporation under the Canada Business Corporations Act. What we are proposing is a mechanism whereby there will be specific parliamentary authority to create corporations in the energy field and where there will be a very specific provision giving parliament the right to negate the decision of the government to create a Crown corporation in the energy field specifically.

Mr. Clark: When can parliament not do that?

[*Translation*]

Mr. Lalonde: I must also emphasize the fact that the takeover or the incorporation of such a company must be approved by the Governor in Council and that the order in council enacting this approval may be revoked by a negative resolution of Parliament, which could reverse the decision to set up such a corporation. Under the provisions of this bill, any order in council must be tabled in Parliament no later than the fifteenth sitting day of Parliament following the date it has been laid. The order in council comes into force on the thirteenth sitting day of Parliament following the date it has been laid before Parliament unless a motion to revoke it is addressed to the Speaker of either House. A negative resolution may be submitted by members of the opposition at any time during the nineteen days after the order in council is laid. In other words, before coming into force, the order in council must be laid before Parliament, where a negative resolution to revoke it can be submitted during the next nineteen sitting days of Parliament.

[*English*]

A motion to revoke an order to establish or acquire energy corporations would be considered by the House of Commons or the Senate upon presentation of such a motion signed by not less than 30 members of the House or not less than 15 members of the Senate. Members of the House will remember that under the provisions of Bill C-94 a negative resolution would have required the signatures of 50 or more members of the House of Commons or 20 or more members of the Senate. The new members, 30 in the House of Commons and 15 in the Senate, make parliamentary scrutiny of the powers exercised under this amendment even easier than was provided in Bill C-94.

Mr. Beatty: It is 50 and 20.

Mr. Lalonde: In the bill before the House it is 30 in the House of Commons and 20 in the Senate.

Mr. Beatty: Have you changed it again?

[*Translation*]

Mr. Lalonde: As everybody knows, this bill is part of the legislation aimed at ensuring energy security in Canada. This amendment to the Department of Energy, Mines and Resources Act will provide the government, under the control of Parliament, with one of the tools required to make the best possible use of the privileged position of Canada as concerns energy, namely the use of public corporations to complement the private sector in a climate of free competition.

[*English*]

The government does not foresee the need for frequent use of this provision. We do not envisage a major increase in the share of the oil and gas industry owned by the national government. As we stated in the National Energy Program, an early increase in the share of the oil and gas sector owned by the federal government was desirable, and substantial progress has been made in that area. This bill represents no new initiative toward public ownership of oil and gas. Rather, it is introduced in order to provide the government with the flexibility to establish corporations in the energy industry in order to take advantage of specific opportunities and to address specific problems.

Petro-Canada is now participating in the full range of activities and providing the full range of services of a national petroleum company. It will remain the principal direct policy instrument of the Government of Canada in the oil and gas industry. But, as was noted in the National Energy Program, the government is committed to competition. Competition is the lifeblood of the industry, and we owe it to consumers to ensure that competition is preserved both in the privately-owned sector and in the smaller publicly-owned sector.

[*Translation*]

The Canada Oil and Gas Act, passed by the House of Commons last December and given royal assent on March 5 this year, provides that the federal government will retain a Crown share of 25 per cent in oil interests in the Canada lands. This share may be transferred to a designated Crown corporation prior to the authorization of the system for producing oil or gas. To encourage competition in the public sector, it may be desirable to transfer Crown shares in oil and gas on Canada lands to a Crown corporation other than Petro-Canada. The

bill will enable the government to establish new Crown corporations that will be responsible for holding and managing these assets for their owners, that is, all Canadians. Looking into the future, I would hazard a guess that it may be preferable to establish Crown corporations that are regionally based and hold Crown shares in specific Canada lands. As a result of the location of their offices and staff, and through the membership of their board of directors, these corporations could have first-hand knowledge of the energy requirements of the regions in question and be truly conscious of their needs, while managing their assets for the benefit of all Canadians.

In addition to Crown corporations to which would be transferred part of the assets represented by Crown shares in Canada lands, we might also need a Crown corporation other than Petro-Canada that would own and manage energy-oriented companies the Government of Canada might decide to acquire. In fact, Petro-Canada could act as an agent for such purchases, but its effectiveness as an instrument of the government might be reduced if it made too many acquisitions. A new Crown corporation might be necessary to stimulate competition in the public sector of the industry, and quick action would be necessary to make the transaction a success.

[*English*]

As members of the House will know, Petro-Canada has a subsidiary, Canertech, which is an investment corporation in the field of renewable energy and conservation technologies. I mention Canertech because it is another example of a potential use of the powers granted under this amendment. In this case, I am not speaking about a hypothetical situation, as I was when referring to the acquisition of petroleum companies, or a situation in which the action required is in the future, as is the case with the issue of which corporation is to hold Crown shares under the Canada Oil and Gas Act, but rather a situation where the amendments may prove useful in allowing Canertech to evolve as an independent Crown corporation.

• (2030)

As I mentioned, Canertech has its head office in Winnipeg. It is small in size, as is appropriate for its job. At present it is a subsidiary of Petro-Canada and it has benefited from corporate services, which would have been difficult for it to establish within itself during the start-up period. As time goes on, it might be preferable for Canertech to become a truly autonomous and independent corporation.

These are the main objectives and characteristics of the particular bill. As I indicated at the beginning of my remarks, it formalizes and brings Parliament more into play than has been the situation in the past, when we have seen cases where governments and ministers were creating Crown corporations without referring to Parliament. The bill will ensure that in the limited sector of energy the minister and the government can create energy corporations and Parliament has the possibility of a negative resolution to annul the decision, if it so wishes.

[*Translation*]

I therefore ask the members of this House to consider giving this bill second reading, because it will provide the government with one of the tools it needs to develop its energy policy. Of course, its applications are limited, in the case of new corporations, to the establishment of energy corporations, and where acquisitions are concerned, to the purchase of corporations established under federal legislation. In both cases, such transactions must be approved by the governor in council, by cabinet, and may be the subject of a negative resolution by Parliament. Still, it is an instrument that can be used to resolve quickly a number of specific problems and to take advantage of opportunities as they are offered. I believe that Canadians agree that their government should have such tools at its disposal in order to ensure the energy security of our country.

[*English*]

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, at the time of the impasse when the minister first introduced the energy security bill, hon. members on this side of the House said that there were several elements of the bill which could be dealt with differently. Some of the elements of the bill were unobjectionable, others we felt were unwise, and others we felt were of questionable morality, such as the provision which would amend the Canada Business Corporations Act and allow the seizure and sale of people's shares without their consent. Other elements of the bill, though, were downright dangerous. The provision introduced by the minister which we are debating now in the form of Bill C-102 falls into the category of being downright dangerous. I intend to deal with that question as we go along over the course of the evening.

One thing which certainly struck my curiosity, as the minister was making his comment, was his suggestion that there was provision in the bill for a negative resolution to be put down in either House, either in the Senate or in the House of Commons, on the strength of 30 signatures of members of the House of Commons or 15 signatures of members of the Senate. Yet, last evening I came into the House and I asked for a copy of the bill which had been tabled by the minister, and I found that it provided for a motion for disallowance on the strength of 50 signatures in the House of Commons or 20 signatures in the Senate.

I have in my hands what the Table says is the House copy of Bill C-102. Clause 7(2) reads as follows:

> An order referred to in subsection (1) shall come into force on the thirtieth sitting day of Parliament after it has been laid before Parliament pursuant to that subsection unless before the twentieth sitting day of Parliament after the order has been laid before Parliament a motion for the consideration of either House, to the effect that the order be revoked, signed by not less than 50 members of the House of Commons in the case of a motion for the consideration of that House and by not less than 20 members of the Senate in the case of a motion for the consideration of the Senate, is filed with the Speaker of the appropriate House.

When I raised this issue with the minister, during his comments, he said that in fact the bill we are debating tonight

has a provision for 30 and 50. Indeed, in the printed version of the bill which was distributed today to members, Bill C-102, those numbers have been changed to 30 members of the House and 15 members of the Senate.

This raises serious procedural questions which I think hon. members on this side may well want to raise; that is, where did the change take place, and on whose authority was the change made? The Table indicates that the bill, which was tabled by the minister in the House and circulated, contains the figures of 50 members of the House and 20 members of the Senate. I do not know on whose authority the change was made. Perhaps the minister could rise at this point and explain how it happened.

Mr. Lalonde: Mr. Speaker, obviously I cannot give a particular explanation for the point raised by the hon. member, because Bill C-102 which I have with me provides, as he mentioned, for 30 members of the House of Commons and not less than 15 members of the Senate. This is the bill which the government approved. There may have been an error in the tabling or in the distribution. I would certainly be very happy to co-operate with the Chair in exploring the matter. If there is a technical problem, or if there has been an error anywhere, I would certainly be happy to indicate right now—

Mr. Beatty: Which bill is before the House?

Mr. Lalonde: —that when the bill goes to committee, the government will move an amendment to ensure that it is 30 members of the House and 15 members of the Senate.

Mr. Beatty: I want to know which bill I am debating.

Mr. Nielsen: Mr. Speaker, the difficulty which arises here is that while the minister, the government, and other members may have in their possession a bill which stipulates 30 members of the House and 15 members of the Senate, the fact remains that in so far as the official records of the House are concerned the bill tabled yesterday specified 50 members of the House of Commons and 20 members of the Senate. Naturally the question that arises is which bill is the House seized of, or which bill are we debating? The minister cannot hold out the assurance that he will amend a bill which is not before us and that would appear to be the case.

The minister cannot explain how the slip-up occurred. I cannot understand how instructions would have been given by the government to print the bill in the first place with the formula in that clause stipulated as 50 members of the House and 20 members of the Senate. Obviously there was either a typographical error or a change of policy, because what we have printed before members now is quite different than what we have in the possession of the House.

As a practical solution, I might suggest, if the government is advancing a bill based on the 30-15 formula, that we might seek unanimous consent to revert so that the government would be enabled to replace the bill tabled with the bill it wants us to debate. That could be achieved by unanimous consent.

The Acting Speaker (Mr. Blaker): I see the Hon. Minister of Energy, Mines and Resources (Mr. Lalonde) nodding his head. The Chair is in possession of the bill which, as the hon. member for Yukon (Mr. Nielsen), and the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty), have indicated, refers to 50 members of the House of Commons and 20 members of the Senate. If I understand the mood of the House, it may be that the minister would put an amendment to correct those two figures, and the House would then debate on the understanding that those are the figures. Is that what the hon. member for Yukon proposes?

Mr. Lalonde: No, no.

Mr. Nielsen: Mr. Speaker, I am proposing something quite different. I am proposing that the bill tabled be withdrawn by consent, and that the government table the bill apparently before us, which appears to be based on the different fraction. I think the minister owes an explanation to the House as to why the 50-20 split was in the original bill tabled yesterday and why there is a difference in those figures today. Was this a change of heart, or was it a typographical error? Had the government reconsidered the unreasonableness of the 50-20 formula and thought perhaps that 30-15 was more reasonable? I think the minister owes us some explanation.

• (2040)

Mr. Lalonde: Mr. Speaker, I thank the hon. member for Yukon (Mr. Nielsen) for his helpful suggestion on how to proceed in this particular case. As far as an explanation is concerned, I cannot give one as to the substance of exactly what happened, but I will make inquiries about the other part and inform the House and my friend how the mistake could have occurred. However, I can tell the hon. member that we started by tabling a draft bill last June or July and the numbers used were 50 for the House of Commons and 20 for the Senate. No representations were received. The same numbers were put in Bill C-94.

However, subsequently I received representations, particularly from my own caucus and from members of the Senate, to the effect that the numbers appeared high. Lower numbers were suggested so that any opposition party in the House, as it stands today, could put forward a negative resolution, and to make sure to have a low enough number for the Senate so the opposition in the Senate would be in a position to put forward a negative resolution. On the basis of these representations and this advice, the government decided to cut down the numbers proposed in Bill C-94 to 30 and 15, instead of the 50 and 20 as originally suggested. In terms of substance, this is the explanation.

The instructions given to the drafstmen were to replace the numbers by the numbers that appear in Bill C-102. I will inquire why the bill that was tabled for first reading did not have those numbers in it. If it is agreeable to the House, I will be very happy to replace the text tabled yesterday by the text that appears in Bill C-102 with the proper figures of 30 and

15. If there is unanimous consent, I will be very happy to move that this be done.

Mr. Rose: Mr. Speaker, on the same point of order, it would be interesting for all of us to know how this conversion on the road to Damascus took place overnight. As far as my party is concerned, we still think that 30 members for a negative motion is excessive. It is far in excess of those required in the Petroleum Administration Act. We do not like the idea of a negative motion at all. We know about the introduction of Bill C-102. It can be debated, but the exact numbers involves another discussion which I think can take place during the debate.

On behalf of the New Democratic Party, we would be very pleased to accept the suggestion from the hon. member for the Yukon (Mr. Nielsen). But if the minister is prepared to withdraw his bill of last evening and ask for unanimous consent for introduction of today's bill. We would certainly try to accommodate him.

Mr. Nielsen: Mr. Speaker, unanimous consent would have to be obtained for both stages, namely the withdrawal of the existing bill as tabled and the introduction of the bill that is apparently now in possession of members. We would certainly be prepared, since it was our suggestion, to give that kind of consent, particularly in light of this amazing conversion to humility by the hon. Minister of Energy, Mines and Resources (Mr. Lalonde).

Mr. Lalonde: Mr. Speaker, the hon. member is discovering qualities that have always been there. I am happy they are becoming more and more perceptible to him. On the basis of this suggestion, if it is understood that we are proceeding at the same stage with the text that members have in their possession, I move, that the bill which is on the table be replaced by Bill C-102, which members have in their hands.

The Acting Speaker (Mr. Blaker): Hon. members have heard the motion. Is there unanimous consent?

Mr. Nielsen: Mr. Speaker, and that the bill be replaced by the one as presently distributed to members.

The Acting Speaker (Mr. Blaker): Moved by the Minister of Energy, Mines and Resources (Mr. Lalonde):

That Bill C-102, as tabled yesterday, be removed from consideration before the House of Commons and be replaced by the one presently distributed to members.

Is there unanimous consent?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Nielsen: Mr. Speaker, the Chair should also note that as a consequential result of the order of business of the House as just transacted, it will be understood that the times applicable to the House order which was passed with respect to the energy bills will be adjusted by the time used by the minister and also the time used by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) on Bill C-102 to date.

The Acting Speaker (Mr. Blaker): This leaves the Chair in a somewhat difficult position. I believe the hon. member for Yukon (Mr. Nielsen) is referring to the block debate time which was allotted to the discussion of the several bills. I am not certain how long ago the debate began. Perhaps we can agree that the time used on that edition of Bill C-102, which no longer exists, is 20 minutes?

Mr. Nielsen: The table is keeping a record.

The Acting Speaker (Mr. Blaker): The hon. member has suggested that the record will indicate the amount of time and that it will be added to the block time under the previous House order. Is that agreed?

Some hon. Members: Agreed.

Mr. Nielsen: I am even more reasonable than that, Mr. Speaker. I am suggesting that the time already used in discussing the bogus bill be applied to the real bill.

Mr. Rose: Mr. Speaker, since we are not going anywhere anyway, I think it pertinent to point out to the Chair that the ultimate disposition of this bill on June 30 will take place no matter what we do in the meantime.

The Acting Speaker (Mr. Blaker): The House has heard the proposal by the hon. member for Yukon. Is there unanimous consent thereto?

Some hon. Members: Agreed.

Mr. Beatty: Mr. Speaker, now that we have been able to clean up the minister's mistake, I want to leave no misunderstanding on the part of the minister or members of the House on any side that members of my party were opposed to the bill as it was introduced by the minister and we are opposed to the bill as it stands today. We believe it is a dangerous bill, that it is one which does not deserve the support of Canadians, and that it is a bill which does not deserve the support of members of this House of Commons.

I think it important to note what the minister has been trying to do. A further comparison could be made. The bill introduced yesterday in the House of Commons was a draft dated March 26. Sometime between March 26 and today the government changed its mind on this question of a negative resolution. The government decided to attempt to make the threshold lower before a negative resolution could be put down.

It is worth comparing this bill to the energy security bill which divided Parliament for two weeks and prevented Members of Parliament from doing their jobs. In that bill there was no provision whatever for a negative resolution on this issue to be put before either of the Houses of Parliament. Instead, there has been a succession of changes of mind on the part of this minister who recognized that if he left this bill the way it

stood before it would become apparent to all Canadians that the minister was attempting to do an end run on Parliament.

In the course of my remarks tonight, what I want to do is point out that, notwithstanding the cosmetics and the trappings of parliamentary democracy, which the minister has attempted to introduce here, the minister is setting a very dangerous precedent. He is attempting to undermine the ability of parliamentarians to control the way in which the public purse is used. He is attempting to create a mechanism which will allow for the uncontrolled proliferation of Crown corporations in future.

What does this bill do, Mr. Speaker? The first thing it provides is that the government will be able in future to incorporate an unlimited number of Crown corporations, presumably, and predominantly, in the energy field. But, as I will suggest later, the scope could extend well beyond the field of energy. This policy will allow uncontrolled proliferation of Crown corporations. It is a policy which has been under attack in the past by the Standing Committee on Public Accounts, by the Auditor General, by the Lambert commission and by members of Parliament from all sides of the House. I see the President of the Treasury Board (Mr. Johnston) is leaving the House. I do not blame him for trying to slip out discreetly as we get into a matter which falls directly under his jurisdiction.

• (2050)

Within six months, of the Clark government taking office, we tabled in Parliament a comprehensive bill designed to bring some element of accountability and control to Crown corporations. Yet what we find today, more than two years after the Liberal government was restored to office, after two years of assurances from the President of the Privy Council (Mr. Pinard) that he takes this matter seriously, is that we have yet to see any comprehensive legislation designed to protect the rights of Parliament and put in place the sort of accountability and control suggested by the Lambert Commission, the Public Accounts Committee and the Auditor General himself.

It is not a new problem, Mr. Speaker. The Auditor General, back in his annual report of 1976, pointed out how serious the lack of financial control and accountability of Crown corporations was. It is now some six years later, but we are no better off today than we were then. We are no better off than we were after a succession of incidents leading to special inquiries into AECL, Air Canada, Polysar or other corporations where it was felt actions were taken not becoming a Crown corporation. In that time, with the exception of the nine months in which we were in office, apparently nothing of substance has taken place to try to bring some regime of accountability and control to Crown corporations.

We do not even know in any official way, Mr. Speaker, how many wholly-owned Crown corporations there are. The President of the Treasury Board has the responsibility for Crown corporations, and last evening I asked him how many corporations does the government own 100 per cent of. His answer was that he did not know, he could not tell us, he would try to count them.

Mr. Lalonde: He is out there counting now.

Mr. Beatty: Probably the most accurate guess which can be made is that the government probably has 170 wholly-owned Crown corporations at the present time. But that is only a guess; there is no way in which we can be sure. Not all Crown corporations are even listed in the schedules to the Financial Administration Act, a point made often by various groups looking at this particular issue. There is no way that this Parliament knows how many are wholly owned by the Government of Canada, and what does that say for the ability of members on any side to discharge their responsibility on behalf of their constituents? It says that we have been seriously weakened in our ability to protect the interests of Canadians, to protect the integrity of the taxpayers' dollars, and to do our job in reprepresenting our constituents on these matters of public concern.

The first thing this bill will do, Mr. Speaker, is to allow the creation of an unlimited number of new Crown corporations. That is something which apparently the President of the Treasury Board approves of. How will this be done? First of all, the Minister of Energy, Mines and Resources will go to three of his colleagues and ask them to sign an order in council. The signatures of four cabinet members will constitute the authorization for an order in council. That will give all the necessary authority for the minister to put the machinery into effect to create yet another and another new Crown corporation.

The next measure is a new one introduced by the minister in the new draft of the bill. That order in council will be tabled in Parliament and brought before us. Members of Parliament and Senators, whether it is 50 and 30, or 15 and 20, will have the ability to sign a negative resolution, put it before Parliament, and ask that a vote be held. This is the minister's token concession to parliamentary democracy. He sees this as the role of Parliament in controlling Crown corporations.

An hon. Member: Wonderful scheme.

Mr. Beatty: We will be allowed to put down a negative resolution and have a three-hour debate in the House of Commons. Assume for a minute, Mr. Speaker, that the minister wants to spend $1 billion of the taxpayers' money to buy a new company and incorporate it as a Crown corporation. How would this be done? First of all, by an order in council giving him authority and by tabling the order in the House, and if members objected we would have three hours to debate the government's intention. This would be done without any legislation being put before us, without spelling out in any way what the mandate of the Crown corporation would be, without putting any limitations upon the authority of the government to act in this way. We would only have three hours to debate whether or not the taxpayers' money should be used in this way.

Assume, Mr. Speaker, that in those three hours a majority of members of the House raised concerns, convinced their colleagues and voted that this order should be nullified, that

we should strike it down and deny the government authority to incorporate a new Crown corporation to spend perhaps $1 billion of the taxpayers' money. What would happen then? Mr. Speaker, according to the bill, the motion which we passed in the House would be sent to the other place, where the senators would be given a similar time to consider it. If a majority of senators concurred in the decision made by a majority of the members here that the government should not be allowed to spend public funds in this way, then the order would be null and void. It would be struck down and they would not be allowed to continue. But—and here is the interesting wrinkle—if the Senate decided they did not agree with members of the House, the government would have the authority on the strength of the Senate's failing to concur in the motion moved in the House.

This is an interesting constitutional question, Mr. Speaker, and one which the minister would be well advised to look at very closely. We would have a situation where the government would be going to the Senate to seek the parliamentary authority necessary to spend hundreds of millions, possibly billions, of tax dollars. I would suggest to the President of the Treasury Board and to the Minister of Energy Mines and Resources—

Mr. Huntington: Who is not here.

Mr. Beatty: —that there is serious doubt as to the constitutionality of this measure. What they are attempting to do is something which the Senate is specifically prohibited from doing: authorizing public moneys to be spent. If this goes forward, it is entirely possible that the courts of Canada may strike it down and say that the government is attempting to do something for which it has no authority. It is attempting in this bill to give authority to the Senate which it does not have today.

Even if that were not the case, Mr. Speaker, even if there were not serious doubts as to the constitutionality of this measure, the principle would surely be odious. Instead of coming to Parliament with a bill in which they spelled out the mandate of a Crown corporation, allowing it to be debated and go into standing committees of the House where witnesses could be called, instead of allowing us to vote on the measures and defeat them if we decide they should not go forward, they are reversing the onus and saying that Parliament tonight, if we pass this measure, is granting to the government for all time carte blanche to do whatever it wants unless a majority of both Houses of Parliament put themselves on record as saying in a specific case: no, you cannot do it.

I wish you had been there, Mr. Speaker, when I had the opportunity to have an exchange with the President of the Treasury Board. I asked him whether this measure was one he accepted as the minister responsible for trying to bring in a regime to enhance the accountability of Crown corporations and plug Parliament back into the picture. We have been left out, as the Auditor General has pointed out, and as members here have pointed out on numerous occasions. I asked him if he agreed that Parliament's role as envisaged in this legislation was satisfactory. He said yes, on two grounds. One is that the Minister of Energy, Mines and Resources could not unilaterally incorporate a new Crown corporation; he would need the consent of at least three other members of cabinet. That would be hard to get, no doubt. Secondly, Mr. Speaker, he said Parliament is giving its consent. If we pass Bill C-102 tonight, we are saying for all time that if the minister wants to incorporate a new Crown corporation, that is okay with us. The minister says: that is satisfactory, it means Parliament has been sufficiently plugged into the process again.

If that is satisfactory to the President of the Treasury Board, if he believes it is adequate and Parliament is discharging its responsibility when we simply write a blank cheque to the minister, then I ask him: why are we debating other pieces of legislation? At the beginning of each parliamentary session, why do we not simply pass a bill delegating authority to the government to do whatever it wants? It sounds ludicrous, does it not? It seems to be an odd thing to even discuss. Yet that is precisely what we are doing in this instance.

• (2100)

Mr. King: Disgusting!

Mr. Beatty: We do not follow that procedure because we believe that Parliament has the responsibility, not simply to give a broad granting of power to the government to do whatever it wants, but the responsibility, on behalf of our constituents, on behalf of the people of Canada, to examine specific measures which are brought before Parliament by the government and to closely question the government, to make amendments and to make suggestions for improvements before the government goes ahead and acts on that authority. That is the serious flaw in this bill. The President of the Treasury Board cannot be expected to be taken seriously by anyone if he says that the regime of accountability here, if the procedure is followed to plug Parliament back into this bill, is satisfactory to ensure that Members of Parliament will do their job.

Mr. King: Are you listening, Donald?

Mr. Beatty: One might say that even if Members of Parliament do not have the ability to vote on a bill spelling out what the Crown corporation is to do, surely this is something that is desirable. Your Honour will recall that VIA Rail was created as a Crown corporation by using a dollar vote in the estimates. In two successive annual reports, the President of VIA Rail has said that one of the most serious problems of his corporation is that its mandate was never spelled out. The corporation does not know what is expected of it by the government and by Parliament.

The Standing Joint Committee on Regulations and Other Statutory Instruments has recommended, in more than one report, that the government come back if it wants a rail passenger corporation to become a Crown corporation. The government could come back to Parliament bringing legislation spelling out the mandate of the corporation. We will not be allowed to do that in the energy field in the future. That is to be denied Parliament. Surely, the next question we must ask

ourselves is, well, if the government is to spend funds on a Crown corporation, if it is to buy one in the private sector, does Parliament not have the authority to question the minister about the expenditure of those funds, to hold him accountable, to demand that he give some adequate explanation? The answer is, no. It is not apparent from reading Bill 102, as it stands. Your Honour must look at it in the context of the energy security bill, Bill C-94, now withdrawn, now dismembered, now being introduced by its various parts. When this section allowing the creation of unlimited Crown corporations is juxtaposed with the Canadian ownership account provisions of Bill C-94, Section 65.26, one finds that the government, through the Minister of Energy, Mines and Resources, is permitted to spend money from the so-called Canadian ownership fund, to take tax dollars which have been taken from Canadians, and hold them in a separate fund. That money can be spent to acquire the shares in a new corporation. Section 65.26(3)(b) states:

—subject to the approval of the Governor in Council and in accordance with such terms and conditions, if any, as he may, on the recommendation of the Minister and the Minister of Finance prescribe, such amounts as are from time to time required by the Minister for investment in shares, debentures, bonds or other evidences of indebtedness of any person in order to increase Canadian public ownership of the oil and gas industry in Canada through share and property acquisitions and to repay loans or expenses incurred for that purpose.

If the Minister of Energy, Mines and Resources wants to create or buy another multi-billion dollar oil company or company operating in any other energy-related field, all that he need do is to reach into the Canadian ownership fund to take money to use at his own discretion to purchase this new Crown corporation or he can simply go out and incorporate a new Crown corporation under the terms of the Canada Business Corporations Act.

What this means is that once again, in the expenditure of conceivably billions of the taxpayers' dollars, Parliament is being cut out. Parliament is being denied the opportunity to protect the tax dollars of our constituents which are held by us in trust on their behalf. We are being prevented from discharging our responsibility there. This is the minister's idea of plugging Parliament back in, ensuring that Parliament can discharge its responsibilities. Well, what are its responsibilities? We do not know. When the Lambert commission, the Royal Commission on Financial Management and Accountability, looked at the whole question of control of Crown corporations, it was quite explicit. On page 333 of its report, it states:

Ideally, Parliament should approve the mandate for every Crown corporation—

Some hon. Members: Hear, hear!

Mr. Beatty: It goes on to state:

—as indeed the case where individual constituents acts are used to establish a Crown Corporation. Involvement of Parliament at the moment of creation provides no guarantee, however, that the mandate will clearly define the nature of the task, the objectives to be met, and the powers to be delegated.

The commission further stresses that point. On page 334, it states:

Parliament should give prior approval, in the departmental or constituent act, to permit a minister to recommend to the Governor in Council the incorporation of a company under the Canada Business Corporation Act.

The Lambert commission recommended a similar regime to apply to subsidiaries of Crown corporations. If the President of the Treasury Board were speaking this evening, he would say, "That is surely what we are doing tonight. We are saying in this act that the Minister of Energy, Mines and Resources will be able to do precisely that". I would invite the minister to speak to Mr. Justice Lambert and ask him whether, when he discussed the need for Parliament to give prior approval, he meant that the prior approval would come in the form of a blank cheque to be drawn on the account of the taxpayers of Canada.

Mr. King: Totally irresponsible!

Mr. Beatty: The government is making a serious attack on the ability of Parliament to protect the public purse. It is worth asking ourselves, where could the public purse come into risk? After the minister has bypassed Parliament in the creation of these new Crown corporations, after he has bypassed Parliament in financing them through the Canadian ownership fund which does not come into the estimates of Parliament and does not have to be voted upon by Parliament, that is surely where the liability of Canadians ends. However, that is not the case. If one reads Bill C-102, one finds that Clause 1 will add Section 6 to the Energy, Mines and Resources Act, and Clause 6(3) will read as follows:

A corporation is for all purposes an agent of Her Majesty and its powers may be exercised only as an agent of Her Majesty.

It is rather arcane language, but not something which the average Canadian would feel is particularly objectionable. What does it mean? It means that a Crown corporation is being created for which the taxpayers of Canada will be responsible if the government acts in a way which is irresponsible. The people who will have to pay the bills at the end of the day are the taxpayers of Canada. All the debts incurred by those Crown corporations set up under this bill will become liabilities of the Government of Canada. Consequently, they will have to be paid for by the taxpayers of Canada.

Therefore, once again, we find that without Parliament being plugged in, the taxpayer gets stung. What is interesting is that these Crown corporations will be incorporated under the Canada Business Corporations Act. However, the decision to grant the agent of Her Majesty status goes directly against one of the principles in the Canada Business Corporations Act. That is the principle of a corporate veil. If Your Honour incorporated a private company today, and if it went bankrupt, the shareholders of that company would not be liable for the debts of the company. The principle of a corporate veil is included in the Canada Business Corporations Act. There is a difference here. The shareholders of those Crown corporations, the people of Canada, will be responsible for every penny of liability incurred by these new Crown corporations acting as agents of Her Majesty.

Therefore, we find yet again that Parliament is making commitments in its name, in the name of the people of Canada, without being directly involved, without having the opportunity to fully debate and without having the opportunity to amend and make specific proposals. Surely, as if this were not bad enough, we should also ask ourselves, was the minister correct? Was he factual? I will choose my words carefully. Did he factually inform the House when he said in his remarks earlier that these corporations would be limited to the energy field? If one asks the minister that question, he will refer you to the bill, to Clause (1), paragraphs (c), (d), (e) and (f). He read them out. All of those deal with the energy field. His argument is that these new Crown corporations will be expected to confine themselves strictly to the energy field. Is it true? Mr. Speaker, it is not true. The Crown corporations, because they will be incorporated under the Canada Business Corporations Act, will have the powers of a natural person. That means that they will have the ability to go into any field they like such as private energy or transportation. They can buy an airplane company, they can set up a radio station, they can purchase a newspaper. If they want to control supply, they can go and buy a pulp and paper mill. All of this is allowed under the Canada Business Corporations Act. The sections in here which list the various broad-ranging powers in the energy field that can be exercised by these companies in no way limit the scope of these companies to get into new areas.

• (2110)

What we are doing, Mr. Speaker, is giving carte blanche for public funds to be spent to purchase and create new Crown corporations of an unlimited number, not just in the energy field but corporations which will have the authority to move into any field in or out of Canada when they so desire. That is what this bill will do. I would suggest, with due respect, that when the minister says to the House that the bill would be restricted to the energy field, he should consult with his legal advisers, because that simply is not the case. Is that the sort of legislation, Mr. Speaker, which the House of Commons should be approving? I think not.

Some hon. Members: Hear, hear!

Mr. Beatty: Surely if we are discharging our responsibility, we have the job on behalf of our constituents, to demand that the minister indicate what Crown corporations he wants to set up, what will be their responsibilities, what will be the cost to the taxpayers, what will be the limitations on their powers. We do not know. It is carte blanche which Parliament is being asked to give tonight.

What if the new Crown corporations that are being created want to keep the spirit of what the minister said? What if someone refers to *Hansard* and finds, even though we know what the Canada Business Corporations Act said, the minister said that these corporations will be restricted to the energy field, the incredibly broad-ranging powers within the energy field. Is he going to do that? What then can a Crown corporation do if it wants to stick to the energy field but it wants to be involved in other areas as well? What can it do? It can incorporate a subsidiary. Under the Canada Business Corporations Act, this Crown corporation can go out and create a subsidiary in any field whatsoever. The minister says, here we have control. The President of the Treasury Board was so impressed with this last evening.

The Minister of Energy, Mines and Resources cannot create a new Crown corporation without the consent of the governor in council. Is the governor in council's consent required when these new Crown corporations incorporate subsidiaries? It is not. The bill is mute on that. Under the Canada Business Corporations Act, any number of new subsidiaries can be set up. Is Parliament to be consulted? Will the order, which did not exist be laid before Parliament so that we can have a debate in Parliament as to whether or not it should be allowed? No, there is no order. It cannot be laid before Parliament. You cannot have even the very limited powers of a negative resolution which has been proposed by the minister.

These subsidiary corporations can be involved in any field, they can incur debts in the name of Her Majesty, they can go well beyond any scope that was considered by Parliament. Parliament will not have the power to intervene.

An hon. Member: Shame.

Mr. Beatty: Parliament cannot intervene because it will not come up before Parliament. It will not come back to the President of the Treasury Board to be considered. He will not have the opportunity in the case of the subsidiary, to be one of the three other ministers of the Crown who join with the Minister of Energy, Mines and Resources in signing an order in council—because there will be no order in council.

How can Parliament be expected to approve a measure of this nature? Is that adequate? Are we discharging our responsibility? Is the President of the Treasury Board, after two years of being charged with the responsibility for drawing up comprehensive legislation, to bring some element of accountability to Crown corporations, doing his job?

An hon. Member: No! He ought to be ashamed of himself.

Mr. Beatty: When the President of the Treasury Board was a private member, what was his responsibility to Parliament? He was the chairman of the Public Accounts Committee. And what committee of Parliament has been more active than the Public Accounts committee in putting reports before Parliament and saying to Members of Parliament that action must be taken to bring in a regime of accountability for Crown corporations? That was when he was a private member; that was when he was allowed to have ideas of his own. Now he is a member of the cabinet, he is not allowed to express those ideas. He is responsible now for defending whatever the cabinet decides. He is the one to whom the Prime Minister (Mr. Trudeau) gave the responsibility for a regime of accountability by Crown corporations. And this is the regime of accountability, this is the way he believes Parliament should be involved.

An hon. Member: He ought to be ashamed.

Mr. Beatty: This is the way in which he feels he should protect the moneys of the taxpayers of Canada. Surely we are entitled to ask, Mr. Speaker, what he has done over the course of the past two years.

The minister did not spell it out. When he spoke to us a few minutes ago, he did not indicate what his intention was, what sort of Crown corporations will be created. Will the President of the Treasury Board be getting up in this debate to tell us that they have had a full discussion in cabinet and that they know what Crown corporations will be created? Does he know? If he does, surely he should share that information with Parliament? If he does not, how can he conceivably be expected to be taken seriously by Members of Parliament when he asks us to support this bill?

It is just impossible, Mr. Speaker, to understand how the President of the Treasury Board does not feel that he has direct responsibility.

What more do we need, other than the evidence of the behaviour of some Crown corporations in recent years, to recognize that what Mr. Lambert talked about, what the Auditor-General talked about, and what the Public Accounts committee talked about, is essential. Do we need more evidence than the questions which have been raised in the House of Commons of recent days about Uranium Canada, a shell corporation, and agent of Her Majesty, acting on behalf of the Government of Canada, which has been charged with crimes by the Government of Canada because of the creation of an energy cartel a corporation which is pleading that it cannot be prosecuted because it has a Crown immunity? What better indication do we need as members of Parliament to convince us that we do not do our jobs properly unless we supervise the actions of these Crown corporations?

What more evidence do we need, Mr. Speaker, than the AECL incident to indicate that members of Parliament were not doing their job in properly scrutinizing the activities of that Crown corporation, that we needed the authority to do that?

An hon. Member: The Polysar case.

Mr. Beatty: What more evidence do we need than the Polysar case, or the Air Canada case? I believe that in the Air Canada case there was a new Crown corporation set up by the directors of Air Canada which cost the taxpayers $9 million. What more evidence do we need that Members of Parliament, if they are to discharge their responsibilities, must be given a role to play and must be able to have some regime of accountability on how this money is being spent.

I asked the President of the Treasury Board what more evidence did he need to have than Consolidated Computer, which I believe—and he can correct me if I am wrong—was wholly owned, ultimately, by the Government of Canada, a corporation for whose liabilities the Government of Canada certainly is responsible up to, I believe, $100 million.

An hon. Member: $105 million.

Mr. Beatty: Yes, $105 million. What more evidence do we need, then, to suggest that when public funds are being used the Parliament of Canada should have some role in ensuring that they are being properly used? What more evidence do we need that the President of the Treasury Board or the ministers of the Crown should have the ability and the responsibility to discharge a public trust and ensure that public funds are properly spent?

Some hon. Members: Hear, hear!

Mr. Beatty: When the members of the government ask us to support this measure, when they ask us to allow unlimited tax dollars to be spent in the future without parliamentary scrutiny, when they ask for the unlimited proliferation of Crown corporations, let them discuss Consolidated Computer with their constituents who are losing their farms or losing a home or losing their businesses or their jobs, because the Government of Canada says they do not have enough money for them to help out. What are they going to say to justify the $100 million that was lost in Consolidated Computer because of the government's mishandling of the Crown corporation?

An hon. Member: One hundred and twenty-five million.

Mr. Beatty: It is $125 million, my colleague says. How are they going to tell their constituents that the money is not available there to help them because the government has spent it, has dropped it down the sink, in Consolidated Computer?

An hon. Member: They do not care.

Mr. Beatty: Surely no minister should be allowed to come before the House with a straight face and ask us to pass a measure like this with that effect upon Canadian taxpayers? It would seem, Mr. Speaker, that the measure before the House is a dangerous in-run on Parliament. What they are doing is creating a rule which will enable the government for all time, if anyone questions the legitimacy of these Crown corporations, to say that Parliament approved it. They can say that Parliament said it was all right. They can refer us to Bill C-102, the blank cheque we have written for the government. For all time they will be able to say that Parliament approved it. Surely we should ask ourselves before Parliament approves it how that authority will be used in the future.

• (2120)

What is incredible, if you have watched the Prime Minister defend ministers of the Crown on various issues is that he likes to say the minister was discharging his responsibility, doing what Parliament asked him to do when Parliament gave him the power. He has used that example in an number of instances. No doubt in future when the Minister of Energy, Mines and Resources incorporates new corporations and runs up new debts on behalf of the taxpayers of Canada, his response will be that that minister was doing his duty as laid upon him and required of him by Parliament.

Parliament imposes no duty on the Minister of Energy, Mines and Resources tonight. Parliament simply writes a

blank cheque for him to spend tax dollars as he sees fit, to extend the control of government into areas where today it is not involved directly without further parliamentary approval. If we do that, we have been very negligent in our responsibility.

When the parliamentary impasse ended a couple of weeks ago after two weeks of the bells ringing and Parliament being in a position where it was impossible to conduct business, the first order of business placed before the House was the issue of parliamentary reform. You were present in the Chair, Mr. Speaker, when members on all sides of the House got up and said that they support Parliament. They believed it was essential that we have reform of this institution to ensure that they could do their job on behalf of those who sent them here. It was said that it is meaningful when on election night people in Thunder Bay elected my colleague as he had some role to play, when people from Vancouver elected my colleague and when people from Wellington-Dufferin-Simcoe elected me. We said that exercise of their franchise would be meaningful and amount to something and that Parliament would be able to discharge the responsibilities expected of it by our constituents.

We all paid lip service to Parliamentary reform, to responsibility and to our duties to our country and our constituents. What sort of parliamentary reform can the government be talking about when the most important reform is to put in place a legislative end-run on Parliament for the future? It is giving itself a blank cheque, allowing itself to do virtually whatever it wants in terms of Crown corporations in the future. It is ensuring that Parliament, which is impotent today, will be more impotent tomorrow.

We are simply giving away what authority has not already been taken away from us by the members of the executive. That is their idea of parliamentary reform. It is their idea of what members of the House of Commons and the Senate should be doing. It is their idea of what their backbenchers should be doing, that they have no authority to look into matters of this sort.

Members on all sides of this House had a chance to participate in that debate. All of us went on record saying that we wanted to strengthen Parliament, make it more meaningful, make it a place where decisions were made which are crucial to the future of Canada.

The onus is on everyone who participated in that debate and on every Member of Parliament who reads this bill, to search his soul and ask himself whether we are serving Parliament and the people who sent us here when we give away that power for all time. Should we pass this measure which is probably unconstitutional, a matter which is definitely unparliamentary? It clearly evades the spirit of Parliament and clearly undermines the role of Parliament. It flies in the face of the recommendations of parliamentary committees, a royal commission, the Auditor General, and statements of repeated governments, not just the Conservative government but the Liberal government as well, the Liberal government prior to 1979 and the Liberal government of today of which the President of the Treasury Board has the responsibility for Crown corporations.

Surely we have to ask ourselves whether we are doing our job if we allow this to go forward. When the vote is taken on this issue, members on this side of the House will be voting against this bill. I suggest that members on any side of the House who are concerned about Parliament and their responsibilities to the people of Canada will join us in saying that this measure must not be allowed to pass.

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, it is my pleasure to participate in this debate tonight. I congratulate the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) on an excellent speech. Like his party, my party has no intention of supporting this measure.

Frankly, there are certain things in the measure that intrigue us. For example, we like the idea that we should have a Crown corporation to do a number of things that are outlined in Clause 1, such as explore, develop, produce, gather, refine and process in the energy field. We like the idea of the distribution and marketing of energy conservation technology. I do not see how anybody could be against that. The only question is whether the government should be involved and have a piece of the action or whether a private corporation should have it in its entirety. It refers to acquiring and holding shares of an activity referred to in the previous paragraphs, and all the rest of it. However, as the hon. member for Wellington-Dufferin-Simcoe said, the bill goes much too far. We like it for those things I just outlined. We like it because it discusses the possibility of new corporations in the alternative energy field and in the conservation field. How could anybody object to that since we need incentives in that area?

It means the government might even be contemplating increased support for renewables and conservation. I hope so. The record so far in this area has been dismal. This afternoon the minister said that EMR has directed $500 million into it. Compare that to what is going to be put into PIPs, the petroleum incentives program, and you balance $500 million as opposed to $6,000 million. You can see where their priorities are. The government is four square on the supply side regardless of the consequences, economic, social, environmental or otherwise. They are certainly not determined to limit demand.

As the minister said, it is important for Crown corporations to compete and complement the private sector. It is important, provided they do that, but I am not certain they are going to do that. I would like to think they are going to do it. How can we be certain?

If we are going to require that sort of openness accountability and freedom of information for public corporations and Crown corporations, the same rules should apply to all private corporations, that are on the dole, that is receiving tax expenditures. I refer to CPR, Dome Petroleum, Chrysler Corporation, Massey and all the private oil companies.

If we are going to ask of Crown corporations complete openness and accountability for public funds, we should ask the same when public funds and tax expenditures go into

private corporations. We should be doing that. There are some things we like about this bill. I have outlined some of them. We feel that the public sector has a real role to play in the energy field.

In many ways the minister copped out. Probably he was wooed with the siren song of Esso. Sometimes I think the minister is "Esso-teric".

Some hon. Members: Oh, oh!

Mr. Rose: However, there are some things we do not like. I would like to outline some. They were detailed extremely well by the previous speaker. We object to the myth and the blank cheque approach. We object to the method by which they could create any number of new corporations and present them to the House without any further discussion. Is the expression *ipso facto*—

• (2130)

Mr. Waddell: That is what the lawyers say.

Mr. Rose: They should be ashamed of themselves. A separate bill is no longer required. A new corporation is not created the way Petro-Canada was. The minister simply announces it, and unless 30 or 50—I do not know what the numbers are, it was 50 last night and 30 today, I hope it will be 10 tomorrow—but a number of members must stand up to object, which is, in effect, a negative motion.

Does that mean that a bill comes here so we can proceed from its second reading stage to committee to examine expert witnesses? No, not at all. What has occurred is that we are presented with this piece of legislation, and unless many people object to it—when it goes to committee my party will move that the requirement for 30 members of the House be reduced to 10 in accordance with the Tory administration act—are we able to call expert witnesses to explain what is contemplated by this bill? No, we cannot. Instead of a five-hour debate, we will have a three-hour debate, and then the matter is finished. The members opposite will steamroll over us. They will have performed their function as voting machines in support of the government.

An hon. Member: To govern.

Mr. Rose: Those members cannot govern at all. They are voting machines. The 30 members in the cabinet are the ones who govern. Do not try to convince us that we elect a democratic government, because I know what happens.

Mr. Waddell: He knows very well.

Mr. Rose: The hon. member for Niagara Falls (Mr. MacBain) knows very well what happens. What we see is a potential steam roller effect where future initiatives to be taken for alternative energy could be killed.

As was said previously, parliamentary accountability is necessary. We must have that because there are too many horror stories like that of Consolidated Computer. Even though it was not a Crown corporation, it made off with $125 million. On my way from the airport I saw a sign on the street for Nabu Corporation which obtained CCI for $800,000. It is worth $125 million. That is an example of parliamentary accountability.

We have never needed parliamentary accountability more than today, and the minister has the audacity to walk in the House with a bare-faced grab for power to change the manner in which Crown corporations are instituted.

This government has certainly proven in the past that it is either unwilling or incapable of taking initiatives which I believe are very important. It is our party's view that the whole approach to the energy question, regardless of the established Crown corporations which I will not get into again, is quite simply headed in the wrong direction. We believe that the government is doing it all wrong and we have evidence to prove that.

I had occasion to be on the parliamentary task force committee which was set up by the government. We spent a year examining methods by which Canada might ensure its own energy self-sufficiency. Its recommendations were completely ignored, which is another matter I will come to shortly.

The government has certainly proven that it is unwilling or incapable of following through on any initiatives to relieve our energy crisis, even in the middle run if not the short run. I will give some examples to illustrate why I believe that. The government introduced the PUSH program with great fanfare. That program was the demonstration of solar heating technology in government buildings. The government announced in 1978 that it would spend $125 million on PUSH over a five-year period. We are now into the fourth year of the program and you would be ashamed and shocked, Mr. Speaker, to see that it has spent $23 million out of $125 million. That is mere tokenism.

A year ago, the Department of Energy, Mines and Resources announced a super-insulation demonstration program. It was supposed to provide grants up to $5 thousand per unit to cover design and construction costs of super-insulation projects. It has been over a year and nothing has happened. The government is still negotiating with the builders. It has displayed a complete lack of action almost to the extent of being criminal.

There is the task force report to which I referred earlier. The report of that task force, which was under the capable chairmanship of the hon. member for Pontiac-Gatineau-Labelle (Mr. Lefebvre), was tabled almost a year ago. The report contained 65 recommendations. I would like to read the guidelines which were developed by that excellent task force, which was made up of an all-party committee, including the hon. member for Bruce-Grey (Mr. Gurbin). This report was described as little short of outstanding. This committee, cost approximately $800,000, and not a word from the minister—

Mr. Lalonde: It was your expense.

Mr. Rose: We did not hear a word from the minister. There is no money for health or housing. We see great amounts of money being spent to bore holes in the Beaufort Sea.

The committee made seven recommendations. First, we should make every effort to reduce energy demand by practising conservation. The minister is completely occupied with the supply side of the energy question. All that he can think about is Hibernia and drilling more holes in one area and causing more environmental risks somewhere else. He does not give much attention to trying to reduce the demand. We are told by many people, including people in his own department, that if he injected the same amount of money into alternatives and substitutes he would be much better off. But he ignores that advice. He walks into the House with this inadequate bill tonight and expects us to accept it. We cannot do it.

I think these suggestions are worth looking at as guidelines for development which were made by a parliamentary committee, including a majority of the minister's own members, to suggest where we should be heading. Either this committee was correct democratically or it was all wrong. The second suggestion of the committee was that, in the long term, energy should be derived primarily from renewable or inexhaustible resources of energy. What does the minister do with respect to the second question? He spends $6.5 billion on the PIPs program. What does that accomplish? That only provides for the exploration and discovery of finite and non-renewable resources.

The third suggestion was that the production of the primary energy we require should be achieved with as little environmental disruption as possible. What will happen when there is a blowout in Beaufort and Hibernia or off the coast of Labrador? An environmental atrocity could occur, but it is of no concern because it relates to the supply side of energy. There is no consideration for smaller automobiles, less gas or conservation by giving a grant equivalent to what is being given to PIPs. We are concerned only with the supply side.

Fourth, we must achieve a greater diversity in Canada's energy mix. Is the government giving incentives for propane, transport fuel, or electrifying our railways? Some of those alternatives should be considered. I do not believe that we can completely get rid of the megaprojects, but certainly there must be a better balance to what the government is doing.

The fifth suggestion states that we must recognize regional differences in energy resources and in energy requirements. This would make oil and gas exploration sensible, along with substitution in Atlantic Canada. It may not make sense in other parts of Canada, but since we are very rich in resources we must achieve a mix and take care of things that are non-renewable.

Sixth, we must address strategic concerns in formulating energy policy. How do we solve the problem if we are suddenly cut off? The minister says to give more money to the oil companies to do more drilling in Hibernia or offshore. That may be part of the solution but it is onesided.

The final suggestion was that we must consider the social implications of bringing about major changes in Canada's energy system. What will the social implications be? I will outline two or three. First, it makes sense to decentralize our energy systems. Does it really make more sense to send a welder up to the Beaufort Sea than to provide a manufacturing base for that welder in conservation techniques in Waterloo or Vancouver or somewhere else? What about the social and family disruption? What about the environmental disruption?

• (2140)

We had a committee which looked at Canada's energy problem from a very loyal and perhaps even a nationalistic point of view. We looked at the Canada energy system for approximately a year and heard from expert witnesses. It is a little disappointing that its recommendations have been almost completely ignored.

The committee called for a minister of state for conservation and renewables. Why would we do that? We did that for the same reason a minister of state, was appointed in charge of mines under the Ministry of Energy, Mines and Resources. We need someone whose main task would be to look after certain things which are considered important, such as conservation. Everyone tells us it is far cheaper to conserve a barrel of oil than to find a new one. At marginal prices the cost would be about one-quarter to one-half the cost.

We could go into solar. We have not provided incentives for solar. We have subsidized electricity, gas, petroleum and a number of other conventional hard path energy systems. The government pay anywhere from 10 per cent to 50 per cent of their actual value, yet we expected solar to stand on its own. That is not practical, and yet we know that the solar industry is capable of tremendous expansion. With a minimum of $250 million over a five-year period we could provide up to 100,000 jobs at the rate of about $2,500 in public funds per job. In a country which needs energy and in a country which is filled with unemployed, why do we not try some of these things instead of constantly being caught up with the same old habit pattern of finding more oil to burn in more gas guzzlers to provide more money for the multinationals to export to their home state? We are asking the government to look at a few things like that.

Mr. MacBain: Look this way, Mark. We are watching. We want to see you.

Mr. Rose: My friend, the hon. member for Niagara Falls, was on the alternative energy committee, and he knows why we did what we did. But what he does not know—and if he does, he has not said so—is why the government has not moved to implement the recommendations of that committee after more than a year. Why do we not have something in line with that excellent report? Why is that?

Mr. Waddell: It is a Lalonde power grab.

Mr. Rose: If we really want energy security we should not be bothered with the kind of nonsense which comes in this one bill or the eight other bills. It does not matter; energy security

for Canada can be found, at least in part, in the alternative energy committee study and recommendations, and yet it has been ignored. There has not been one official statement about the whole thing.

This afternoon in debate on an earlier bill the minister beat his breast about Canertech. He said it is a tremendous thing and will do everything for everybody, including people who live in foreign countries. What money was provided for Canertech? For alternatives and conservation $20 million was provided and perhaps $15 million to spend overseas.

Mr. Waddell: Six thousand five hundred million for PIPs.

Mr. Rose: Let me put this in perspective. The cost to Mobil for drilling one dry well off the coast of Labrador was $30 million. What the minister is prepared to put into Canertech is roughly equal to Mobil's one dry well. That points out to me the bias toward the supply side.

Why are we not doing these things? Why are we not putting more money into alternatives, conservation and renewables? The answer is that we are suffering from megamania. Marc's megamania: that is the objective. That is the policy of the government, from Senator Bud Olson right on down. First there is oil megamania. The government is throwing money at the multinationals to develop tar sands without even demanding equivalent equity for the investment. We can talk about Syncrude, Alsands or strikes by the oil companies. It does not matter; the government will put up the bucks. The people of Canada will put up the bucks, and the multinationals will get the equity. If the model is Syncrude, we can see that is what will happen. The problem now is that the price of oil has fallen. There is an oil glut, and all the big high rollers are bailing out because 19 per cent is not good enough for them.

The next is nuclear megamania. Whether we are underfunding solar programs, PUSH and the super insulation program, there is a great grab bag of strange cabinet ministers going all over the world trying to sell the Candu reactor to "democracies" such as Egypt, Argentina of recent fame, Kuwait and Korea. And with loan financing; it would make the average house buyer turn green. We are giving it to them at 7 per cent or so.

Mr. Fulton: Two per cent.

Mr. Rose: Effectively 7 per cent. No. The government borrows money at 16 per cent and gives it to Mexico for 7 per cent if they will only buy our reactor, which they will not. Nobody will. I think the total we wrote off last year was $800 million to AECL debt, and this year we are continuing that crazy budget of two-thirds of our research budget in energy going to nuclear. In total, we have spent over $4 billion on the nuclear program.

I could mention coal megamania in British Columbia, where the federal government is going to put up $1 billion. It puts up $20 million for Canertech but $1 billion to Northeast Coal or 1,000 million.

Mr. Fulton: Subsidizing the export of cheap coal.

Mr. Rose: Subsidize anybody; that is their middle name.

Mr. MacBain: Mark "Subsidize".

Mr. Rose: We could call him "Marc Subsidize Lalonde".

Mr. MacBain: I was talking about Mark Rose, by the way.

Mr. Rose: We subsidize practically every form of energy there is. I have here a little study entitled "Energy Reference Cost Premiums—A Draft Working Paper". I am glad the hon. member brought this up. This was a study undertaken in 1980 for the Department of Energy, Mines and Resources. The study attempted to show the real cost of oil, natural gas and electricity as opposed to the cost the consumer was actually paying. The author of this paper came to the conclusion that for every dollar of oil products Canadians bought at the pump in 1980 the actual cost should have been $1.65. The people in my riding do not object to that because if they have to drive miles and miles to work, they are rather pleased their cost is subsidized.

The study also talks about natural gas. We are probably paying about one third of the actual cost. If we want to talk about electricity, the cost depends on the province involved, but the price is probably 20 per cent to 50 per cent of the cost. We do not object to the subsidizing of energy, but if we are going to subsidize energy—and I did not even talk about nuclear energy—let us subsidize all forms of energy, including solar, so that we can create many more jobs. We need to commercialize solar now. We need to move from the beginning, experimental to the manufacturing stages. Do hon. members know what the sales over last year in active solar in the world were? They were something like $4 billion. Are we in on that? We are in on it very little, but that is the way we should be going.

What I am saying is that there is not enough money to develop the alternatives. The hon. member for Niagara Falls will recall that no province in Canada will see by 1990 more than 5 per cent of its energy coming from any kind of alternative, so in spite of this window we have between, for example, 1990 and 2000 and in spite of the time we have to prepare the oil sands plants, gasohol plants, methanol plants and all the other alternatives, we are not doing anything nearly enough to balance Canada energy systems. We are still spending all our money on PIP programs and running around poking holes in the bottom of the sea, regardless of the consequences.

• (2150)

I think the government has ignored the benefits we can get from conservation and renewables. Why should we prefer the alternatives and the renewables, Mr. Speaker? First of all, because they are benign; they are decentralized; they do not pollute the air or water as do coal and thermal plants, and they are labour intensive. For about $100,000 or about $50,000 they can provide a job, compared with the almost $1 million it takes to produce a permanent job in the tar sands plants. There is a regional distribution of jobs. People can work on the spot and not have to travel to and fro or live in some trailer

camp far away from their homes and families. There is little social disruption. Renewables and conservation do not impinge on the native rights or lifestyles. There are a lot of attractive sides to the proposition, and we should be moving in that direction.

We cannot shut off the pump, as was done in Quebec yesterday, and say, "We are not going to sell any more gasoline". No one is suggesting that we should get away from the internal combustion engine. We are suggesting, however, that our energy policy is lopsided, if not wrongheaded. It is going in the wrong direction for the twentieth century. The population of the world today is ten times what it was in our grandparents' time.

Earlier today the minister spoke about helping the developing countries. But Mr. Speaker, there are, for instance, 15 million people in Kenya and within 10 years they will run out of fuel. That does not mean oil and gas for their cars, or nuclear power or whatever. They do not have any power grids so they are not concerned with nuclear energy. They are concerned with wood, and their forests will be gone in 10 years.

We do not seem to realize how our energy appetites have changed, Mr. Speaker. The use of non-renewable energy is a relatively new practice. Coal was discovered and began to be used in fair amounts in 1780, only 200 years ago; natural gas in 1820; oil in 1870—and we are nearly out of that source already. Of course we will hunt for more, but everyone knows that it is finite. We did not discover hydro until 1890 and nuclear energy until 1950.

As a nation that is absolutely loaded, absolutely spoiled with resources, we should be giving leadership to other countries on how to turn the energy mix around. I do not think that this bill or any of the bills in the package, is designed to do that. It is designed to carry on our energy gluttony like a drunken sailor. We are continuing to consume vast amounts of energy for reasons we probably cannot defend in a world of over three billion people. I would ask hon. members to think about that.

I do not know whether we convince anybody with our speeches but I do know that if we do not change our ways they will be changed for us. I think we have almost 20 years to do something about this. It would be a mistake to lust after the same kind of energy system that we have had for the past 30 years. We should be doing more in the realm of conservation and alternatives while we have the chance.

We like some of the things in this bill, Mr. Speaker, but we deplore the lack of accountability and the way the minister is proceeding. We like some parts but we do not like others so we are not going to vote for it and we will continue to speak against it.

Some hon. Members: Hear, hear!

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, in the few minutes available to me I should like to make some comments on the bill before the House. I think that the government sometimes becomes unduly complacent about the activities of Crown corporations and specifically about Crown corporations that seem to become almost sacred cows or pets within the government organization itself.

I need only cite the case of Consolidated Computer Inc. Most members of the government will shudder at that example of mismanagement. Only a few months ago we learned for the first time that the people of Canada would be required to write off a further $94 million of indebtedness. Until then, there had been no disclosure of that type of liability.

I mention that example because the bill before us tonight would give unbelievable power to the government of the day to create more Crown corporations virtually at will. I think that we must press the government on two points, Mr. Speaker. If it feels that parliament should empower it to create such Crown corporations, then I believe there should be a suitable Crown corporations act which would ensure that in future they are administered properly. The possibility of such legislation has been discussed at length in the House and in committees, and from time to time the government has given lip service to the concept. We have yet to see such a bill, and in fact there is every indication that the idea has at best been stalled or perhaps even killed. There is little likelihood of it being presented in this parliament, apparently.

I suggest that the absence of such a bill warrants every member of the House saying to the minister that he refuses to give the minister authority to bring new Crown corporations into existence until a bill is produced that will ensure better administration and control of them in the future.

Is it not odd that we are being asked to approve legislation which would give the government virtually carte blanche to create Crown corporations when it is not even clear that they would be included in the schedule to the Financial Administration Act as is the normal practice? That is another deficiency in the bill, or at least it is a deficiency in the legislative program offered by the government to the House.

I remember when this party was in power, Mr. Speaker, that I was startled by the answer when I asked how many Crown corporations there were. The public servant I questioned answered with a straight face, "Frankly, we cannot tell you." First of all I thought he was joking and meant that we had better start counting them. But he was not joking; the previous government had literally lost control to the point that it did not know what Crown corporations were being incorporated at will by various departments. Now the government is asking us to pass a bill that will authorize it to continue creating Crown corporations as it was doing, rather quietly and secretly, within its departments.

Let me give you an example of how that was done, Mr. Speaker, connected with Consolidated Computer Inc. In that case the government decided it needed a finance vehicle, so it incorporated the company. The shares were actually given to three hospitals in Toronto, which were never even informed that they were the beneficiaries.

Let me continue with my remarks later, Mr. Speaker.

• (2200)

Mr. Pinard: Mr. Speaker, I rise on a point of order. Earlier I had consultations with House leaders and we agreed to revert to introduction of bills in order to allow the Minister of Energy, Mines and Resources (Mr. Lalonde) to introduce an act to amend the Petroleum Administration Act. Therefore, I seek unanimous consent to revert to the introduction of bills for that purpose.

Mr. Deputy Speaker: Does the hon. minister have unanimous consent of the House to revert to introduction of bills?

Some hon. Members: Agreed.

Mr. Andre: Mr. Speaker, I should like to say on behalf of my party that we have had discussions and that we give our consent. I think this is the third time tonight we have had to do this to patch up mistakes on the other side. In the interest of co-operation, as always, we agree.

Mr. Waddell: Of course we are perfect and never make mistakes, so we will agree.

Mr. Pinard: Therefore, the minister is ready to introduce the bill. It is not a mistake; it is to render a service to the opposition.

ROUTINE PROCEEDINGS

[*English*]

PETROLEUM ADMINISTRATION ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto.

Motion agreed to, bill read the first time and ordered to be printed.

Mr. Lalonde: Mr. Speaker, I rise on a point of order. The hon. member for Calgary Centre (Mr. Andre) referred to a mistake earlier tonight. I was informed by the Table officers that there was no mistake on the government side. I expect the Speaker will clarify the situation. It may be that my colleagues on the other side made a mistake in grabbing a bill which was not the right one.

Mr. Andre: No, no, no!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

AUTOMOTIVE INDUSTRY—NEGOTIATIONS OVER IMPORTATION OF JAPANESE MANUFACTURED VEHICLES. (B) REQUEST THAT CANADIAN CONTENT REGULATIONS BE IMPOSED. (C) LENGTH OF NEGOTIATIONS

Mr. Otto Jelinek (Halton): Mr. Speaker, my statements this evening are based upon questions which I put to the Minister of State for International Trade (Mr. Lumley) on March 25, 1982, concerning Japanese automotive imports into Canada and the government's negotiations with Japan. The statements could just as well be made in relation to questions of mine and my colleagues of last week, last month, and indeed over the last two years, because basically the answers are always the same. The Minister of State for International Trade and the Minister of Industry, Trade and Commerce (Mr. Gray) continually say they are not concerned with what is happening, that negotiations are still underway or that they have succeeded in negotiating with the Japanese, again and again.

This situation has been ongoing for over two years, during which time tens of thousands of jobs in the Canadian automotive industry have been lost and tens of thousands of indefinite lay-offs have taken place within this very important industrial sector of the economy. Obviously this can no longer continue to happen.

My questions to the government are very simple. How much longer is the government prepared to continue to negotiate unsuccessfully with the Japanese, whether in regard to voluntary reductions, quotas, Canadian content, Japanese investment in Canada, or a variety of other factors which come into play? How long will this go on before some unilateral action is taken by the government? The thousands of unemployed Canadians who are suffering as a result of lack of action by the government and the thousands of unemployed Canadians who are suffering as a result of the obvious failure of both the Minister of State for International Trade and the Minister of Industry, Trade and Commerce in this area, can no longer tolerate this situation. If we are to trade fairly with the Japanese, it is obvious that the government must take a much tougher stance.

• (2205)

The minister just a half hour ago in committee was asked, "Do the Japanese practise fair trade?" The minister replied, "No, they do not practise fair trade." We are trying to practise fair trade with a nation that is not practising fair trade, as admitted by the minister. It is time for the minister and for the government to get tough.

The same minister of international trade just half an hour ago in committee stated again that he was quite concerned with the fact that only 3 per cent of our manufactured goods are shipped to Japan. Yet in contradictory statements in this House he has said, "if there is going to be any form of protectionism, it will hurt our trade with the Japanese". We only export 3 per cent of our manufactured goods to Japan, yet many of our natural resources being shipped there. We are not doing ourselves any favours by selling Japan our natural resources. They need our natural resources. We are selling them at very low prices; prices even lower than those of Australia and New Zealand.

Why is it that Canada is virtually the only nation in the industrialized world with absolutely no control over the auto industry? Let me put a few examples on the record. Australia has 85 per cent local content in its imports. The United Kingdom has a 10.8 per cent share of Japanese imports; Germany has a 5.7 per cent share of Japanese imports; France has a 2.2 per cent share; Spain has 63 per cent local content; Venezuela has 51 per cent, and Brazil has 95 per cent local content. The list goes on and on.

Canada is the only nation in the whole industrialized world that has not had the guts to take a positive step in this regard. As a result, Canada is losing tens of thousands of jobs right across the country. The automobile industry is responsible for one out of seven jobs in Canada. It is responsible for one out of six jobs in Ontario. How much longer does the industry have to wait before some unilateral action is taken? When will the government come up with a specific policy, and what will that policy be? When will it be implemented? Are we going to have Canadian content regulations? Will we have incentives for the Japanese to invest in Canada and manufacture cars here, or will we simply allow the automotive industry to disappear totally from the face of this nation, ruining the industrial base in this country? These are very simple questions.

In closing I must say that the time is long overdue to end negotiations, to take a much tougher stand and come up with some of the answers to my questions, and those posed by the industry, the Canadian auto parts manufacturers, the UAW, the province of Ontario or the big three. This government must come up with answers before more jobs are lost.

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, the Minister of State for International Trade (Mr. Lumley) has answered the hon. member on several occasions. The minister was in Japan from March 16 to March 19 and met with the Japanese minister of international affairs. He indicated that he put forth three positions to the Japanese.

First he would want an extension of the so-called "weather forecast" system for passenger cars, which means virtual restriction and prohibition. Second, he wanted the extension of that system to cover commercial vehicles. Third, he wanted meaningful discussions with the Japanese leading to an agreement vis-à-vis Canadian content. The hon. member knows that the Japanese government has turned down these three positions although not entirely. The Japanese did agree to continue negotiations and we will be negotiating with them.

Mr. Jelinek: Further negotiations? It has been two years now.

• (2210)

Mr. Irwin: There are no free rides, Mr. Speaker, and the hon. member should know this. He is talking about the automobile industry today, but let us look at the textile industry. In 1979, because we have tariffs, it cost the Canadian consumer—someone pays—$467 million. In the next five years Biggs and Wood estimated that because we have tariffs and quotas it will cost the consumer $2.5 billion.

Mr. Jelinek: Have you ever heard of duty remission?

Mr. Irwin: Whether you call it duty remission, restrictions, or quotas, it will always cost someone something.

Mr. Jelinek: Not if you have duty remission.

Mr. Irwin: Pehaps he wants to look good today, but two years from now he will be saying the same thing about the automobile industry as he is now saying about the textile industry. Whether we are considering Sysco, Chrysler, Massey-Ferguson, or a Malibu, it is not restrictions or prohibitions which count, but, rather, it is the quality of the product sold on the world market for a profit.

We are traders, Mr. Speaker, and I remind the hon. member that the Japanese are good customers. In 1980 we sold them over $4 billion in goods, and only purchased $2.7 billion from them. There was a balance in our favour of $1.3 billion. What does he suggest that we buy from the Japanese if we do not buy automobiles? There are no suggestions because he does not know. While he is at it—and there are no Liberals in western Canada—I would like to know what westerners think about his position on the sale of their goods to Japan which he is now saying should be restricted. What does he say about that? Does he want a restriction on those sales? If so, he should stand up in this House and say what goods in what areas and in what constituencies, rather than trying to look good to the automobile industry here in Ontario and, at the same time, failing to point out what constituencies in western Canada would be affected. He does not have the courage. He does not know. Thank you, Mr. Speaker.

Mr. Kempling: That will look good in Windsor.

CORPORATE AFFAIRS—URANIUM PRICE FIXING TRIAL—QUERY RESPECTING CROWN IMMUNITY. (B) INSTRUCTIONS TO COUNSEL

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, I rise tonight in connection with a question I posed to the Minister of Justice (Mr. Chrétien) and the Prime Minister (Mr. Trudeau) on March 25 of this year. It concerned a situation which, on the basis of documented evidence and questions in this House, involved a very clear question of cover-up on the part of this

government with respect to its involvement in the uranium cartel.

If we look back at the record of this government with respect to its involvement in that cartel, Mr. Speaker, it is clear there has been an admission by the Prime Minister that indeed the government was involved in a price-fixing scheme, or cartel. This is quite different from a situation, such as international trade agreements, where there is disclosure, publication and full public knowledge. In those cases the people of the countries involved, indeed their legislative bodies, will involve themselves in arrangements respecting the setting of floor prices, or prices in general, of commodities. There are a lot of examples of quite proper international agreements on floor prices. The international wheat agreement is one which comes to mind. However, those kinds of agreements are always in the public view. They are not concluded in secret smoke-filled rooms in a capital of one of the countries involved. This is the situation which existed with respect to the uranium cartel. It was a secret agreement. There was no public knowledge.

• (2215)

The government has admitted that it has been involved in this whole matter. Of course, the question arises as to whether or not this cartel arrangement, which one can describe as a secret arrangement, had consequences to the consumer in Canada. We have been trying to obtain information on the floor of the House of Commons with respect to this agreement. No information has been forthcoming. There was an attempt to thwart the inquiries made by people in opposition, and secrecy prevailed. There was an attempt to cover up any indication as to exactly what transpired.

Let me give hon. members a little history in case they have forgotten the extent to which this government has gone to cover up its involvement in this cartel arrangement. The government issued a gag order prohibiting discussion by any official of any circumstance relating to the alleged offences. In this country, where we take pride in our free speech, a law was passed by order in council of this government which made it an offence for any official to discuss the arrangements made for this price-fixing agreement.

There was a failure on the part of the government to release 60,000 documents relevant to the prosecution of any charged in connection with domestic price-fixing. There was a failure on the part of the government to make public the report of the Restrictive Trade Practices Commission, the Bertrand commission, which investigated the domestic price-fixing. It was alleged by the Crown in the right of the minister of justice and attorney general who was prosecuting, that government agencies or Crown corporations were involved. There was a failure on the part of the Minister of Energy, Mines and Resources (Mr. Lalonde) to take any responsibility for the actions of the government's Crown corporations, Uranium Canada Limited and Eldorado Nuclear Limited, which were charged as co-conspirators after this investigation by Mr. Bertrand. Now there has been an attempt by the government to extricate those Crown corporations from prosecution by allowing them to claim Crown immunity.

The Minister of Energy, Mines and Resources has tried to distance himself from this whole sordid mess. He says, of course, that he has no part in this matter and that somehow things are going along without his knowledge or intervention. Indeed, he indicates that this attempt to extricate the Crown corporations from prosecution is really not his idea; rather, it is a matter which sort of developed by magic, and somehow the corporations are winging it in terms of putting in a defence. He indicates that he has no part or interest in this whole matter and that, of course, these corporations are quite apart from the government.

I think we should look at what is being submitted on behalf of the Crown corporation in question, by Uranium Canada Limited, through affidavit and other supporting material. Uranium Canada has admitted that it has no assets except the sum of $9 representing the payment of the qualifying shares of the former members of the board of directors. It has no separate place of business, and conduct of its affairs lies within the Department of Energy, Mines and Resources. It has no employees of its own. On May 1, 1981, it stated that all of the qualifying shares of the directors of Uranium Canada Limited were transferred to and are now presently held by the Minister of Energy, Mines and Resources in trust for Her Majesty the Queen in right of Canada.

It is evident by affidavit and submission to the court that the direction and administrative control of the activity of Uranium Canada Limited directly resides with the minister and the governor in council. Uranium Canada Limited has no discretion in the matter. Further, for operational and practical purposes, the company is within the Department of Energy, Mines and Resources. Accordingly, the Minister of Energy, Mines and Resources and the governor in council direct the mind and will of Uranium Canada Limited. Finally, it is stated that Uranium Canada Limited is a mere servant of the Crown whose acts are directly and completely controlled and determined by the Minister of Energy, Mines and Resources as well as the governor in council.

Let me explain. The "governor in council" means the cabinet of this country. The company enjoys the status of the Crown. It is the submission of the company that it is directed by the minister, but the minister refuses to accept ministerial responsibility in respect to this matter and continues to cover up. Today I want some answers from the parliamentary secretary as to precisely what the government is trying to cover up. What has it got to hide concerning this whole sordid mess?

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I should say at the outset that I am somewhat appalled by the substance of the remarks by the hon. member, for his assertions are completely ridiculous. It is mere witch-hunting, and his innuendo is certainly not acceptable.

Mr. Hnatyshyn: I am taking it right out of your own documents.

Mr. Dingwall: When this question was initially raised by the hon. member on March 25, my colleague, the Parliamentary Secretary to the Minister of Justice (Mr. Peterson), replied that the government has always proceeded in accordance with the laws of this country and has done so in this particular litigation proceeding.

Later on during the question period on that same day a similar question was directed to the Prime Minister (Mr. Trudeau) regarding the immunity of the Crown in this case. The Prime Minister replied by saying that since the matter is before the courts it would be improper to answer the question.

• (2220)

On March 29, when the Leader of the Opposition (Mr. Clark) raised a question relating to the Uranium price-fixing trial, the Minister of Energy, Mines and Resources (Mr. Lalonde), stated that, as far as he knew, no instructions had been given to Uranium Canada. He continued to say that the company was being prosecuted, with other companies, and that presumably those lawyers defending Uranium Canada are using all the arguments that they can to defend their case.

On March 30 an opposition member asked the Minister of Energy, Mines and Resources to instruct Uranium Canada's counsel to withdraw the technical defence of Crown immunity, allowing Uranium Canada to partake in the same kind of trial its co-defendants are subject to. In response to this, the minister pointed out that this matter was before the courts, and that it is improper to bring before the House of Commons quotes from arguments used by counsel before the courts. He pointed out that it is a long established rule that Parliamentarians abstain from commenting on a particular case which is before the courts. The minister also took the opportunity at that time to reiterate what he had said the preceding day; that he had never given any instruction to Uranium Canada or its counsel and he had no intention of doing so in the future.

On April 1, the opposition was still posing questions on the Uranium Canada trial. At that time the minister repeated what he had said on numerous previous occasions, that he had not given Uranium Canada any instructions in relation to the court case and he would not interfere with the judicial process or in the operations of the board of directors of the Crown corporation.

I suggest respectfully, Mr. Speaker, that the hon. member take note of these comments and not continue with his innuendo, his witch-hunting and his ridiculous assertions.

Some hon. Members: Hear, hear!

POLITICAL PARTIES—FORMER AFFILIATION OF MANITOBA ATTORNEY GENERAL

Hon. Jake Epp (Provencher): I raised a question today, Mr. Speaker, as I did on March 29 in this House, reported in *Hansard* at page 15901, in which I asked the Minister of Justice and Attorney General of Canada and Minister of State for Social Development (Mr. Chrétien), in his capacity as Attorney General of Canada, whether members of provincial cabinets had a security check done on them prior to their entering cabinet. There was a somewhat lighter side to it. I believe I did not use my words quite correctly at that time, and I think I had the Attorney General of Canada just a little concerned that the accusation I was making was directed at him. In no way was that the case.

The question arises from the past membership in the Communist party of the Attorney General of Manitoba. I say to you, Mr. Speaker, as I said at the time I asked the question, that it is a sensitive matter, that it is not a new revelation I am making public, but that it is a matter which has been in the public domain for many years. In fact, that past membership had been confirmed by the Attorney General of Manitoba himself.

Recent revelations from United States authorities show that the Manitoba Attorney General is still on a restricted list of persons who might wish to enter that country. That revelation was made as recently as March 23, 1982, in a front page story in the *Winnipeg Free Press*. In that story, a spokesman for the department of immigration and naturalization service of the United States department of justice, indicated to that paper that the Manitoba attorney general, if he should wish to enter the United States, would be required to have a waiver and is still listed as an undesirable visitor.

When a member of this House joins the federal cabinet, the leader of the party forming the government, the prime minister, has the option to ask for a security check of members entering that cabinet. I am not saying that that has been done by all prime ministers or that that has been done in all cases, but it has been done at the federal level. For those of us who entered the cabinet, for instance, in 1979, that was a criterion. I want to say to you, Mr. Speaker, that for a person who entered the cabinet at that time and took his responsibilities seriously, it did give a person a certain sense of confidence that that security check had been done. One felt that at least there was no impediment to fulfilling one's responsibilities to the people of Canada and to the House.

• (2225)

My question is straightforward. I am not on a witch-hunt. I am not trying to accuse someone of anything that has not been in the public domain. However, because attorneys general sit down with the Attorney General of Canada, or the Solicitor General of Canada, at different periods of time and sensitive information could in fact be passed from one level to the other, it is important that two questions be answered tonight by the parliamentary secretary. Was a security check done specifically on the Attorney General of Manitoba whom I mentioned earlier? Is it a general practice of provincial government in general that certain security checks are done before members are invited into their cabinets?

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Mr. Speaker, following the election of the present government in Manitoba late last year, Mr. Roland Penner was appointed attorney general of that province. It is our understanding that

he is a well-known former professor specializing in labour law at the University of Manitoba law school and that he is no stranger to the public eye, as the hon. member for Provencher (Mr. Epp) indicated. He was the first chairman and a strong defender of Manitoba's legal aid program. Often maintaining a high profile on controversial issues, he is apparently known for his wit, intelligence and hard work.

Mr. Penner's association with the intellectual and political left has been well noted and goes back to his family and early days in north Winnipeg. His father, Jacob Penner, was an active Marxist. After service in the Canadian armed forces in World War II and an undergraduate degree earned in 1949, Roland Penner spent ten years operating what was called a left-wing bookstore in Manitoba.

It is our understanding that he gave up his membership in the Communist party in the early 1960s, although following his graduation from law school he practised law with Joe Zuken, a long-time member of Winnipeg city council who is considered by some to be one of western Canada's leading left-wing politicians.

In the early 1970s the NDP government in Manitoba awarded Mr. Penner a Q.C. His most recent appointment, of course, has been as attorney general in Premier Pawley's New Democratic Party government. In a recent interview, Mr. Penner was asked whether he felt that in relation to his political views he has been misrepresented. His answer was as follows:

> What I have always resented from the past is the notion of a label, for anybody. This person is a communist, therefore it follows that this person must believe this. . . . I resent labelling in any area and I simply want to be defined by what I do, rather than by what I was or even by what I say.

In response to the two specific questions raised by the hon. member for Provencher, I would like to say first that I have no knowledge of whether the hon. provincial attorney general is the subject of any security files. Second, as far as this government is concerned, it continues to do business with the government of Manitoba in exactly the same fashion as it will continue to do business and has done business in the past with other provincial governments.

[*Translation*]

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.30 p.m.

HOUSE OF COMMONS

Wednesday, April 7, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

ENERGY

SUGGESTED REOPENING OF NEGOTIATIONS WITH NEWFOUNDLAND ON OFFSHORE RESOURCES—MOTION UNDER S.O. 43

Hon. James A. McGrath (St. John's East): Madam Speaker, yesterday the people of Newfoundland, with a loud and clear voice and with over 60 per cent of the popular vote, which almost wiped out the Liberal Party, supported the reasonable proposition of shared management and revenue sharing for the offshore oil and gas. The only response from the Government of Canada was from the Minister of Energy, Mines and Resources (Mr. Lalonde) who accused the premier of Newfoundland of "outright lies" and said:

—the election results mean nothing as far as the federal government is concerned.

I would therefore move, seconded by the hon. member for Halifax West (Mr. Crosby):

That this House directs the Prime Minister to reopen negotiations with Newfoundland on offshore oil and gas, using as a basis for negotiations the compromise proposal put forward by Newfoundland on March 16, 1982, whereby both governments would set their ownership claims aside and become co-owners of the resource, both governments would be equal, both governments would receive their share of revenues directly from a joint agency, and arrangements could only be changed with the consent of both governments.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN BROADCASTING CORPORATION

SUMMER HOLIDAY FOR "JOURNAL" PROGRAM STAFF—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, CBC-TV management, having approved the spending of millions of taxpayers' dollars to create its current affairs show, "The Journal", is now allowing the program to go off the air for nine weeks this summer. The incredible reasons given for this vacation are that the staff involved need the time to recover from the day-to-day pressures of the job, and the break is needed to maintain the supposed high quality of the show. Given that their counterparts on daily newspapers and at radio stations obviously manage competently and professionally to cope with exactly the same pressures, I move, seconded by the hon. member for Peterborough (Mr. Domm):

That the minister responsible for CBC-TV order its management to explain to the Canadian taxpayer just why such high-priced staff, unable to handle the job, were hired in the first place, or to dismiss these poor, exhausted employees and replace them with professionals capable of handling the pressures.

This might not solve the problem of quality, but it would give an indication of effort toward that goal.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

FOOTWEAR—IMPORT QUOTA ON LEATHER SHOES—MOTION UNDER S.O. 43

Mr. Dan Heap (Spadina): Madam Speaker, I rise on a matter of national importance, under Standing Order 43.

[*Translation*]

Whereas the government's policy to remove import quotas on leather footwear is contrary to the recommendations of the report of the Anti-dumping Tribunal and has already caused nearly 7,000 lay-offs since December 1, I move, seconded by the member for Beaches (Mr. Young):

That import quotas on leather footwear be set at 38 million pairs over a period of five years, thus enabling the Canadian footwear industry to hold 50 per cent of the domestic market.

I would like to give the member for Longueuil (Mr. Olivier) the last shoe manufactured in Canada.

Madam Speaker: Order, please. The House has heard the motion presented by the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

METRIC CONVERSION

MINISTER'S REPLY TO PETITIONERS—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, yesterday the Minister of Consumer and Corporate Affairs (Mr. Ouellet) in this House undertook publicly to write in person to every one of the 135,327 Canadians who petitioned their opposition to the mandatory imposition of the SI metric system. A form letter does not constitute a personal letter. Therefore I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House urge all Canadians in every province and in every walk of life, especially the shopkeepers and their customers, to write directly to the minister, postage free, with copies to their own Member of Parliament so that every citizen may be sure to receive the minister's personal justification for the needless, costly and confusing program which threatens to rob Canadians of their freedom to choose.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

SUGGESTED UNIFORM GASOLINE PRICING STANDARDS

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion respecting the serious matter of oil-pricing discrepancies that exist among the oil companies in Canada. Gasoline prices vary as much as 40 cents per gallon from one station to another, and retailers blame this on the lack of a uniform pricing formula and the fact that oil companies and the federal government are taking too large a share of the retail price of gasoline and oil. This has resulted in a province-wide strike of gasoline station operators in Quebec, and threatens to spill over into Ontario. Therefore I move, seconded by the hon. member for Oxford (Mr. Halliday):

• (1410)

That the Minister of Energy, Mines and Resources take immediate steps to work out uniform pricing standards for oil companies to their wholesalers and retailers and that the minister direct Petro-Canada to desist from its policy of undercutting other gasoline retailers by offering better prices and terms than are offered by private sector companies.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

EDUCATION

FUNDING FOR POST-SECONDARY INSTITUTIONS' RESEARCH PROGRAMS—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that many post-secondary institutions face funding cuts as a result of changes to the Established Programs Financing Act, I move, seconded by the hon. member for Calgary East (Mr. Kushner):

That the government appoint a parliamentary task force to report on the state of fundamental and applied research done at Canadian post-secondary institutions and to suggest alternate means of funding so that current research efforts can be continued and hopefully expanded.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SUPPLY AND SERVICES

SUGGESTED AMENDMENT OF BIDDING REGULATIONS—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Under present Treasury Board regulations, contractors bidding for government tenders must submit a certified cheque with the bid. However, certified cheques drawn on credit unions are considered to be unacceptable. Therefore I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House request that the government amend the regulations to end this discriminatory practice and thereby place Canadian credit unions and caisses populaires on a more equal footing with the chartered banks of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

LAY-OFFS AT INTERNATIONAL HARVESTER PLANT IN HAMILTON, ONT.—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, because of the government's high interest rate policy, because of its high energy costs, and because of continuing low commodity prices, 1,200 International Harvester workers have been laid off at the farm machinery plant in Hamilton, amounting to 80 per cent of International Harvesters 1,500

workers in that city. Therefore I move, seconded by the hon. member for Elgin (Mr. Wise):

That this government immediately initiate policies to bring down high interest rates, to bring down high energy costs, and to give farmers fair prices for their products.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

METRIC CONVERSION

CONDEMNATION BY PRINCE EDWARD ISLAND LEGISLATURE—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, on March 17, 1982, Conservative and Liberal members of the Prince Edward Island legislature unanimously approved a resolution condemning the government's metric conversion policy. I urge all members of this House, particularly the members opposite, to join with their fellow Liberal members of the P.E.I. legislature in support of that motion. I therefore move, seconded by the hon. member for Hillsborough (Mr. McMillan):

That this House adopts the unanimous request of the P.E.I. legislature condemning this government's metric conversion policy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CALL FOR STUDY OF GOVERNMENT FISCAL POLICY—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the continual flight of capital, both Canadian and foreign, out of Canada, has caused the Bank of Canada to try to protect the value of the Canadian dollar by keeping interest rates significantly higher than in the United States. The result is increasing lay-offs, more unemployment and more distress. Therefore I move, seconded by the hon. member for Calgary East (Mr. Kushner):

That a special committee of this House be established to inquire into the overall fiscal policy of the government to determine what can be done to reverse the extraordinary outflow of capital from the country, including consideration of reversing completely the National Energy Program, reversing completely the thrust of the foreign investment review program, and reversing completely the anti-entrepreneurial, anti-investment provisions in the November 12 budget.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

ENERGY

ALLEGED ILLEGAL PRICING POLICY OF PETROLEUM COMPANIES—REQUEST FOR INQUIRY—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on a matter of urging and pressing necessity, under the provisions of Standing Order 43.

Most of the gas stations in Quebec are now closed, and considering that gas retailers have spoken out against both the provincial surtax and the oil companies who want to squeeze out independent operators by charging exorbitant rental rates and reducing their profit margins, I move, seconded by the member for Burnaby (Mr. Robinson):

That the federal government, under the authority it has pursuant to the Combines Investigation Act, order an investigation to determine whether the big oil companies are practising illegal pricing policies.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

REQUEST THAT GOVERNMENT CONSIDER ALTERNATIVE POLICIES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Prime Minister in the absence of the Minister of Finance. Yesterday Mr. Bouey's speech held out little hope for Canadians that interest rates will be coming down. Yesterday the Minister of Finance agreed with the consensus of economists that the economy is in its worst shape in over 30 years. Today Statistics Canada has said that the few signs of recovery evident in the economy in December vanished in January.

My question is directed to the Prime Minister, and I would appreciate if the Prime Minister would answer it. Can he give Canadians any hope that the government is considering alternative economic policies in order to avoid this dismal outlook?

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, in

his comments yesterday the Minister of Finance indeed referred to the fact that the recession is deeper than we expected. In his speech the Governor of the Bank of Canada gave Canadians some very good advice, and I think it would be worth while to draw this advice to the attention of the hon. member for Etobicoke Centre. The advice follows up the answer given by the minister yesterday and is as follows:

Our markets for goods and services both at home and abroad are no longer conducive to rapid price and wage increases. It is now in the interests of both business and labour that they respond by moderating price and income increases in order to protect employment and output.

OUTFLOW OF CAPITAL

Hon. Michael Wilson (Etobicoke Centre): In other words, Madam Speaker, there is no hope for Canadians to avoid the dismal outlook that is evident today.

There are alternatives, and I would like to refer to them. There are a number of them. My question is directed to the Prime Minister. A number of knowledgeable observers have recently drawn attention to the unprecedented outflow of capital as well as Canadian savings from this country. The outflow is about six times the level of the 1970s. If that money had stayed here in Canada it would have been used to create jobs here, not in the United States, not in Australia, and not in the Far East. Since that amount of money is more than equivalent to the cost of all the housing investment in 1981 and clearly would have created a number of jobs in that industry, and new housing units, what steps is the Prime Minister proposing to reverse that capital outflow and create jobs here, not in the United States?

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member's question underlines the need to pursue directly the policies outlined in the budget. He indicates that there is a heavy outflow of capital. Every week the Bank of Canada and the government have been telling the hon. member that we have to maintain our interest rates to keep ourselves attractive to that very capital and to maintain investor confidence in our battle against inflation.

REASONS FOR GOVERNMENT POLICIES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I would like to draw the attention of the parliamentary secretary to the fact that the outflow increased in the last quarter of 1981, after the budget was brought down by his government. That is what has been caused by the government. That is what is causing the outflow of capital. If that money had been invested in Canada with Canadian industry, it would have created over 200,000 jobs in this country, more than the level of the unemployment in the construction industry and the automotive industry combined.

Again I direct my question to the Prime Minister. Would the Prime Minister explain to those unemployed construction and automotive workers why he persists with policies which are forcing capital out of the country, creating jobs in the United States and Australia and not here in Canada?

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, we will have jobs and we will be able to bring some recovery to some of these industries as soon as we are able to beat inflation and as soon as we are able to indicate to investors that their investments in this country are safe. Again I would refer the hon. member to the speech given by the Governor of the Bank of Canada yesterday which contained some lessons he would be well advised to learn.

* * *

• (1420)

FINANCE

OFFICIAL'S TELEX ON PROCESSING OF INCOME TAX RETURNS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is directed to the Minister of National Revenue. In his absence the Minister of Finance denied that any confusion has arisen regarding the processing of tax returns as a result of his failure to bring budget bills before the House. Yesterday I drew the attention of the House to a telex sent by a Revenue Canada official in Ottawa instructing the Vancouver district office not to proces tax returns filed on the basis of the budget. As a result the refunds of thousands of Canadians could be delayed indefinitely.

In light of the tremendous confusion that seems to exist, and the hardship that could be created if Canadians do not receive the refunds they are entitled to, is the minister prepared to change those instructions from Revenue Canada's Ottawa office so that all returns can be processed?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker—

Mr. Epp: Welcome back!

Some hon. Members: Hear, hear!

Mr. McDermid: You did a great job.

Mr. Rompkey: The noise is an indication of the confusion that exists on that side of the House. Indeed, that is where it does exist.

The hon. member read from a telex, but she did not read the complete thing. She read from an older telex, not the most recent telex, that is, the instructions to our people. That is point number one.

We have encouraged taxpayers to file on the basis of the budget proposals. We anticipate no real problem in the provision of refunds. Already this year we have given out almost two million refunds, and this is well ahead of the record for last year. No refunds are being held up and no tax refunds are being stockpiled. The confusion that exists is only on that side

of the House. I regret that the confusion is being spread to taxpayers across the country.

REQUEST THAT IMPLEMENTATION DATE OF BUDGET BE CHANGED

Mr. Tom McMillan (Hillsborough): Madam Speaker, I have a supplementary question for the Minister of National Revenue. Revenue Canada officials have confirmed today that they plan to process some taxpayers' returns three times in order to get around the problem of the delay in getting refunds out. Apparently they are going to process the same returns under the old system before the budget, under the new system based on the budget, and a third time, if necessary, if the budgetary provisions are changed in some way in regard to taxes.

In view of the fact that Revenue Canada has said that only a minority of taxpayers' returns are affected by the relevant provisions in the November, 1981, budget for the 1981 tax year, would the minister not agree that it would be simpler and cheaper for the government and for taxpayers if the effective date of the budget were changed so that it does not affect any taxpayers in the 1981 income tax year?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I really have to repeat my last answer. With regard to the holdup of refunds, I have to repeat to the hon. member that there is no holdup in refunds. Almost two million refunds have been issued so far this year, and that is well ahead of last year. There is no holdup in refunds and there is no stockpiling of refunds.

Miss MacDonald: That is wrong.

Mr. Rompkey: The Department of National Revenue is acting according to the law. We are encouraging people to file on the basis of the new provisions and to put notes on their tax returns signifying where the new provisions will apply to them personally. There is no delay at all.

* * *

THE ECONOMY

STATEMENT BY GOVERNOR OF BANK OF CANADA ON INCOME OF WORKERS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister and, because it deals with broad policy matters, I hope he will answer. He is shaking his head. His miasma must be bothering him again today. I will put the question to whomever is responsible or cares about finance matters over there.

Given that the average industrial worker in Canada earns $19,000 per year, and a typical family living at the minimum wage level lives below the poverty level in our cities, does the Prime Minister agree with Governor Bouey that these workers need to reduce their income in real terms in order for the country to deal with inflation?

• (1425)

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, Governor Bouey did not say that they should reduce their incomes. He said that they should not play games with catch-up.

Some hon. Members: Oh, oh!

Mr. Epp: John Evans would not have said that.

GOVERNOR'S ANALYSIS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I should like to come back to the hon. member who is today actually accepting the responsibility which the Prime Minister should be accepting, and point out that the question concerned income in real terms. Governor Bouey said that workers who have had a net decline in real income for four years in a row should be prepared to stay in that condition and that they should not go after, to use the hon. member's term, a catch-up. We on this side of the House think it is time that the average Canadian worker got a fair deal in the country, and we blame the government for not giving it.

Some hon. Members: Hear, hear!

Mr. Broadbent: I repeat, does the government agree with Governor Bouey's analysis that workers at the minimum wage, or average industrial workers, must take a decline in their real income in order for the government to deal with inflation in the coming year?

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, first of all I thank the leader of the NDP for putting me in such good company.

Mr. Clark: You will not be there long.

Mr. Fisher: Second, I remind him that the governor gave the same message to corporations to reduce their profits and to all of us to hold our costs down. We are doing no worker, whether he is on the minimum wage or above it, any favour by renewing a vicious inflationary spiral. That is the message that we all must get out.

Some hon. Members: Hear, hear!

REQUEST THAT GOVERNOR BE DISMISSED

Mr. Edward Broadbent (Oshawa): Madam Speaker, my last question is directed to the Prime Minister. Governor Bouey indicated that ordinary industrial workers must accept a decline in their real standards of living. He also blamed farmers who organized marketing boards for inflation, even though their real incomes are expected to go down 15 per cent this year. In so doing, he clearly demonstrated complete insensitivity to ordinary Canadians wherever they may live. If

the Prime Minister is concerned that the plight of ordinary Canadians be understood and sympathized with, will he take some concrete action by firing an insensitive Governor of Bank of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not think the suggestion of the leader of the New Democratic Party is a very positive contribution to the future of the country. The governor is merely pointing out what everyone in the House really knows in his or her heart, that we cannot expect Canadians collectively to take out of the economy more than they are putting into it. Governor Bouey was not singling out the worker, certainly not the worker at the minimum wage, as the leader of the New Democratic Party suggested. He was telling Canadians—workers, businessmen, investors, Members of Parliament and everyone—

Mr. Broadbent: He mentioned the minimum wage.

Mr. Trudeau: —that we cannot expect to continue increasing our economic progress at the same rate as we did before the OPEC crisis, before the massive economic strife which has hit the western industrial world, or before the high unemployment which exists in Canada, but which is even higher in the United States to where capital is moving, to quote the hon. member for Etobicoke Centre. If we try to hide this from our elaboration of economic theories and remedies, we are misleading the Canadian people.

Some hon. Members: So what is new?

Mr. Trudeau: I am not doing that.

Mr. Baker (Nepean-Carleton): Not now.

Some hon. Members: Oh, oh!

Mr. Clark: What about 14 cents a gallon and no wage and price controls?

Mr. Kempling: You are an expert.

Mr. Trudeau: Hon. members on the other side seem to think that everyone can keep up to inflation—all of us; Members of Parliament, workers, shareholders and so on. It is certain that if we all try to keep up to inflation, inflation will not come down; it will stay where it is or continue going up. We know that if we want to remain competitive with the other producers in the western industrialized world, we have to lower our costs, which we cannot do if we keep increasing our revenues and our profits.

• (1430)

[*Translation*]

INDUSTRY

FOOTWEAR—INQUIRY WHETHER GOVERNMENT RECOMMENDED INCLUSION OF LEATHER SHOES IN GLOBAL QUOTA

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. For the tenth time, Madam Speaker, I would like to ask the minister a question concerning an industry we still consider to be very important, namely the footwear industry. Once again, a number of hon. members have been reminded of this fact by the presence of industry and union representatives. The minister is aware that his policy is now causing the industry to lose 6,000 out of a total of 20,000 jobs. Could the minister inform us whether today, he would be able to announce a decision to include leather footwear in the global quota, as being the only way to ensure the survival of this industry? I do not want to hear about new programs. Could the minister tell us today, in the interests of the industry, whether he is prepared to include leather footwear in the global quota?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, a few weeks ago, I had a very useful meeting with spokesmen for the footwear industry and the union, and my cabinet and caucus colleagues have also had some very useful meetings. I have drawn the attention of my cabinet colleagues to the representations that were made, and we are now reviewing them. We are taking this very seriously, in the light of the present economic situation, since the economy is a factor, and not just the quota system as is claimed by spokesmen for the industry. Although my hon. friend does not want me to talk about new programs, I want to point out that we have established a major modernization program with a fund of $17 million, which proves we have a real interest in the industry and its employees.

REQUEST THAT QUEBEC WORKERS BE REINSTATED

Hon. Roch La Salle (Joliette): What the minister did not say is that several millions of these dollars will be allocated to retraining and pre-retirement pensions, which is, in fact, welfare in disguise. Can the minister give the industry and its thousands of workers, many of whom are employed in my own province and other areas in Canada, the assurance that he is prepared to ensure the survival of the industry and its 15,000 workers and thus enable the 6,000 employees who have lost their jobs to go back to the industry and make a living in Canada? That is the question which the minister has failed to answer with his temporary, stopgap measures.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): We created the modernization fund because we have a positive interest in the industry—

Mr. La Salle: You are letting them die!

Mr. Gray: Madam Speaker, that is why we have maintained quotas on non-woven footwear and added a quota on canvas shoes, something which was not in previous quotas. So we do take a positive interest, and we are taking the interests of the industry and its workers very seriously.

Mr. La Salle: Prove it, that is not enough!

* * *

[*English*]

EXTERNAL AFFAIRS

ARGENTINA—SANCTIONS IMPOSED BY EUROPEAN ECONOMIC COMMUNITY

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Secretary of State for External Affairs. Yesterday the European Economic Community gave encouraging support to Britain in the Falkland Islands dispute. It is considering bans on key imports from Argentina along with trade and financial sanctions which would be the most extensive the EEC has ever undertaken. West Germany, for example, has already cancelled an $850 million warship contract with Argentina. Is the Canadian government considering any comparable measures?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, to the best of my knowledge, the only countries which have taken stronger action than Canada are the United Kingdom itself and New Zealand. The measures which the hon. member relates with respect to West Germany are exactly parallel to the measures that we have taken here.

EMBARGO ON MILITARY SHIPMENTS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my supplementary question is also for the Secretary of State for External Affairs. On Monday the minister told the House the following:

> We are placing an immediate embargo on all military shipments to Argentina—

A phone call to the Department of Industry, Trade and Commerce yesterday elicited the information that exports to Argentina of military weapons, ordnance and parts, in 1981 amounted to $15,647.

Some hon. Members: Oh, oh!

Mr. McKinnon: Does the minister really believe that cutting off this amount of military shipments accomplishes anything other than making him look ridiculous?

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. McKinnon: The amount represents one fifty-thousandth of 1 per cent of our export trade. This mouse's attempt to roar so far is only a barely audible squeak.

Some hon. Members: Oh, oh!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I will check on those figures. But the important fact is that there is some trade in military materials between Canada and Argentina. I believe there are some additional materials which are double purpose requiring an export permit but which might not be classed as military material according to the hon. member's information. I will be glad to check into that and inform him in due course.

* * *

[*Translation*]

HAZARDOUS SUBSTANCES

INQUIRY WHETHER GOVERNMENT WILL AID GASPÉ UREA FORMALDEHYDE FOAM INSULATION VICTIMS

Mr. Alexandre Cyr (Gaspé): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. In the riding of Gaspé, there are over 400 families—about 2,000 people—who are affected by urea formaldehyde foam insulation. More than twenty-five families have already left their homes, and others are waiting to do so. I have medical certificates stating that children must leave their homes for accommodation that is not insulated with UFFI. My question is as follows: Could the minister inform the House whether he intends to continue his representations to the provinces, in order to persuade them to grant direct assistance to owners of homes insulated with UFFI, and does the minister intend to increase the federal contribution, which is already set at $5,000, or is he going to urge the Canada Mortgage and Housing Corporation to help these homeowners through its RRAP program?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I appreciate the concern shown by the member for Gaspé for home owners who are victims of UFFI. I would urge the hon. member to make sure that these home owners are registered with the Canadian centre here in Ottawa, in order to be eligible for federal assistance, up to a maximum of $5,000. Unfortunately, despite our urgent representations to provincial authorities during the past weeks, actually the past months, none of the provincial governments intends to give direct financial assistance to UFFI victims, and I think this is most regrettable. To answer the hon. member's question about using the RRAP program to finance repairs to

these homes, I may remind the hon. member that the legislation governed by the Canada Mortgage and Housing Corporation does not provide for such measures. It would be necessary to amend the act, and I am not so sure that this kind of loan would be preferable to the $5,000 direct, non-taxable grant available to UFFI victims who are homeowners.

* * *

[*English*]

LABOUR CONDITIONS

LAY-OFFS IN BRITISH COLUMBIA FISH PLANTS

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my question is for the Minister of Employment and Immigration. Two hundred and fifty shore workers in Prince Rupert are going to join 400 other colleagues from Port Edward and 200 colleagues from Oakland Fisheries in Victoria on the bread lines as a result of corporate decisions to shut down fish plants. These are among the same corporations that have been at the public trough for a number of years, namely, George Weston Limited, Merubeni, and H.B. Nickerson and Sons Limited.

In view of the minister's attempts to prop up the unemployment insurance contributions from fishermen again, would he go to British Columbia with the Minister of Fisheries and Oceans, meet with fishermen in Prince Rupert, meet with the council in Prince Rupert, the people who are going to suffer a tremendous loss of income, and see if we cannot bring some sense to the employment situation in Canada by keeping plants open and workers working, rather than paying unemployment insurance premiums to the workers of British Columbia?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am not exactly sure of the purpose of the hon. member's question. I do sympathize with the situation which the fishworkers on the island are facing. I would remind the hon. member that I was on Vancouver Island just over a month ago at which time I met with a number of woodworkers there. We will be in British Columbia with the western affairs committee on April 23 and I will be very happy to take representations at that time.

Might I say to the hon. member that the whole point of the unemployment insurance program is to provide income security for workers who are laid off their jobs during downturns in the economy. That is the purpose of the program and that is how it is being used. I do not think it serves any purpose to criticize the program when in fact we do provide that basic support and foundation for workers who are facing temporary loss of income.

• (1440)

CRITERIA GOVERNING GRANTS MADE TO PROCESSORS

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my supplementary is to the Minister of Industry, Trade and Commerce who has been responsible for many of the DREE grants to fish processing plants, particularly in Atlantic Canada, as well as to B.C. Packers and Weston's corporation. Workers do not want to collect unemployment; they want to work. Therefore, will the minister reconsider the criteria under which grants are made to processors in Canada so that the Canadian government has some commitment from those processing plants to stay open and keep workers working? If not, will he consider the option of taking some equity in processing plants which the government is so generously funding?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I will be happy to examine my hon. friend's suggestions. Obviously we want the maximum benefit for workers, their communities, and our country from programs like DREE, and his suggestion with respect to commitments is certainly something I would be happy to examine.

* * *

ENERGY

NEGOTIATIONS WITH NEWFOUNDLAND ON OFFSHORE RESOURCES

Hon James A. McGrath (St. John's East): Madam Speaker, I would like to direct a question to the Right Hon. Prime Minister. Referring to the offshore dispute with Newfoundland the Prime Minister said on May 5, 1981:

> We consistently maintain that ownership is not the important issue and that reaching a negotiated agreement on shared management is the vitally important issue . . .

That was the Prime Minister's position last May. Is he now prepared to say to the government and people of Newfoundland that, consistent with his statement last year, his government is prepared to set aside the question of ownership and sit down and negotiate with Newfoundland on the basis of the very reasonable compromise proposal which was accepted by 60 per cent of the population of Newfoundland who voted yesterday?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I must remind the hon. member of something I told him in this House a couple of months ago. My answer is still the same, that the position I expressed in 1981 I had been expressing all though the 1970s. We began sitting down with the Atlantic provinces as early as 1969 or 1970, if my memory is correct, and we adhered to the proposal that we set aside the question of ownership and try to negotiate an agreement, as we have been able to do with the government of Nova Scotia, and as we had been able to do in 1978 or 1979 with the governments of Prince Edward Island and New Brunswick. The only government which has never wanted or been able to reach an agreement acceptable to other provinces is the province of Newfoundland.

I have not been pressing for the settlement of the question of ownership; I have been pressing for a negotiated political settlement. The government of Newfoundland has been saying no for all those years, and it is that government which first brought a reference to the courts to settle the question of ownership. I find it rather strange that they now say we should

not want to settle the question of ownership when they are the government which brought that question to the courts rather than continue negotiations.

REQUEST THAT GOVERNMENT REOPEN NEGOTIATIONS

Hon. James A. McGrath (St. John's East): Madam Speaker, the Prime Minister knows that statement is just not consistent with the facts because it was his government which insisted on having this matter brought before the Federal Court on the SIU case, and that is what set off the breakdown in negotiations. The Prime Minister knows that to be a fact.

Now, Madam Speaker, the government of Newfoundland, supported by the people of Newfoundland, has agreed to a reasonable compromise proposal which would call for joint management and revenue sharing. That is a reasonable proposition, and I ask the Prime Minister if he is prepared to be reasonable—

Mr. Lalonde: That is what we offered.

Mr. McGrath: —because we cannot expect any reason from his Minister of Energy, Mines and Resources. Is the Prime Minister prepared to be reasonable and say to the people of Newfoundland on the basis of that compromise proposal, which was accepted by the people of Newfoundland in a democratic election yesterday, that we are prepared to sit down and negotiate so that we can get on with the development of this resource not only for the people of Newfoundland, but for the people of Canada?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I really cannot accept the interpretation which the hon. member put on the SIU case, as though we had started a reference to the court. It is quite clear that for a decade we tried to reach a negotiated settlement. In very recent times the matter went to the courts in two ways: first, the SIU took it to the courts and raised an issue of ownership where the governments were dragged, if I may say, into that issue; second, the government of Newfoundland made a direct reference to the Appeal Court of Newfoundland.

Mr. McGrath: You brought it in the back door.

Mr. Trudeau: So how can the hon. member say that my statement is not in accord with the facts?

* * *

EXTERNAL AFFAIRS

EL SALVADOR—ROLE OF COMMUNIST ORGANIZATIONS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Secretary of State for External Affairs. As many of us feel it is very important to get a correct perspective of the tragic events now taking place in Central America, especially El Salvador, and the role played by Socialist International with respect to these events, would the minister indicate if it is true that the general executive body of the communists in El Salvador, known as DRU, has a fighting arm called FMLN which co-ordinates guerrilla activities in that country, and that DRU in turn has been working with the Socialist International associated group of Mr. Ungo, known as MNR, under an umbrella organization known as FDR which presents a side of leftist terrorist activity designed to arouse world sympathy—

Some hon. Members: Question, question.

Mr. Stevens: —while it disguises the true nature of the Communist International infiltration?

Some hon. Members: Hear, hear!

Mr. Broadbent: You dont't know what you are talking about.

An hon. Member: Did you get the question, Mark?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I am not—

Mr. Broadbent: He is out of his tree, Mark.

Mr. MacGuigan: Madam Speaker, I am not sure I caught the whole of that alphabet—

An hon. Member: Alphabet soup.

Mr. MacGuigan: —but as I understand the situation, the Communist Party of El Salvador, PCES, is one of the constituent parts of both the military and civilian grouping of rebel parties which together make up the DRU. So the DRU is not only communist, it includes communists—

An hon. Member: Christian Democrats.

Mr. Broadbent: And Conservatives.

Mr. MacGuigan: —on both the military and civil side. One of the groups which is part of DRU is the Socialist Party of El Salvador headed by Mr. Ungo—

Some hon. Members: Oh, oh!

An hon. Member: No, Ed Broadbent.

Mr. MacGuigan: —which I believe is reported to have only 30 to 40 members. It is that party which is a member of the Socialist International.

ROLE OF SOCIALIST INTERNATIONAL

Hon. Sinclair Stevens (York-Peel): Madam Speaker, is the minister aware that the guerrillas, who are now co-ordinated under FMLN, which is associated with DRU, have estimated they themselves are responsible for the deaths of some 5,000 people in the past two years, and has he been informed that last September the Socialist International in Paris spoke

glowingly of the alliance of FDR with the guerrilla control group FMLN? If so, has the minister informed Socialist International, perhaps through their vice president who sits in this House, the hon. member for Oshawa, that such help for terrorists is either wittingly or unwittingly—

Some hon. Members: Oh, oh!

Mr. Stevens: —being delivered, and is certainly ill advised and contrary to our democratic traditions in this country?

Some hon. Members: Hear, hear!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, it is too bad the rules of the House do not encourage the putting of questions by the hon. member directly to the hon. member for Oshawa.

An hon. Member: Same party.

Mr. MacGuigan: I am not able to confirm all of the points raised by the hon. member. It is my understanding that the hon. member for Oshawa was chairman of the recent meeting of Socialist International dealing with the El Salvador question.

Some hon. Members: Hear, hear!

Mr. Trudeau: Unbelievable.

• (1450)

Mr. MacGuigan: There was considerable difference in the Socialist International over El Salvador and over Nicaragua, because the parties in these countries which are close neighbours of El Salvador do not take as strong a position as the hon. member for Oshawa has publicly stated.

Madam Speaker, I now have the figures that were asked for earlier by the hon. member for Victoria and I wonder if I might just take a moment, while I am on my feet, to give them.

In 1980, we exported military equipment worth $5.5 million—

Some hon. Members: Oh, oh!

Madam Speaker: Order. The hon. member for Lotbinière.

* * *

[*Translation*]

ENERGY

INQUIRY WHETHER QUEBEC PERCENTAGE OF GASOLINE TAX IS GREATER THAN PERCENTAGE COLLECTED BY ALBERTA

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. In view of the present situation in Quebec with respect to gas and gas retailers, many Quebecers are wondering what share of the price of gas at the pump goes to the province of Quebec, and I would therefore like to ask the minister for details about the percentage collected by the province of Quebec, and whether it is true that the percentage collected by the province is higher than that collected by the province of Alberta.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the difference between the price of a litre of gas in New Brunswick and Ontario and the price of the same litre of gas in Quebec is now approximately seven cents, which means that in Quebec, a litre of gas costs about seven cents more. Regarding the percentage collected by the province of Quebec, it is not only more than that collected by the government of Alberta, it is more or less equal to the sum of the percentages collected by the government of Alberta and the federal government. In March, the government of Quebec was collecting 27.7 per cent on the price of gas, while the government of Alberta and the federal government collected a joint total of 28.2 per cent. Therefore, the government of Quebec is taking a very sizeable share of the price per litre. In fact, this percentage is higher than that taken by any other province in Canada.

* * *

[*English*]

INCOME TAX

COLLECTION OF DEDUCTIONS AT SOURCE FROM FISHERMEN

Mr. Mel Gass (Malpeque): Madam Speaker, my question is directed to the Minister of National Revenue. I realize that today may not be a very good day to ask him for favours.

Mr. Nielsen: He is cantankerous?

Mr. Gass: My question to the minister concerns the policy announced by the government of income tax deduction at source as it applies to fishermen, and the fact that the fishermen are the only small independent business persons who are asked to pay income tax in advance when they sell fish to the packers.

We met for two days last week with groups of fishermen from all over Prince Edward Island. Their main concern was income tax deductions at source. I want to ask the minister has there been any recent discussion on the mandatory policy of income tax deductions at source as it applies to fishermen in Atlantic Canada.

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, that is a budget provision. The Minister of Finance announced it in the budget, as you know. The reason for announcing it was that I, among other people, had requested that he review this. The reason I did that was that a request came from the fishermen.

Some hon. Members: Oh, oh!

Mr. Rompkey: Fishermen had encountered some difficulties, Madam Speaker, as a result of income tax not being deducted at source. To offset that, it was felt much better to pay on a regular basis, so that a great amount of income tax would not accumulate. Indeed, that meant putting fishermen on the same basis as everybody else in the country. I met with fishermen as recently as this past week in my own constituency and they are perfectly happy with the measure.

Some hon. Members: Oh, oh!

Mr. Rompkey: All the members from the fishing constituencies can be heard, Madam Speaker. If the hon. member has something to say, the time to do it is when the legislation comes before the House.

REQUEST THAT MINISTER DISCUSS POLICY WITH MINISTER OF FINANCE

Mr. Mel Gass (Malpeque): Madam Speaker, we were advised by the fishermen that that is exactly what the minister would tell us, that they said they were in favour of it. I am sure there is not one fisherman in P.E.I. that is in favour of mandatory income tax deductions at source. Not one. Will the minister assure this House that he will discuss this policy with the Minister of Finance and see that some changes are made, so that it will not be deducted at source on a mandatory basis?

Mr. Nielsen: Write him a letter.

Mr. Gass: There may be some fishermen who said they would volunteer, but they are against the mandatory policy that this government is trying to force down their throats.

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I have to say again that all across the country people have their income tax deducted at source. That is all across the country.

Some hon. Members: Oh, oh!

Mr. Rompkey: As I said before, it seems to me that doing it on a regular basis is much preferable to having taxes accumulate. If the hon. member has points to make to the contrary, he will have a chance to do that before the House.

* * *

REGIONAL DEVELOPMENT

NEGOTIATION OF NEW NORTHLANDS AGREEMENT WITH MANITOBA

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the Minister of Regional Economic Expansion. As the minister knows, there have been a number of attempts to negotiate a new Northlands Agreement. The last agreement, which lasted for five years, was worth $155 million to the people of northern Manitoba. I understand the minister has agreed to meet with the provinical minister of northern affairs, Mr. Jay Cowan, at three o'clock today. Would the minister guarantee that there will be a new agreement, and would he also guarantee that that agreement will provide at least as much money as the previous agreement did?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as I said in Winnipeg when I met there with Mr. Cowan, the provincial minister, some weeks ago, my objective was to have concluded negotiations in a successful way that would lead to both of us being able to recommend to our respective cabinets a new Northlands Agreement which could carry on the very good work of the existing agreement which has very substantial federal participation. I think there has been considerable progress made in the negotiations for a new Northlands Agreement. With the very active support and assistance of my colleagues, the Minister for Employment and Immigration and the hon. member for St. Boniface, I look forward to further progress being made on this before too long. I also look forward to a brief meeting this afternoon with the Manitoba minister, in the company of my colleague, the Minister of Employment and Immigration.

QUERY WHETHER ARDA AGREEMENT WILL BE RENEWED

Mr. Rod Murphy (Churchill): Madam Speaker, I am glad that the minister has in fact agreed to have a meeting. Lest the minister should feel he has been acting with some haste in this matter, I would remind him that the last agreement expired one year ago and that there has not been an agreement for the last year except the interim agreement, which has provided only a small amount of money for people in the north.

My supplementary question, Madam Speaker, is with regard to the special ARDA agreement which is also between the province of Manitoba and the federal government. I would like the minister to guarantee that the agreement will be again renewed for a full five-year period at this point, after the Manitoba government has already agreed to a five-year extension, based on the negotiations between the province and the federal government, and that at this late date the federal government is not going to change the ground rules and try for a shorter time for a further agreement.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I am glad my hon. friend has confirmed that although the initial Northlands Agreements' term formally ended only a year ago the federal government agreed to make an extension for a year, which has enabled us to carry on discussions which I hope will result in a satisfactory conclusion before too long.

With respect to the matter of special ARDA, this is a federal initiative covering all the western provinces as well as the Yukon and the Northwest Territories. I am discussing with my cabinet colleagues the future of this agreement. I look forward to being able to make some positive statement in that regard before too long.

Oral Questions

EXTERNAL AFFAIRS

PLIGHT OF NICARAGUAN REFUGEES IN HONDURAS

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, on Wednesday, March 31, 1982, Mr. A. H. Mayne, the first secretary of the embassy and I met in Honduras with aboriginal Nicaraguan refugees known as the Miskito people. The Miskito refugees alleged that they are victims of gross human rights violations by agents of the Sandinista government of Nicaragua. Given these and other similar allegations, will the minister announce his intention in the House today to initiate an investigation into these alleged abuses, either to disprove them or ensure that this matter is brought to international attention and justice?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, we are aware of the problems in Nicaragua concerning the Miskito Indians. One must distinguish between those who are still in Nicaragua and those who have fled to other countries. With respect to those remaining in Nicaragua, we have made representation to the Nicaraguan government recently. The head of CIDA, Mr. Massé, will shortly be visiting Nicaragua and will carry an additional message to the Nicaraguan government about this minority.

• (1500)

With respect to those who are refugees, we have been giving on a generous scale to the organizations which have been looking after the refugees. We are the third largest donor to the UNHCR for Central America refugees. We also give money to the International Committee of the Red Cross. Through those organizations we have been doing our best to help the plight of the refugees, the Miskito Indians and other refugees in Central America.

REQUEST FOR HUMAN RIGHTS INVESTIGATION

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, the minister has heard from different parties in this House many concerns expressed regarding human rights abuses by both the extreme right and the extreme left in this region. What specific initiatives does he plan regarding an international human rights investigation of all of these allegations which are at the root of basic instability in this region? What does he plan to do to bring initiatives forward in this area?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, we do not have the right to go into another country, in Central America or wherever, to launch a human rights investigation. We have verified that many of the problems the hon. member referred to exist. With respect to the group of Indians still within Nicaragua, we have made protests to that government and will continue to do so. With respect to those outside, they are mostly under the supervision of the UNHCR. We have to accept guidance from them as to how best to help them.

EXTERNAL AFFAIRS

ARGENTINA—SHIPMENTS OF MILITARY MATERIALS

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, a moment or two ago the hon. member for Victoria asked a question of the Secretary of State for External Affairs. I am sure the hon. member in good faith used figures provided to him by the department, probably erroneously. It now seems the minister has a complete answer to provide, not only to the former minister of national defence but also to the members of this House and the distinguished press gallery. Can the minister now be allowed to give the figures that he has?

Mr. McKinnon: On a point of order, Madam Speaker—

Madam Speaker: Order, please. I cannot entertain a point of order during question period. I will gladly entertain it later.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, any difference in statistics may be accounted for by the method of categorization used, but what we have banned is the shipment of military materials of any kind, whether they are double purpose or whatever. On that basis, the exports from Canada to Argentina in these categories were $5.5 million in 1980, $1.9 million in 1981, and more than a million dollars worth of permits were issued in the first quarter of this year.

* * *

HOUSE OF COMMONS

MOTION RESPECTING EASTER RECESS

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I have had consultations with my colleagues across the way. As we all know, tomorrow will be an opposition day. Provided there is no vote, and I understand the official opposition has given notice under Standing Order 58(11), I think there is unanimous consent for the following:

That tomorrow the House will sit from twelve o'clock noon until six o'clock, at six o'clock we adjourn and that the order read yesterday allowing a break at Easter still stands but *mutatis mutandis* this order will apply to the House order made yesterday.

Question period will be at 12.15 following motions under Standing Order 43.

Hon. Erik Nielsen (Yukon): That is agreeable to us, Madam Speaker.

Mr. Ian Deans (Hamilton Mountain): We also agree, Madam Speaker.

Madam Speaker: Does the House give its consent to the motion proposed by the President of the Privy Council?

Some hon. Members: Agreed.

Motion agreed to.

PRIVILEGE

MR. HAWKES—ALLEGED MISLEADING STATEMENT OF MR. LALONDE

Mr. Jim Hawkes (Calgary West): Madam Speaker, I rise on a question of privilege. The Minister of Energy, Mines and Resources (Mr. Lalonde) may have inadvertently misled the House during question period when he indicated that Alberta benefited from the gasoline taxes in Quebec. The House will know that gasoline sold in Quebec for the most part is imported.

Madam Speaker: Order, please. Discussion as to facts and statements does not constitute a question of privilege. The hon. member is trying to prolong the question period. He should know that is not possible.

* * *

POINT OF ORDER

MR. McKINNON—ANSWER GIVEN BY MR. MacGUIGAN DURING QUESTION PERIOD

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I rise on a point of order regarding the third attempt which the minister made to try to answer one of my questions. The figures he gave include figures for non-military stores such as twin-otter aircraft, repairing engines of those aircraft—

Madam Speaker: Order. I understand the hon. member's desire to debate this question, but he can do that at another time. That is not a point of order.

Mr. Nielsen: Without intending in any way whatsoever, Madam Speaker, to reflect upon the actions of the Chair, the events of today might be re-examined in the light of the intervention by the hon. member for Saint Denis (Mr. Prud'homme) which gave the Secretary of State for External Affairs (Mr. MacGuigan) the opportunity to get up on what in effect was an extension of the question period. I thought at the time that that should not have been allowed and the answer should not have been allowed. All that the hon. member for Victoria (Mr. McKinnon) wanted was to do precisely what was allowed the hon. member for Saint Denis and the Secretary of State for External Affairs.

Madam Speaker: The hon. member for Saint Denis (Mr. Prud'homme) was recognized at about three minutes after three o'clock. It is true it was a few minutes past the time at which question period normally is terminated. It happens that sometimes for certain reasons I extend it for two or three minutes, especially when I feel that answers, for example, have been longer than usual. Sometimes it is very difficult for me to interrupt a minister in the course of some lengthy answer, and obviously hon. members want the information. Of course, some answers are more complicated than others.

I interrupted the Secretary of State for External Affairs (Mr. MacGuigan) during his answer. I felt it was too long, so I interrupted him. I also felt that given this information, he probably could have answered the question the first time it was asked. I assumed he would have another opportunity to give this information to the House.

I recognized the hon. member for Saint Denis on a question which was quite legitimate. When a question is asked during question period, an answer is allowed. That is exactly what happened at 3.03. I do not feel that in any way it has been a departure from custom.

Mr. Prud'homme: Madam Speaker, I rise on a very short question of privilege. I want this House to be assured that at no time was Madam Speaker in a position to know that my question was going to be on the same subject.

Madam Speaker: Order, please. I do not want to debate this. I think it is quite clear that I do not know in advance what the questions will be. That is obvious to all members.

Mr. Taylor: Madam Speaker, on a point of order. You mentioned that you want us to have all the information. Surely we should have all information and not just part of it.

* * *

PETITIONS

TABLING OF REPORT OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Tuesday, April 6, 1982, and finds that the petitions meet the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*Translation*]

PETRO-CANADA

TABLING OF 1981 ANNUAL REPORT

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, pursuant to the provisions of Standing Order 41(2), I wish to table copies of the annual report of Petro-Canada for 1981, in both official languages.

[*English*]

My friends on the opposition side will be very happy to see that it shows black ink and not red ink, as they noted yesterday.

Petitions

PETITIONS

MR. WRIGHT—COMPANY PAID PREMIUMS ON HEALTH CARE AND DENTAL PLANS

Mr. Bill Wright (Calgary North): Madam Speaker, I have the duty to present a petition on behalf of my constituents in Calgary North. The purpose of this petition, signed by 449 citizens of Calgary, is to indicate to the government that the citizens of Calgary North protest the November 12 budget proposal as it affects company-paid premiums on extended health care plans and dental plans. The nature of the petition is to demand that this government review its proposal of the budget and withdraw it from the budget. The petitioners hope, Madam Speaker, that in your examination of their petition you will find the petition in order, sense the urgency and desperation of their concerns and that you might use the discretionary powers vested in your office to have this matter referred to the appropriate committee.

• (1510)

MR. HEAP—TESTING OF CRUISE MISSILE ON CANADIAN SOIL

Mr. Dan Heap (Spadina): Madam Speaker, I have the honor to present a petition on behalf of the citizens of the city of Toronto requesting Parliament to request the Prime Minister to refuse to allow the testing of this new generation of weapons, the Cruise missile, on Canadian soil.

MR. DOMM—IMPOSITION OF METRIC SYSTEM—REQUEST THAT PETITION BE READ

Mr. Bill Domm (Peterborough): Madam Speaker, I have a very brief point of order arising out of petitions presented in the House. I realize that I am appealing under Standing Order 67(8) that the petition may be read on request at the discretion of the Speaker. I advised the Speaker on this same point of order that on April 5 I sent a letter to Dr. Koester, Clerk of the House, which stated very briefly:

> Please be advised that I intend to present the petition on Tuesday, April 6, 1982, during routine proceedings and before introduction of bills. May I ask that the petition presented to the House on April 6 be read by the Clerk according to Standing Order 67(8) upon your tabling of the report of the Clerk of Petitions.

I request at this time that the main body of the petition be read into the record.

The second point for which I would like to ask your consideration is that because of the urgency of the matter and because of precedent Citation 695 in Beauchesne, I would like to move, on your ruling of acceptance, for unanimous consent to have this petition referred, because of its urgency and the way it is affecting jobs and business in Canada, to the Standing Committee on Finance, Trade and Economic Affairs in order that we might be able to call witnesses from across Canada to discuss the urgency of this petiton that now totals 180,000 signatures collected over a period of 12 months.

I plead with the Chair to give consideration to this matter, due to the number of citizens from coast to coast who would urgently request the House to refer this petition to the appropriate committee in order that witnesses may be called and a proper assessment of the seriousness of the situation can be made by this government.

Madam Speaker: We had received notice from the hon. member that he was going to present a petition. In fact, we received several notices. I would remind hon. members that we appreciate receiving notices as a matter of courtesy to the Chair because it makes the Chair better aware of the fact that several members will rise at the time petitions are called. I thank the hon. members for sending me those notices.

Now the hon. member would like his petition to be read. I just remind the House that this can only be done with the unanimous consent of the House. Therefore I ask the House; is there unanimous consent to the proposal by the hon. member that the petition be read?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: There is no unanimous consent.

Mr. Baker (Nepean-Carleton): David Smith said no.

* * *

POINT OF ORDER

MR. NIELSEN—READING OF PETITIONS

Hon. Erik Nielsen (Yukon): Madam Speaker, I rise on a point of order which I have raised before. In submitting to you that the Standing Orders are clear that obtaining unanimous consent is not the only way that a petition can be read. I have submitted to the Chair previously—and I believe the Chair has agreed with me—that the discretion lies with the Speaker. If the Speaker chooses to exercise it by requesting unanimous consent, that is a discretion that is properly within the jurisdiction of the Chair. However, I submit to you that obtaining unanimous consent is not the only way in which the Chair can exercise that discretion. If the Chair chooses to do so, as it has done today, and seeks unanimous consent, that is one way of exercising its discretion, but I would not like to establish the precedent that the only way of doing it would be by unanimous consent.

Madam Speaker: Pursuant to the Standing Order there is no discretion except in the case where a petition claimed some personal grievance requiring immediate remedy, in which case the matter contained therein may be brought in for immediate discussion.

From what I read in the Standing Orders and in Beauchesne, there is no discretion on the part of the Speaker. The Standing Orders are quite clear. I will read standing order 67(7) to the hon. member which says:

> On the next day following the presentation of a petition, the Clerk of the House shall lay upon the Table the report of the Clerk of the Petitions—

which I have done.

—upon the petitions presented and such report shall be printed in the *Votes and Proceedings* of that day. Every petition so reported upon, not containing the matter in breach of the privileges of this House—

That is what the report had said, that they were in order as to form.

—and which, according to the Standing Orders or practice of this House, can be received, shall then be deemed to be read and received.

Therefore, the petition is deemed to have been read and received and therefore it is not for the Speaker to determine that the petition should be read.

I would like to quote from Beauchesne, Citation 695.

A petition having been presented, and being in order as to the form, may, with unanimous consent, be ready by the Clerk, and may thereafter, with unanimous consent, be referred to a committee.

There are some references there which I have not consulted but which I assume to be precedents in this respect. Therefore, as I read the Standing Orders and the interpretation in Beauchesne, I feel that I have no discretion to decide to have the petitions read, unless the House so desires and expresses that desire by unanimous consent.

Mr. Nielsen: I do not intend to pursue the matter at this time since there is other more urgent government business to come before the House. But I do intend to pursue it further.

As the Chair knows, I have raised the matter before. I might put back-to-back with Beauchesne's Citation 695 which has been cited, Citation 694 which states:

While a member has clearly a right to ask that a petition be read, it is a privilege, like many others, subject to the approval of the House itself. In case of opposition, the Speaker will put the Member's motion, "that the petition be read", formally to the House.

As I say, I will not pursue it further today. I will go back into *Hansard* to see where we have had this exchange before and determine if we can get the matter straightened out. I do believe it is important not to set an undesirable precedent here, which I think might be happening.

Madam Speaker: I read Beauchesne's Citation 694 as well. I have the feeling that it refers to older practices of the House because there is an obvious discrepancy between that one sentence and the Standing Orders. When Beauchesne is not too clear I suppose the next reference for any member of the House would be the Standing Orders.

I appreciate the hon. member's concern. I also appreciate that he will want to look into it, as I will myself.

Introduction of Bills

UNIFORM EDUCATION STANDARDS ACT

MEASURE TO ESTABLISH

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport) moved for leave to introduce Bill C-651, an act to provide for uniform education standards.

Some hon. Members: Explain.

Mr. Flis: Madam Speaker, the purpose of this bill is to establish a council whose main function it would be to encourage uniform education standards which, at present, vary from one province to another in Canada.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

• (1520)

[*Translation*]

PETROLEUM INCENTIVES PROGRAM ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-104, respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

CANADA BUSINESS CORPORATIONS ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-105, to amend the Canada Business Corporations Act.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

ENERGY MONITORING ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-106, respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act.

Motion agreed to, bill read the first time and ordered to be printed.

Introduction of Bills

MOTOR VEHICLE FUEL CONSUMPTION STANDARDS ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): moved for leave to introduce Bill C-107, respecting Motor Vehicle Fuel Consumption Standards.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*Translation*]

NATIONAL ENERGY BOARD ACT (NO. 3)

BILL TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-108, to amend the National Energy Board Act (No. 3).

Motion agreed to, bill read the first time and ordered to be printed.

[*English*]

NUCLEAR LIABILITY ACT

AMENDMENT RESPECTING LIMITATION PERIOD

Mr. Jim Fulton (Skeena) moved for leave to introduce Bill C-652, to amend the Nuclear Liability Act (limitation period).

Some hon. Members: Explain.

Mr. Fulton: Madam Speaker, I am pleased to introduce in the House of Commons today a private member's bill to amend the Nuclear Liability Act. The purpose of my bill is to provide a fair limitation period from the date a victim becomes aware or should reasonably have become aware of an injury or condition such as cancer that is caused by exposure to radiation. This would be done by an amendment to Section 13 of the act which would delete the present ten-year limitation. With this amendment victims would have three years from the dates of discovery of their injuries or damages to take legal action.

The Minister of Energy, Mines and Resources (Mr. Lalonde) has indicated that he supports the intent of this amendment, and I look forward to its speedy adoption by all members of the House.

Motion agreed to, bill read the first time and ordered to be printed.

Mr. Peterson: Madam Speaker, I request the consent of the House to return to tabling of reports. I would like to table a report which has just come into my hands, and that would only be possible with the permission of the House.

Mr. Nielsen: You should have stayed awake.

Madam Speaker: Does the House unanimously consent to reverting to tabling of documents?

Some hon. Members: Agreed.

Mr. Peterson: Thank you, Madam Speaker, and I thank hon. members.

* * *

CANADIAN HUMAN RIGHTS COMMISSION

TABLING OF 1981 ANNUAL REPORT

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): I have the honour to present to the House the 1981 annual report of the Canadian Human Rights Commission.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,891, 3,189, 3,271, 3,607, 3,716, 3,753, 4,052, 4,065 and 4,082.

[*Text*]

POSTAL SERVICE

Question No. 1,891—**Mr. Towers:**

1. (a) By province, how many Canadians receive (i) door-to-door (ii) general (iii) post office box (iv) roadside box (v) neighbourhood box mail delivery service (b) in each of the past five years, what was the aggregate and percentage rate of increase in service in each category?

2. During the next five years, does the Post Office Department have any plans to expand door-to-door and roadside rural delivery and, if so, for each province, what are such plans?

3. How many Canadians, by province, do not have either door-to-door or rural roadside mail box delivery service?

4. How many applications are pending, at this time, from individuals or communities who wish improved postal delivery service?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): On the date this question was asked, an answer was not readily available. This information has now been compiled as of March 31, 1981.

1. See tables below.

2. Yes. Plans are on a national basis in response to service needs.

3. On March 31, 1981:

Newfoundland	107,481
P.E.I.	12,430
Nova Scotia	85,331
New Brunswick	100,076
Quebec	443,553
Ontario	469,052
Manitoba	125,059
Saskatchewan	193,652
Alberta	288,319
British Columbia	211,069

4. In December, 1980, the number of applications received at postal headquarters was 91. In December, 1981, the number was 38.

1. (a) Number of Households Served

31 March 1981
data available by fiscal year only

Province	(i) door-to-door	(ii) general delivery	(iii) post office box	(iv) roadside box	(v) neighbourhood box
Newfoundland	50,187	43,561	62,101	11,984	1,819
P.E.I.	14,404	3,316	9,114	15,591	0
Nova Scotia	136,484	26,322	58,402	85,484	607
New Brunswick	92,775	45,997	51,643	54,147	2,436
Quebec	1,735,731	102,820	335,666	298,446	5,067
Ontario	2,472,707	73,655	380,867	379,537	14,530
Manitoba	259,548	35,427	88,668	16,853	964
Saskatchewan	174,424	10,563	182,954	9,931	135
Alberta	530,790	61,030	211,086	44,316	16,203
British Columbia	790,717	33,305	171,930	131,032	5,834

(b)

Fiscal year ending March 31	door-to-door	Per cent var	general delivery	Per cent var	post office box	Per cent var	roadside box	Per cent var	neighbourhood box	Per cent var
1981	6,257,767	+1.7	435,996	+9.1	1,552,431	+5.3	1,047,321	−0.3	47,595	+29.0
1980	6,151,525	+3.8	399,496	+5.5	1,474,530	+3.4	1,050,173	+1.8	36,885	+17.6
1979	5,924,242	+3.1	378,722	+17.7	1,426,144	+4.4	1,031,221	+2.0	31,367	+21.4
1978	5,748,360	+2.6	321,803	−3.3	1,366,418	+4.1	1,010,557	+5.4	25,836	+25.5
1977	5,605,271		322,949		1,312,717		959,250		20,588	

POSTAL RATE INCREASE

Question No. 3,189—**Mr. Cossitt:**

1. Did the government announce a postal rate increase and, if so, did it take into consideration the disastrous effect that this might have on charitable organizations such as the Christmas Seal campaign, the Easter Seal campaign and the United Way, since these groups use the postal service quite heavily for solicitation, the receiving of donations and the sending of receipts?

2. Will the government take immediate steps to change any proposed increases to exempt such groups from postal charges that might greatly hinder their essential work on behalf of many persons?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. Yes. Representations were received from interested parties, including charitable organizations, and were given Canada Post's full consideration.

2. It is not Canada Post's intention to effect any changes at this time concerning postal rates.

FOREIGN INVESTMENT IN CANADA

Question No. 3,271—**Mr. Cossitt:**

1. In each of the past ten years, what was the amount of foreign capital invested in Canadian industrial or business enterprises?

2. Is there a breakdown of the total amount invested by each country and, if so, what is the breakdown?

3. Is there an estimate of the number of jobs created in Canada by the inflow of such capital and, if so, what is the estimate?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Foreign Investment Review Agency is concerned:

1. According to information compiled by Statistics Canada, the gross inflows of foreign direct investments invested in Canadian industrial or business enterprises from 1971 to 1980 are as follows:

1971	$1,735 million	1976	$1,723 million
1972	$1,444 million	1977	$1,871 million
1973	$1,636 million	1978	$2,683 million
1974	$1,850 million	1979	$2,645 million
1975	$1,777 million	1980	$3,400 million (estimate)

2. No.

3. The government does not have a reliable estimate of the number of jobs created in Canada as a result of the inflow of foreign capital.

INTELPOST SERVICE

Question No. 3,607—**Mr. Cossitt:**

1. Does Canada Post Corporation operate certain trucks bearing their name along with an advertisement that the corporation is providing "space age" communications and, if so, is this intended to inform the public that postal service is fast?

2. Does the government receive frequent complaints about slow postal service?

3. Is it government policy to determine the reasons for any breakdown in "space age" communications and is any breakdown due to letters being sent by satellite that have been lost somewhere up in space and, if so, what steps, if any, is the government taking to bring these down?

4. Has the government received any complaints from any sources whatsoever about space being cluttered with undelivered Canadian mail?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. Yes.

2. The Canada Post Corporation receives favourable correspondence as well as complaints.

Order Paper Questions

3. The Intelpost service is continually monitored for its performance.

4. No.

FOREST RESEARCH AGREEMENTS

Question No. 3,716—**Mr. Herbert:**

1. Did the government sign an agreement concerning the co-ordination of forest research and, if so, with which provinces?

2. Were there provinces where no agreement was signed and, if so, in those provinces, what action was taken to (a) avoid duplication of effort (b) initiate forest renewal programs (c) enhance forest research programs?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): 1. Yes. A memorandum of Understanding concerning the co-ordination of forest research was signed by the Minister of the Environment and the British Columbia minister of forests and came into effect November 24, 1981. The Canada-Ontario joint forest research agreement, which served as the model in developing the above memorandum has been in place for over 20 years.

2. Yes. Memoranda of Understanding have yet to be signed with the remaining eight provinces. Their status is as follows: Awaiting provincial acceptance for signing: Alberta, Nova Scotia. Under development: Saskatchewan, Manitoba, New Brunswick, Newfoundland. Discussions to be initiated: Quebec, Prince Edward Island.

(a) The staffs of the Canadian Forestry Service's regional Forest Research Centres work closely with their provincial counterparts to ensure the most efficient use of forest research resources available so as to minimize duplication of effort.

(b) Responsibility for forest renewal on lands within provincial jurisdiction rests with the individual provincial governments. Discussions are now being held to consider proposals to enable a co-operative approach by the federal and provincial governments to facilitate the initiation of forest renewal programs.

(c) The federal forestry sector strategy for Canada, approved by cabinet in September, 1981, called for a greater emphasis on forest research. To implement this strategy, discussions have been held with the provinces to clarify the roles of the federal and provincial governments, and to encourage the provinces to increase their contributions in this regard.

CANADIAN FORCES SUPERANNUATION ACCOUNT

Question No. 3,753—**Mr. McKinnon:**

1. What was the total amount at credit in the Canadian Forces Superannuation Account as at March 31 (a) 1979 (b) 1980 (c) 1981?

2. During (a) 1979 (b) 1980 (c) 1981, what rate of interest did the government pay for the use of this money?

3. What amount of interest was credited to the account during the fiscal year ending on March 31 (a) 1979 (b) 1980 (c) 1981?

4. For the same period, by year, what was the total amount (a) paid into the fund by servicemen and women (b) paid out of the account?

Hon. J. Gilles Lamontagne (Minister of National Defence):

1. Balance in the Canadian Forces superannuation account as at:

		Canadian Forces Superannuation Account	Actuarial Liability Account	Total
(a)	Mar. 31/79	2,395,773,602.33	5,678,838,368.32	8,074,611,970.65
(b)	Mar. 31/80	2,449,242,227.75	6,203,543,207.94	8,652,785,435.69
(c)	Mar. 31/81	2,523,331,978.89	6,804,085,933.01	9,327,417,911.90

2. Rates of interest for

(a)	1978-79	Quarter ending Jun. 30/78	1.8674%
		Quarter ending Sept. 30/78	1.9102%
		Quarter ending Dec. 31/78	1.9228%
		Quarter ending Mar. 31/79	1.9304%
(b)	1979-80	Quarter ending Jun. 30/79	1.9528%
		Quarter ending Sept. 30/79	1.9702%
		Quarter ending Dec. 31/79	1.9786%
		Quarter ending Mar. 31/80	1.9998%
(c)	1980-81	Quarter ending Jun. 30/80	2.0507%
		Quarter ending Sept. 30/80	2.0910%
		Quarter ending Dec. 31/80	2.1033%
		Quarter ending Mar. 31/81	2.1528%

3. Amount of Interest credited to CFSA during fiscal year ending:

		Canadian Forces Superannuation Account	Actuarial Liability Account	Total
(a)	Mar. 31/79	94,188,404.31	216,512,549.60	310,700,953.91
(b)	Mar. 31/80	99,395,779.50	240,704,839.62	340,100,619.12
(c)	Mar. 31/81	131,624,814.29	348,181,725.07	479,806,539.36

4. (a) Payments in CFSA by service personnel during fiscal year ending:

	Current	Arrears	Transfers	Total
Mar. 31/79	69,318,651.85	1,383,899.58	45,644.40	70,748,195.83
Mar. 31/80	72,696,175.54	1,381,123.97	46,089.28	74,123,388.79
Mar. 31/81	78,633,779.75	1,422,442.44	32,051.29	80,088,273.48

(b) Payments out of CFSA during fiscal year ending:

Mar. 31/79	227,926,358.26
Mar. 31/80	253,964,531.63
Mar. 31/81	280,843,097.67

FOREIGN INVESTMENT IN TOURIST INDUSTRY

Question No. 4,052—**Mr. Crosby:**

1. Did the government commission a study respecting investment in the tourist industry by foreign investors?

2. Is the study being conducted by Hickling Johnston Ltd. and, if so (a) what is the estimated cost (b) how many persons are involved?

3. Is the government's position to ensure that key sectors of the economy are Canadian owned and controlled and, should the study conclude that foreign investors are welcome in Canada, would such investment run contrary to that position?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned:

1. No. The government commissioned a study respecting investment in the tourist industry by all investors.

2. The study is being conducted by Hickling Partners. (a) the cost is $42,800.00. (b) eight.

3. The government's objective in commissioning the study is to determine how to attract investors who could contribute to the development of tourism in Canada. The study is not concerned with foreign investment per se. However, the government welcomes foreign investment which is, or is likely to be of significant benefit to Canada.

CHARGE FOR DELIVERY OF MAIL

Question No. 4,065—**Mr. Herbert:**

What is the charge, if any, per apartment dweller for the delivery of mail into postal boxes in the lobbies of apartment buildings?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): None.

TORONTO INTERNATIONAL AIRPORT

Question No. 4,082—**Mr. MacKay:**

1. Is Air Canada in the midst of negotiations to service the requirements of British Airways at Terminal 2 at the Toronto International Airport and, if so, on what date will the negotiations be completed?

2. Is there a contrary view being expressed by Department of Transport officials and/or Mr. Walter McLeish that the Airways ought to be serviced or confined to Terminal 1?

3. Is Terminal 1 overcrowded and are there substantial delays to international carriers being serviced at Terminal 1 and, if so, what are all the details?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): 1. Yes. A letter of intent has been signed between the two airlines and a contract is currently under review by Air Canada's legal branch. British Airways are expected to commence operations in Terminal 2 with Air Canada on May 17, 1982.

2. The transfer of international traffic from Terminal 1 has been one of Transport Canada's traffic management objectives for some time. It is proposed that additional international facilities be constructed in Terminal 2 by 1983/84 to permit such transfers to take place. British Airways' arrangements with Air Canada are, therefore, complementary to the department's initiatives.

3. Terminal 1 frequently experiences periods of congestion and delays to passengers. The problems occur in the public concourses, baggage claim areas, and parking and curb facilities. A construction program is underway in Terminal 1 to increase the size of the international baggage claim and associated sortation areas as well as the public area on the arrivals level. No immediate relief is foreseen for parking or curb facilities.

[*English*]

Mr. Smith: I ask, Madam Speaker, that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

AUTOMOTIVE INDUSTRY

JAPANESE EXPORTS TO CANADA

Madam Speaker: I have a notice from the hon. member for Oshawa (Mr. Broadbent) under Standing Order 26.

Mr. Edward Broadbent (Oshawa): Madam Speaker, I ask leave, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the unilateral refusal of the Japanese government to negotiate a reduction in its automotive exports to Canada or to make a commitment that the Japanese will produce automotive products in Canada equal in value to their sales in this country, thus ensuring a deterioration in this sector, which already has 20,000 permanently displaced workers. Such a grave situation demands immediate government action in the form of emergency surcharges or quotas on all Japanese automotive products until an equitable agreement has been reached.

Some hon. Members: Hear, hear!

Madam Speaker: I have considered the hon. member's application with considerable care and, unfortunately, I must conclude that the motion proposed by the hon. member cannot be put to the House. The matter is, of course, a very serious one, but it does appear to be of a continuing nature and cannot be considered as a sudden emergency in the country. I remind the hon. member that the matter has been—

Mr. Nielsen: It is also the subject for tomorrow.

Madam Speaker: —consistently raised in question periods from the end of January until even yesterday when the question was raised. As a matter of fact, the question has been raised practically daily—

Mr. Lewis: By us.

Madam Speaker: —since March 19 last.

There is another aspect which cannot be overlooked, and that is that negotiations are still continuing concerning this particular matter, so I must say I cannot accede to the request of the hon. member because Standing Order 26(16)(a) provides that a matter proposed for discussion must relate to a genuine emergency. Previous Speakers and I have considered this necessary to justify setting aside the business of the House.

Mr. Nielsen: Madam Speaker, I rise on a point of order. Of course, it could also be pointed out that this is the subject matter of our opposition day tomorrow, as has already been filed and tabled.

Mr. Deans: Madam Speaker, on the same point of order raised by the House leader for the official opposition, it has to be pointed out that until five o'clock today tomorrow's subject matter is not necessarily the subject matter put down by the Conservative Party.

Mr. Nielsen: That is a pretty fine hair.

ROUTINE PROCEEDINGS

[*English*]

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call Notice of Motion for the Production of Papers No. 87 in the name of the hon. member for Mackenzie (Mr. Korchinski)?

[*Text*]

Motion No. 87—**Mr. Korchinski:**

That an Order of the House do issue for copies of all correspondence and communications, including telephone submissions, regarding the application by Cargill Grain Limited for a grant from DREE towards construction of an Oil Seed Crushing Plant at Melfort, Saskatchewan.

[*English*]

Madam Speaker: Shall the notice of motion stand?

Some hon. Members: Stand.

Motion stands.

Mr. Smith: I ask, Madam Speaker, that the remaining notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall the remaining notices of motions for the production of papers stand?

Some hon. Members: Agreed.

POINT OF ORDER

MR. WADDELL—DEBATE ON ENERGY BILLS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on a point of order in relation to the tabling and debate of the energy bills. I wonder if I might raise this point now. This morning Bill C-103 was printed—

Mr. Smith: On the point of order, Madam Speaker, I request—

Madam Speaker: I have one point of order. I cannot hear two at the same time.

Mr. Smith: Can the hon. member wait until the Minister of Energy, Mines and Resources (Mr. Lalonde) gets here?

Madam Speaker: Order, please. The hon. member for Vancouver-Kingsway (Mr. Waddell).

Mr. Waddell: Madam Speaker, this is a serious matter because of what has happened around here in the last few weeks. The point concerns the timing of the energy bills and the debate. A draft bill with respect to energy security was tabled about a year ago. Seventy-five changes were incorporated in that bill, which became a new bill, Bill C-94, with which Your Honour is familiar. Then there was the bell-ringing episode in the House. The bill is now divided as a result of an all-party agreement. One would have thought that Bill C-94 would have been split into eight bills and that we would have known what would be in them and then would simply debate them. But that is not the case. There have been changes in the bills as they are split.

• (1530)

This morning we received a bill, so we have had it for about three hours. It is a most complicated tax bill containing about eight different tax changes. There are discrepancies not only between that bill and Bill C-94 but between it and the previous budget bills. When we have had an opportunity to examine it we may find that there are also discrepancies between it and the Ways and Means motion which was tabled a couple of days ago. Without going into detail, already I have picked up discrepancies in the area of the Canadian ownership charge, the transportation and fuel compensation recovery charge and the Canadian ownership account.

It is very difficult for the opposition to prepare for second reading debate properly when the bills are dropped upon us just about two hours ahead of the debate. We will debate this bill just after the vote this afternoon, at about 4:15 or 4:30 p.m. That does not give us enough time to prepare properly for debate on the bill.

In the interests of fairness and procedure, I would ask the minister to consider the wisdom of dropping these bills on the House without giving adequate time for members to consider them. The committee is meeting at the moment and through this afternoon will continue to meet. How can the energy critics of the various parties attend the meeting of the special

committee while debate on second reading of Bill C-103 takes place in the House?

I bring these matters to your attention and to the attention of the government, Madam Speaker, to point out the difficulties the opposition has in preparing for debate on a complicated bill with only one or two hours' notice. I hope that the Minister of Energy, Mines and Resources (Mr. Lalonde) will take this seriously. I think the government would want to be fair to the opposition and give it a chance to prepare properly before speaking on these bills.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I sympathize with the points raised by the hon. member but I should like to draw to his attention that the so-called discrepancies he has referred to that occur between Bill C-94 and the Petroleum Administration Act that was given first reading yesterday, are all in the Ways and Means motion that was tabled on Monday. The hon. member should not claim that he has been taken by surprise at the changes in the figures that relate to particular taxes. As a matter of fact, the official opposition drew attention to these changes yesterday afternoon.

As far as the bill itself is concerned, it was tabled at ten o'clock last night and was given first reading with the unanimous agreement of the House. This came after consultation between the House leaders and with their agreement that we could proceed in this way so that the opposition would have as much time as possible to debate the bill and have it referred to the committee as early as possible. The modifications in the bill were contained in the Ways and Means motion which was published last Monday.

Perhaps my hon. friend's House leader has not been in touch with him in this regard; I do not know about that. He says that the bill may come up for debate as early as 4.15 this afternoon. We finish at six o'clock today and I do not believe that we will be through with the bill by then, so we will most likely come back to it later.

As far as I am concerned, if the hon. member wants to speak twice on the bill, and if the House agrees, he is welcome to do so. If not, he may put someone else up to speak or he may wait until we come back to the bill. In that case he may have a couple of weeks to get ready so he will not do as he did yesterday, that is, read the wrong speech.

Hon. Erik Nielsen (Yukon): Madam Speaker, I would point out that we are bound by a House order on these matters. With respect to the suggestion of the Minister of Energy, Mines and Resources (Mr. Lalonde), I would point out that the block time that is allotted to the NDP may be used as that party chooses. The provisions of Standing Order 31 are suspended, so if the hon. member wishes to speak for an hour or for the whole seven, he can do that.

I find it strange that the hon. member for Vancouver-Kingsway (Mr. Waddell) would not have the moxie in regard to parliamentary proceedings to have read the *Votes and Proceedings* for last Monday where, as the minister pointed out, he would have found the full text of the Ways and Means motion. I do not know how he can now claim to be surprised. I cannot understand why he should be whining about more time. We are ready and we have been ready for some weeks to discuss this measure. It has been improved in a very small way by the minister—he still has a long way to go—but we are prepared to enter into discussion of any of these measures at any time. We do not need any further time to prepare.

I would suggest to the hon. member for Vancouver-Kingsway that he might like to have a study period with his colleagues in order to familiarize himself with the provisions in this and the other energy measures that have come down. If he wishes our help, we will be only too happy to co-operate with him.

Mr. Waddell: Madam Speaker, I do not need the rather outworn suggestions of the hon. member for Yukon (Mr. Nielsen). As far as the Minister of Energy, Mines and Resources is concerned, I notice that even when he has the carrot in front of him he still resorts to the stick.

The point is that a Ways and Means motion does not contain all of the bill. It is part of the bill, but there are other parts that were not in the motion.

My examination of the bill has indicated a few changes. I will not go into them in detail but I want to point out to the hon. member for Yukon and to the minister that, for example, the Canadian ownership charge was $25 per cubic meter or $4 per barrel in the draft, and it has dropped to $7.25 per cubic meter or $1.15 per barrel. That is a crucial change in the government's concept of nationalizing companies and how we pay for that.

I will not get into the debate here, Madam Speaker, but I will take the minister up on his suggestion about further speeches. I will decide whether I want to go into debate this afternoon, but I am putting the government on notice that we want some fairness in the way these bills are dealt with.

I can tell the former minister of public works, the member from—where is it—Yukon—that if he wants to debate energy with me any time, I am ready.

Mr. Jarvis: That would be cruel and unusual punishment.

Madam Speaker: I sympathize with the hon. member for Vancouver-Kingsway but of course all this is being done under an order of the House and pursuant to the negotiations that took place between the leaders of all parties, so there is not much I can do for him. I sympathize with him, but there is a House order and we have to comply with it.

* * *

MOTIONS FOR PAPERS

Mr. Jim Fulton (Skeena): Madam Speaker, I have a brief question to put to the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) about Notices of Motions for the Production of Papers. I was on my feet at the time you called the last three points of order.

I wonder if the hon. member could inform the House when Motions Nos. 62, 63 and 64 which have been on the Order Paper for the last ten months, will be brought before the House?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I have conveyed the request of the hon. member to the minister involved on previous occasions. I will be happy to convey his request again.

Madam Speaker: Orders of the day.

GOVERNMENT ORDERS

[*English*]

DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT

MEASURE TO AMEND

The House resumed from Tuesday, April 6, 1982, consideration of the motion of Mr. Lalonde that Bill C-102, to amend the Department of Energy, Mines and Resources Act, be read the second time and referred to the Standing Committee on Energy Legislation.

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I notice that the minister is running out of the House as we commence further debate on this bill. As we know, he just tabled the Petro-Canada annual report and said that he was very pleased that there was black ink in the report rather than red ink. I have had a few moments to review the annual report. I can understand why the minister would hightail it out of the House before this matter could be reviewed and discussed. As we take a look at the annual report, it is very clear how the government has been able to arrive at the so-called black ink.

• (1540)

I direct the attention of hon. members to certain highlights in the report. For example, on page one it is pointed out that net earnings before preferred share dividends of a subsidiary owned by Petro-Canada were $203 million. This sounds very impressive until we calculate what those earnings are a percentage of in terms of total sales, and we find that the earnings figure is actually a little over 7 per cent on total sales of $2.7 billion. This compares with last year when the government had less of a finger in this operation and on sales of $1 billion it earned $163 million or 16 per cent pre-tax. The fine hands of government and of the minister have already reduced the earnings ratio in terms of sales with respect to Petro-Canada from a 16 per cent return on sales in 1979 and 1980 to a mere 7 per cent return in terms of sales in 1981.

That is only part of the story. As we all know, when we are dealing with government Crown corporations and their annual reports and statements, it is important to read the notes to the statements because that is where auditors feel they must disclose some of the shenanigans of the government in order to make what appear to be red figures black figures for public consumption.

I refer hon. members of the House to notes 8, 9, 10 and 11 in particular which appear on pages 38 and 39 of the Petro-Canada annual report. I am sure many people in the country who are now inflicted with interest rates of 16, 17, 18, 19 and 20 per cent with respect to business activities will be interested to know that as far as Petro-Canada is concerned the government allowed it to go into a preferred share issue where the interest rate last year was approximately 9 per cent per annum. Think what business people could be doing in this country with money at their disposal at 9 per cent per annum! I am not talking about any small amount of money. I am talking about $1,250 million which was made available to Petro-Canada at 9 per cent per annum, according to the auditors, for the year ending December 31, 1981.

But again that is only part of the story. If we read further notes, note ten in particular, we find that the government has doctored-up something they call a convertible note. Convertible notes are in fact government loans to Petro-Canada. This is what the auditors say:

> The notes, which are non-interest bearing, will be converted into common shares of the corporation. Interest on the revolving-term loan has been reflected as deferreds interest pending conversion of the notes which will create contributed surplus against which the deferred interest will be charged.

Here again we have the typical doctoring which goes on when the government gets its finger into commercial business activity. For obvious political reasons, the government does not like to show the true colours of its operations. Consequently, we doctored statements, such as the ones we see in the annual report of Petro-Canada tabled in the House by the minister just a few minutes ago.

Of course many of us are dazzled by the billions and billions of dollars which the government has launched us into as far as the activities of Crown corporations are concerned. As we know, it is proposed in another bill that the government increase the capitalization of Petro-Canada to something in the $6 billion range. How many of us realize that even now the government is a very active participant in Crown corporations without the bill that is before us today, without other pieces of legislation.

I am referring to the fact that in total the government has Crown corporations with assets totalling something like $30 billion at the present time. We did a fast calculation because frankly we were somewhat curious to see what was the rate of return of the Crown with respect to the $30 billion investment in commercial activities. As I said, the commercial activities have a wide scope. They include things such as the production of pop in competition with Coca-Cola. They are in the fashion business and in a wide range of activities. If I have a chance, perhaps I will read into the record some of the rather startling names of companies which have been incorporated by the government to further commercial activities. On the question of the total impact of the activities, the $30 billion invested, we find that the rate of return of the government is 6.3 per cent.

This is what they are doing with money which they have to go out on the street to borrow at interest rates as high as 19.5 per cent. Hon. members will recall the last Canada Savings Bond issue. That was the going rate the government has to pay for money at that time. The net result is that the sheer loss in interest income over the rate of return on the $30 billion of investment in various Crown corporations at the present time is something like $3,072 million or $130 for every man, woman and child in Canada in the last year alone.

Let me put it into perspective. In terms of assets, what does a $30 billion investment really mean? If the government wanted to put it into this context, it would be equal to the government owning all of General Motors of Canada, all of the Ford Motor Company, Imperial Oil, Shell Canada, Gulf Canada, Hudson's Bay, Massey-Ferguson, Texaco Canada, Simpsons-Sears and MacMillan Bloedel combined.

Notwithstanding the fact that the government has already picked up that magnitude of investment in the commercial sector, it is saying, "we crave more", to the point that it even wants the bill we are now debating passed so that the minister, at will, can not only incorporate new companies to go into the commercial field but can start gobbling up other companies already in that field, with only a secondary recourse to Parliament in the form of the negative resolution spelled out in the bill. That is the magnitude of what we are talking about. Basically, the government has lost all perspective. The government somehow feels that its job is to run business, as opposed simply to creating the atmosphere for business to operate within.

I have never understood the statist's approach which the government seems to like so much, and of course, in which it is encouraged to take by the socialists to my left. The truth is that I believe they like it because they clearly misunderstand how business works and feel it is a great area for more and more patronage and pork-barrelling in which the government, in particular, loves to engage. I say that because, when you think of it, government that stays out of business has everything going for it. First, it does not have to invest any money, although it can create the atmosphere for investment. Government can entice other people to invest. But if government stays out of business, it does not have to get involved in management. Governments do not have to make the kinds of mistakes such as those which occurred in the Consolidated Computer matter. In that case, the people of Canada had to absorb $125 million in total loss as a result of this government's mistakes in running a commercial activity which it should never have got into in the first place. Above all, Mr. Speaker, I would suggest that when government stays out of business it does not run that ultimate risk of losing an entire investment, such as was done in the Consolidated Computer Corporation matter.

• (1550)

Again, when government stays out of business, think of what government does. In effect, it says, "You in the private sector put up your $1 million or your $10 million and if you win, half of your winnings will be taxed. However, if you lose, that is your problem. Go bankrupt, but we hope you will try again."

When you think of it, government has it made. Yet this government is so confused that it believes somehow or other it is in the public interest not to create the atmosphere for business, not to tax business—basically to stay out of business—but to jump into business with both feet to the extent of $30 billion of public funds.

Again, what I think is totally misunderstood about government getting into business is the fact that government is supreme. Government can tax at any level it sees fit, provided it can get that kind of measure through the House. Government is supreme. Why does government then want to take the responsibility of running a business itself? That is the tough part. I suggest it can be shown that every time government has to meet the competition of the private sector it cannot compete as effectively as the private sector.

In that connection, it is very interesting to read the statement made by the minister on why he wants this legislation put through. He says, among other things, that he wants to be able to create these new "children" or entities to compete within the public sector. Do hon. members notice that he does not say, "To compete with the private sector"? He says that it is his longing to have two, three, four or five "children" all competing with each other in the public sector. Does that really make sense? Does it really make sense to divide up this country where public corporations compete with public corporations and presumably private corporations compete with private corporations or with the public corporations? I am not sure what the minister has in mind.

In short, it seems to be bureaucracy gone amuck. It is simply a concept out of control. Rather than have what at one time looked horrible enough which has now become such massive government intervention through the 26 corporations to which I have referred totalling $30 billion, the government actually wants the blanket power to create more and more corporations to compete with the corporations already out there in the public sector.

I know that most of us want to get to vote on this bill fairly early this afternoon, but I felt it important for us to draw back and ask ourselves, as I indicated last evening; are we really equipped to handle the type of proliferation of new Crown corporations which the government is asking us to okay through the passage of this bill? We have no Crown corporation legislation in this country. We have no mechanism by which the activities of Crown corporations can be reviewed in depth by an appropriate committee of the House. We have no minister responsible for Crown corporations in general. The responsibility is spread all over the place. Take your pick, Mr. Speaker. Ask any of the ministers to report to the House concerning one or more Crowm corporations under his or her jurisdiction and I think you will be shocked at the lack of knowledge ministers have concerning the activities of the Crown corporation chosen.

In short, we are asking the government from this side of the House, from the official opposition, to draw back and reconsider. The government does not need the bill now before us. The government does not need the power to create more and more Crown corporations. The government has demonstrated well that it does not know how to run the Crown corporations under its jurisdiction now. Let me give one example of that. When we were in power, we had an opportunity to review in depth the internal operation of a company called Canadair. Canadair was acquired in 1974 by the Prime Minister (Mr. Trudeau) through another government. In 1974 the House was told the acquisition was only a temporary transition. The government wanted to pick up Canadair with the hope that it could get the corporation back into the private sector without delay. But when we had an opportunity to take a look at this matter, we found that it was reasonable to expect, judging from what management told us in 1979, that Canadair's total exposure to a debt and equity commitment from the Government of Canada would be about a $200 million item, and that in any event most of the debt would be paid off by 1982. Canadair then would be in an earnings position, having about $38 million per annum profit starting in 1982 which would increase thereafter. That is what we were told less than three years ago. We now find through miscalculation, mistakes and error, that the total government exposure with respect to Canadair is not $200 million but $1.35 billion. What a colossal miscalculation! Instead of that corporation being in a profitable position at present, we are told very frankly that if the government had not capitalized the various items it chose to capitalize, there would have been a loss of $140 million. That is government in action. That is the government which made a former colleague and minister, Jean-Pierre Goyer, vice-chairman of that corporation. That is the patronage and pork-barrelling to which I have referred in which this government loves to engage when it gets entities at its disposal.

Tragically it is your money, Mr. Speaker, it is our money and it is the money of the average Canadian which the government is earmarking for this type of activity. Someone in the House sometime down the road will have a colossal mess to clean up as a result of the reckless, irresponsible, poorly managed commercial activities of this government if this bill now before us is passed.

We are virtually giving the government a blank cheque to create more of this activity in future with even less control by the people of Canada through the good offices of the House of Commons. Surely it is time for members to say they have had enough. Let us stop the minister right now.

Some hon. Members: Hear, hear!

• (1600)

Mr. Jim Fulton (Skeena): Mr. Speaker, I would like to make it very clear from the beginning that this party will vote against Bill C-102 for a wide number of reasons, although not the same reasons as outlined by the hon. member for York-Peel (Mr. Stevens). I would like to start with two of the rather important and startling principles which the minister has introduced in this piece of legislation.

The first is the creation of Crown corporations by order in council. What can happen is that five members of cabinet can get together late one night and have researchers and members of various departments write up some background papers on a Crown corporation. The five of them can pass the order in council, it will come in and be put on the notice paper and it might say: Gopher Gulch Crown Corporation. It might seem innocuous to those of us in the House, but we have a limited period of time in which to respond. If 30 members of the House sign a motion to the effect that the order be revoked, then we have a negative resolution which will come before the House for a maximum three hour debate. The really peculiar thing, which was touched on by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) last night, is that after the three hour debate, even if every member of this chamber voted against it, it could still become law. What could happen is that it would go over to the other place; and if they do not concur in the negative resolution, it becomes law. I think all members of the House should be aware of this because it is a crucially new and unique way of abusing the House of Commons. Clause 8 of the bill says:

> Where a motion taken up and considered in accordance with this section is not adopted by the House in which it was introduced . . . but is not concurred in by the other House, the particular order to which the motion relates comes into force immediately . . .

I find it astonishing, Mr. Speaker, to see the minister put this kind of legislation before the House, legislation which will completely underride the concept of democracy. Even if every member of the minister's own party voted against it, it can still become law. How can we possibly represent not only the partisan interests of our own party but the interests of Canadians when the only chamber in Canada whose members are elected from all regions can vote against something and it still becomes law? I find that extremely peculiar, and I will come back to it later this afternoon.

Mr. Riis: It makes a mockery of Parliament.

Mr. Fulton: It definitely makes a mockery of Parliament. The second point also makes a mockery of Parliament because it is a negative resolution—even with all the fancy sounding sections referring to 30 members signing, and the minister changed it from 50 last night to 30, and from 20 in the Senate to 15 and so on—with time restraints, and has a mandatory guillotine in it. Therefore, rather than reforming this institution, about which we had eloquent speeches from all parties a couple of weeks ago, we have the minister introducing a bill which slides completely around Parliament. Regardless of Parliament's view, the most we will have is three hours on the floor. Even if we were all to vote against it, in comes the guillotine and it becomes law.

Those two principles alone, Mr. Speaker, should shock every member of the House who has any concept of democracy. We are faced with the possibility of having to vote for something which does so much to undo the very constitutional foundation of this country.

Mr. Riis: Hear, hear!

Mr. Fulton: Mr. Speaker, Bill C-101 concerns new energy corporations. One would think that such an innocuous sounding piece of legislation would quickly find support in the House, perhaps from all sides. However, what is buried in the few meagre pages of this bill is another blow to the already reeling institution of the House. The long fingers of the Minister of Energy, Mines and Resources (Mr. Lalonde), grubbing it seems for additional powers, have left their grimy prints all over this legislation. The stamp of executive power is visible throughout the bill to those few Members of Parliament who will actually take the time to read and honestly address its contents. The minister has obviously convinced his colleagues in the Liberal Party that he requires all the extraordinary powers spelled out, not only in this bill but in its predecessor, Bill C-48. Who knows what the ultimate scheme is? However, it is clear that the Liberals have chosen to put Canada's future in jeopardy by pursuing only oil and gas megaprojects at the cost of alternate energy, manufacturing, agriculture, forestry, and fisheries. As you may have surmised by now, Mr. Speaker, almost all of Canada's economy is being thrown to the winds, along with the people who work in industries outside of the petroleum industry.

The drive behind this legislation and Bill C-48, and the bulk of the Liberal policy on energy in this session, is narrowly designed to maximize tax revenues to Ottawa at the cost of the public interest, regions, wildlife and environment. I might remind the minister of what he said to me in the House on third reading of Bill C-48 where I put forward a proposal to have a definition of a "spill". Hopefully we will not have a spill, but if we do, at least there would be some way that those people who lost their livelihood, had their beaches damaged or endangered, could obtain redress in the courts. The minister said that my proposed definition of 100 litres was perhaps too high, that he might want to support ten litres. So the hon. member for Nunatsiaq (Mr. Ittinuar) and I promptly informed the minister that we would support ten litres; we thought it was a good idea to go lower. Mr. Speaker, such amendment was not supported by that side and was never put forward by the minister. He shied away from even something as small as that to protect the public interest, all in the name of having the power in the minister's hands and within the bureaucracy.

Mr. Lalonde: Not ten litres—one drop!

Mr. Fulton: The minister would now like to have it down to one drop. That is not in Bill C-48, and that bill is now law.

Mr. Lalonde: It covers everything, including one drop.

Mr. Fulton: Well, the minister has perhaps not read the provision as carefully as I have, but I note that many of the expert witnesses who came before the committee, people who are far more expert than he or I, indicated there was a requirement for a spill definition.

The drive behind this bill, and Bill C-48, is an attempt to move into the jurisdiction, not only of the offshore areas but north of 60. It is both a geographical grab in Bill C-48 and a jurisdictional grab in this legislation now before us. Bill C-102 is based on the concept of a negative resolution procedure, that is, the delivery of power to cabinet where, by order in council and without notification to Members of Parliament, Crown corporations large and small can be spawned. If the process is to be seen as and is to be democratic, it must be reversed. Proposals for new Crown corporations must first come before the House, not after they have been designed and delivered. If the minister wants to have the capacity to create speedily Crown corporations or anything else, the rules of the House need to be changed. I find this institution almost impossible to operate in because it moves so ponderously and slowly.

Mr. Lalonde: Hear, hear!

Mr. Fulton: It is no longer capable of responding to the interests certainly of my constituency, which is the same size as France. I have to serve 100,000 Canadians in 350,000 square miles, and I know what their interests are and I know how to put it together in legislation. I know the government cannot deliver there; the vote at the polls demonstrates that where they now get less than 20 per cent of the vote. So what the minister is opting for, obviously supported by the Liberal Party, is to make this end run around Parliament, bring in the guillotine and have the right to pass legislation against the will of every Member of Parliament. I think we have to look at it very carefully, Mr. Speaker, and I know the House has to vote against Bill C-102. Anyone who votes for Bill C-102 is voting against democracy in Canada.

Mr. Riis: And for tyranny.

• (1610)

Mr. Fulton: The paranoia of the Liberal Party becomes highly visible with the inclusion of closure or the guillotine in Section 7, subsection (4), making a debate of three hours on a corporation which might well be financed to the tune of billions, as we saw with Petro-Canada yesterday, increased financing of $6.5 billion. It could be in a very vast field, Mr. Speaker. We have no way of knowing that the Crown corporation set up under the Canada Business Corporations Act under any of these sections, whether it is to explore, develop, produce, gather or refine, process, purchase, sell, import, export, distribute, store, transport, or otherwise deal in all sorts of fuel and energy, or to produce, distribute, market, and so on. And so it goes on.

One thing that we all know is that once a Crown corporation is set up under the Canada Business Corporations Act, even if it is done under Bill C-102, once it is in operation, it may operate for one minute in the energy field, as the minister tells the House it will. But then it could go into any purview that it desires. So what this really is, and it must be seen for what it is, is a cornerstone, a tip, a toe, allowing the government to set up, against the interests of the House, against the interests of the nation, Crown corporations in any field that are financed solely by the Minister of Energy, Mines and Resources making a phone call to the Minister of Finance (Mr. MacEachen). That is what it is, and it is completely unacceptable.

Three hours, Mr. Speaker, that is the maximum that we will get to debate a Crown corporation that might be vastly larger than Petro-Canada.

This bill is the kind of parliamentary support for parliamentary reform. I guess it is supported by the Liberals. Number one, administration by order in council, which can override all of Parliament. That is the first strike against democracy. Then the mandatory guillotine, which is strike two. Then there is the three hour limit, which is strike three.

Let me make it quite clear that we in this party are not opposed to the creation of Crown corporations, be they totally public or of a mixed public and private nature.

There are areas in Canada's economy and social fabric where Canada's collective social goals and aspirations would be most rapidly and purposefully achieved through public ownership and Crown corporations.

But we on this side of the House—and I solicit support from members on the government side—object to the methodology of this proposal. Let them answer why proposals, if they are sound, accountable and in the public interest, cannot be brought first before Parliament and with some expedition put through the House. How are we to know, as I said before, what Gopher Gulch corporation really is when it is simply on the notice paper? Is it a $10,000 corporation, or a $1 billion corporation, is it for exploration, is it for pulp and paper? How are we possibly to know, Mr. Speaker, with the way this has been set up? We have no access to the government reports done on it, we have no idea where the design of government is going with any particular Crown corporation or grouping of Crown corporations.

What if the minister, after passage of this bill, were to list 100 corporations on the notice paper, how is the House to know which ones to debate? And even if we debate them all for three hours and we lose them all, the minister still gets them all. I find it passing strange. At times I think that I might be in Argentina or in a chamber in some other area of the world where such potential for legislation is perhaps more acceptable.

Bill C-102 is open to abuse by a very small group within Parliament—to be exact, only five members of cabinet—backed by unlimited bureaucratic resources for design and analysis, reports that would never be available to us in the House, information we would never have access to in judging the viability or need of such a new corporation.

So it is designed in secret, it is introduced by order in council by as few as five members of the government. Within 15 days the House requires the tabling of the notice of creation, and 30 days later it comes into force unless before the twentieth sitting day a resolution requesting revocation, signed by at least 30 members or 15 senators, is filed. Even then, with no support, without one member standing in support, that can still become law.

Why 30? I am puzzled. Yesterday it was 50, today it is 30. Yet to adjourn the House of Commons, as the Tories tried with the bells ringing for a couple of weeks, requires only two members. It only requires five to force a vote. And under the Petroleum Administration Act it only requires ten. Why would we not follow some kind of parliamentary precedent in terms of the number of members? Why is the minister so interested in making it so difficult to bring in a negative resolution? Why has he set it up in such a way that even if we do negate the idea of a particular corporation, after only three hours of debate, it can still be passed by the other place.

I think we should be puzzled, Mr. Speaker, and we definitely should not pass such a piece of legislation. Then, within six days, there will be a debate of three hours maximum, followed by a vote. However, even if the House votes to revoke the new Crown corporation, it can go to the Senate and be passed. Here, as the hon. member for Wellington-Dufferin-Simcoe pointed out last night, is a serious constitutional question. In theory, all members of the House could vote against the proposal; or we can reverse that and see it in the Senate, where exactly the same thing can occur. So we have seen a destabilization even of the awkward system of the House and the Senate that we have so far. That is under Section 7, subsection (8).

I think we have to puzzle, Mr. Speaker, as to where the Liberals are leading the House. I am no longer confident that there are many on the government side who truly understand democracy.

In reference to the other House, it too has the mandatory 15 day passage and the three hour guillotine. So, what do we have? A bill that can spawn Crown corporations of every known variety, without prior notice to the House. As duly incorporated businesses they do not have to stay in the energy field one day or even one minute, and they can draw down unbelievable debts directly on to the taxpayer.

As was pointed out last night, there is not even a veil of security that corporations have that are incorporated in Canada, where the shareholders have some protection. The problems that are being put on to the taxpayers by this administration with Consolidated Computer were brought up many times in the House, where before they finally came to their senses $125 million of the taxpayers' money had flowed away.

Now the government says there is not enough money for medicare and not enough for post-secondary education, that there is no money to help farmers or to help small businesses. But there is enough money around to have such poor auditing and such poor planning, and yet not one head has yet rolled over it. That $125 million can be lost in four years, and what does the taxpayer get back? A 100,000 bucks. It is pretty fantastic.

Bill C-102 represents a dramatic rearrangement of the rules of the House. Without properly addressing and reforming the rules of the House it instead introduces a new style of legislation, which is so far-ranging, so totally contrary to our traditions. How can these Crown corporations be accountable to Parliament? When can they be formed? Why can they be formed? And they can be formed against a majority and in fact a total negative vote of the House of Commons.

The history of Crown corporations in Canada is a long one, beginning in 1841 with the formation of the Board of Works. It was soon followed by the Nova Scotia Railway Company in 1859 and a number of harbour boards, long before Confederation.

Only this party, the NDP, and before it the CCF, consistently fought for the role of Crown corporations in Canada. However, no New Democrat in Canada would support this bill. It is truly a Trojan horse, with happy little Crown corporations on the outside, the Liberals almost not knowing what is inside the Trojan horse. But what is inside is no semblance of democratic principles or accountability.

The Conservatives I have listened to in the most recent speech generally like to attack Crown corporations—but for all the wrong reasons. They seem to forget, Mr. Speaker, that it was they who set up the CNR, the CBC, the Bank of Canada, the Canadian Wheat Board. Need I go on? They set up Ontario Hydro. The Conservatives love to attack Crown corporations, saying they are unaccountable, they are dangerous, they take business away, they destroy the business climate of Canada, they open the pork barrel. They do so, even though they know only too well about the pork barrel. It is one of the problems that the party on the government side has had difficulty in controlling—the desire to put every party member's defeated candidates on to boards, when they have no track record and no history whatsover in relation to the field that they might be going into, whether it is energy or the National Parole Board or anything else. They have created a nest that it is very difficult to sleep in.

• (1620)

I wish to go on for a moment to something that has been raised time and again in relation to this bill. It is a concern the House should have when the President of the Treasury Board (Mr. Johnston) cannot tell Canadians how many Crown corporations there are. I have a letter here dated February 8, 1982 from Treasury Board signed by H. J. Mullington, assistant secretary, Crown Corporations Division, to Michael J. Graham of the Library of Parliament. He indicates that as of February this year, the list of corporations in which the government has an interest records 306. I noted last night the Conservative member from Wellington-Dufferin-Simcoe indicated there were about 170 Crown corporations.

To give the House some idea of why this bill is not required at this time when the minister is interested in Crown corporations to handle things in the energy field, let me remind the House of some of these subsidiaries of Petro-Canada which are Crown corporations.

There is Canertech Limited, Petro-Canada Consulting Corporation, Petro-Canada Exploration Inc., Asher American, Inc., Big Eagle Oil and Gas Ltd., Aquilla Holdings Ltd., Fifth Pacific Stations Ltd., GMI Co. (Bahamas) Ltd., Merit Oil Co. Ltd., Cal-Jet Holdings Ltd., Pay-N-Save Gas Stations Ltd., Opal Oils Limited, Commodore Oils Limited, Pacific Exploration Inc., Pacific Petrochemicals Ltd., Pacific Petroleums Espanola, Pacific Petroleums, Inc., Pacific Pipelines, Inc., Pacific Petroleums (Overseas) Limited, Petro-Canada Norway, Petro-Canada Petroleum Inc., Petro-Canada Products Inc., Petro-Canada Resources Inc., Petro-Canada (U.K.) Limited, Petrofina Canada Inc., Arctic Islands Resources Ltd., Petroleum Transmisssion Company, Petron Petroleum Ltd., Rocair Limited, Tri-Mountain Petroleums Ltd., Value Serve Stations Ltd., Venezuelan Canadian Oils, and Venezuelan Pacific Petroleums.

Just listing those should give members of the House some idea that it is preposterous for the Minister of Energy, Mines and Resources to come before the House with this bill, particularly with the undemocratic principles within it, and to tell us that he wants it so that he can set up Crown corporations to handle exploration, development, production, gathering and so on when there are already pages of Crown corporations. Perhaps the boards are not big enough so that he can appoint all his buddies. Perhaps that is why it is being set up. Frankly, I cannot believe when you have that many subsidiaries in one large corporation in the energy field that you would come before the House of Commons with such a badly drafted and incredible piece of legislation that could not possibly be supported by anyone who understands democracy and takes the time to read the bill.

I will certainly be watching carefully members on that side who speak on this bill and then stand up and vote for it. I intend to make this bill an election issue in British Columbia. I will point out the sheer hypocrisy of anyone in British Columbia, if not anywhere in Canada, voting for a piece of legislation that takes away the right of the vote of every Member of Parliament.

The Acting Speaker (Mr. Blaker): I might indicate that if the minister is rising to speak, that will close the debate. Is the minister rising to intervene in the debate? If so, I will have to recognize another two members who want to intervene.

Mr. Bill Yurko (Edmonton East): Mr. Speaker, I want to make some very brief remarks on this bill. I am not necessarily in accord with the manner in which the Crown corporations are going to be formed. I want to say something about the need for additional Crown corporations in this field.

For about eight months I sat discussing Bill C-48 in relation to the 25 per cent share of all federal Crown lands that will be assigned to either Petro-Canada or some other Crown corporation. Let me say in the House what I said in committee. I would find it very disturbing if all the holdings or ownership shares in partnerships and private companies that are going to be active on federal lands would be assigned to Petro-Canada. Petro-Canada today is so large that it does not know its front from its rear end.

The oil industry will be growing substantially on federal lands, the Labrador coast, Hibernia, Sable Island, the Beaufort Sea, the Mackenzie region, and on the west coast and in connection with the oil sands and heavy oils. To even begin to think of the 25 per cent ownership share of all these properties

being assigned for administration through the Crown corporation called Petro-Canada would be a fallacy. It would be a terrible mistake.

When we discussed Bill C-48, we discussed the need for additional Crown corporations in this area. We strongly proposed that serious consideration be given to holding corporations taking over the 25 per cent share in some of the areas, holding corporations which do not get involved in the management of the corporation itself in relation to exploration, development and production.

I say this because Bill C-48 is a fact. It is in place. It is there. That 25 per cent ownership share will be assigned in every property to a Crown corporation. Therefore, in offering some advice to the minister and to the government on something that is needed, I again suggest to the minister that he consider very strongly the establishment of holding corporations which do not hire a vast number of government personnel to get involved in the actual development on some of these federal lands.

I wish to say again as I said yesterday, that in the area of the creation of boards for these corporations which will receive 25 per cent of the ownership or holdings in some of the properties in federal lands, every consideration be given to allowing the provinces to appoint a member to the board of directors of these corporations. The provinces could then be involved in establishing energy policy at the earliest opportunity in energy development in Canada. If a holding corporation is established to deal with the Labrador coast with respect to the 25 per cent ownership, I see no reason why some of the Atlantic provinces would not be permitted to appoint a member to the board of that corporation. What would be wrong with that?

The Beaufort Sea is going to be tied through a series of lines in a north-south direction with British Columbia, Alberta and Saskatchewan. What would be wrong with those three provinces being given the right to put a member on the board of directors of the Crown corporation that will own 25 per cent of all properties in the Beaufort Sea? What will be wrong with British Columbia putting somebody on the board of directors of the Crown corporation dealing with western offshore properties of which 25 per cent will be assigned to a federal Crown corporation? Indeed, the same would be true for Sable Island and Hibernia. The provinces are desperately interested in the development of oil and gas in these areas and should have a substantial input into policies associated with their development. Maybe the bill is not perfect in form and perhaps the method for dissolving some of these Crown corporations is not the best.

• (1630)

What I am attempting to say is that I favour the creation of some Crown corporations which will be assigned 25 per cent interest in some property on federally owned land. I think it would be wrong to assign that share of ownership in every case to Petro-Canada which, as a single corporation, would not be capable of managing that area of such vast diversity and complexity. That is my basic point and I simply say that it is a point I made very strongly when we discussed Bill C-48. I just repeat it for the record here.

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, I wish to speak very briefly to Bill C-102. While many Canadians had grave reservations about the two-week "Gong Show" which tied this place up for two weeks not very long ago, that demonstration, for all of its faults, focused the attention of many Canadians on some of the details of the National Energy Program which otherwise may have escaped their attention.

As was said a number of times by the hon. member for Vancouver Kingsway (Mr. Waddell), we in the NDP agree with much of the National Energy Program. However, we certainly do not agree with all of its contents. We disagree with it, as do members of the opposition party to my right, but in different areas.

I was asked on many occasions during that two-week gong show—the battle between the dingbats and the ding-a-lings that went on across the country which seemed like forever—to try to explain what the issue was all about. I described it basically as follows, that when the opposition parties wanted the bill split, the Conservatives wanted it split so that they could vote for the $6.5 billion more to the big oil companies and vote against the expansion of Petro-Canada and real Canadianization. The New Democratic Party wanted the bill split so we could vote for Petro-Canada and general Canadianization and vote against an extra $6.5 billion for the big oil companies. The Liberals wanted one undivided bill so they could give $6.5 billion extra to the oil companies and still masquerade it as reform. That was basically what the entire issue consisted of.

I am glad that at least the "Gong Show" was able to bring to the attention of Canadians the various motivations and objectives of all the parties during the consideration of this very important program.

Yesterday, the hon. member for Mission-Port Moody (Mr. Rose) discussed the miserly allocation of funds within the program for renewables and alternate energy and illustrated the overemphasis placed on megaprogects with their high cost of drilling rigs and exploration in Hibernia, Beaufort, Alsands and the other areas. He talked about the great expense involved in developing those resources which are very difficult to reach, if in fact some of those resources are there at all. He related these expenses to the fact that if a small amount of that money was applied to developing conservation, renewables and alternate energy, the country would be much better served not only in terms of energy security but in terms of employment which couid be diversified across many regions of the country. This should be done instead of boosting the economies in a few local areas with high inflationary costs which sometimes are associated with megaprojects, which are concentrated in those areas. We have experienced this situation in Canada before.

Perhaps it is time for the government, as well as Canadians, to take a long, hard look at some of the available options and realize that we should be diversifying some of our efforts and

expenditures in order to serve ourselves and future generations far better than we are today.

One of our concerns is accountability. The hon. member for Mission-Port Moody raised this concern yesterday. When other facets of the program are debated later, the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) will discuss mechanisms for providing accountability for Crown corporations in much greater detail. That issue is one which perhaps is the key to the main social and political question which will have to be answered by Canadians and politicians not only in Canada but in the United States and throughout the industrialized world in the next few years.

This question does not only concern accountability in Crown corporations; it concerns accountability in the mechanics of Parliament and the whole question of parliamentary reform. As well, we must consider accountability for all those large corporations, private or public, which make many of the key decisions that closely touch the lives of the vast majority of Canadians.

It is rather astounding and somewhat alarming that the procedures for accountability which exist for agencies of the Crown are in many cases not much better presently than those for the private sector. While the minister and the government seem intent on holus-bolus creating perhaps dozens more instant Crown corporations—piggy-backing them on this bill or the rest of the NEP—I urge them to think seriously about the fact that not only will we have to develop better measures for Parliament to be able to hold the government and its Crown corporations to account, but we should attempt to structure into those corporations, when they are set up, positive input from their employees, communities or regions. This input should exist within the internal management mechanisms so that Canadians and Members of Parliament will not just be in the position of trying to remedy mistakes many years after they are made, because with that input things might be done somewhat differently.

We must look at it from both ends of the spectrum. I appeal to the minister and his government to ensure that they will serve some public wellbeing and purpose before they rush headlong into forming hundreds of new corporations. Last year, the government did not even know how many corporations it had and now, hell bent for leather, they are trying to create more without developing any appropriate accountability or management mechanisms.

It is important for us to be cautious about the sort of regulations which will apply. It should not only be an adversary system, whether involving unions, governments or oppositions checking on what the government corporation does. We should make sure that there are institutions in place on some of these giant rigs which will be working off all three coasts of Canada, to ensure that the type of attitude such as I read in a book review in *The Globe and Mail* on Saturday, March 13, does not occur here. The review refers to a book called "The Other Price of Britain's Oil", by W.G. Carson and the philosophies stated by one unrepentant oilman, who seemed to be very representative of that industry. It was in reference to laws and regulations regarding the exploration and discovery of oil and gas in the North Sea. He said:

> "We break your . . . laws every . . . day; if we didn't, you wouldn't have one . . . hole drilled in your . . . North Sea."

From the information I have received from people who have worked in and around that industry, that kind of operative philosophy is not unlikely to appear in Canadian exploration areas. We will have a very difficult time ensuring that the lives of Canadians and Canada's environment and economic future are secure. People who make statements like that in industries that are infamous for having that kind of attitude will not do us any favours unless we have some very ironclad agreements as to how they will operate.

• (1640)

It worries me, many of my colleagues, many people in the work force throughout this country, and many in the democratic organizations which represent workers, that it will be virtually impossible to have organized workers working on some of those rigs which will be in place off Canada's coasts.

I do not know if any hon. members here have seen the movie I saw a while ago when I was stranded in Calgary. Other people do not mind being stranded in Calgary, but I was stranded in Calgary on my way to my riding because my plane was not flying. I went downtown to kill some time and saw a movie called, I think, "The Outlanders". It was somewhat like "High Noon" in outer space, with Sean Connery playing the sheriff at some mining camp up on an asteroid. It was a fictional movie, but in the movie workers' food contained chemicals and drugs to induce more productivity.

Mr. Keeper: A Liberal conspiracy!

Mr. Kristiansen: That was fiction, but what is to stop any company or organization in that same type of absolutely isolated and controlled environment—which is exactly what exists out on the rigs—from making itself the law?

When we consider the kind of operative philosophy I quoted in that very timely book about North Sea oil exploration and development, we have to wonder just what kind of nightmare world we will create on some of those rigs. The people on the *Ocean Ranger* found out. People on other rigs off our coasts seem to be very worried about the same kind of thing happening today because of the same kind of dereliction of responsibilities. People feel threatened when they see 35-foot, 40-foot and 50-foot waves breaking along the Atlantic coast.

We had better be sure of what we are getting into. I am concerned not only about the issue of accountability but also about the whole range of issues respecting public priorities and public spending which must be taken into serious consideration before we rubber stamp the type of piggy-back bill the government is presenting in Bill C-102. For that reason and many others I oppose the bill before us.

The Acting Speaker (Mr. Blaker): The Chair will recognize the Minister of Energy, Mines and Resources (Mr. Lalonde) on the understanding that he will close the debate.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, my comments will be short. I listened with great attention to the various speeches which have been made on this bill. When I listened to some of the speeches I could not help wondering whether the speakers were talking about something quite different from the bill that is before the House.

The hon. member for Skeena (Mr. Fulton) made references to democracy, and I appreciated the comments of the hon. member for Kootenay West (Mr. Kristiansen) on accountability.

What this bill does is take a step forward in terms of the control by Parliament over Crown corporations. The hon. member for York-Peel (Mr. Stevens) complained about two corporations, Canadair and Consolidated Computer. I was tempted to remind him that those two companies have been the subject of government involvement without the opportunity for Parliament to debate the principle of those corporations at any time except when it came to debate the estimates of the various departments concerned.

If we look back over past practices by all governments since the beginning of the century, we find that governments have created Crown corporations by using the Canada Business Corporations Act and the acts which preceded it without any reference to Parliament. It was enough for a minister to get authorization from the cabinet to set up a company under the Canada Business Corporations Act, and that company was in operation. If public moneys were required, when estimates time came the matter was considered as an item in the estimates; but in many instances large numbers of Crown corporations in the past have been created by ministers resorting simply to the Canada Business Corporations Act.

What we are doing is giving Parliament two opportunities to look at any additional Crown corporations which might be created in the energy field and to debate those additional corporations and their activities. Rather, I should say there are three opportunities because there is also the bill now before the House asking Parliament for authorization to create those corporations.

Assuming this bill is approved by Parliament, what would happen? If at any time the government decided to create an additional energy corporation, there would be an opportunity for a debate in the House and in the Senate, if members of Parliament so wished, and a vote. In addition, if public moneys were required to make this corporation work and operate, that would be part of the estimates. The matter could be debated in the relevant committee and in both the House and the Senate.

While I understand the references made about the concept of democracy by the hon. member for Skeena, I argue that this bill indeed represents very significant progress from the previous situation and the previous practice. It would ensure several opportunities for both Houses of Parliament to have a say and to intervene when the government decides to create a Crown corporation in the energy field. In the past this has not been provided for and, as I indicated, one could go back and find a large number of corporations which have been created under the Canada Business Corporations Act without Parliament's ever having an opportunity to debate the creation of such institutions.

I argue that this bill constitutes very significant progress from old and established practices which existed previously. Indeed, it brings more accountability of the government to Parliament and brings the democratic process into play more than ever before.

I agree with the hon. member for Skeena that we could have even more involvement. I suspect he found the answer himself when he said that what we need is rule changes in this House. I wholeheartedly agree with him, but this bill relates only to Crown Corporations in the energy field; it does not deal with the question of parliamentary reform. That question is the responsibility of other ministers and, I submit, involves the three parties in this House; but I would be one member of this House to speak very strongly in favour of parliamentary reform and more efficient rules.

I remind hon. members that when it came to creating Petro-Canada, I think it took over a year to get this House finally to pass the Petro-Canada bill. If I am not mistaken, we had to impose time allocation or closure to pass the bill because the Conservative opposition mounted a filibuster in relation to the creation of something which has proved to be of great value to this country. We came very close to losing that bill because it seemed as if it would never come out of the committee, and it could have disappeared through prorogation, the beginning of another session and so forth.

What we are doing with this bill is providing not less but more control to Parliament compared with previous practice. I urge my hon. friends to reflect upon this. We will have an opportunity to debate this issue further and to discuss it in detail in committee. I will be very happy to hear the views of my friends again in the committee and to discuss the matter, but I think it is important at this stage to stress that what we are doing with this bill is bringing more control to Parliament and not less as in the past.

• (1650)

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Call in the members.

● (1700)

The House divided on the motion (Mr. Lalonde), which was agreed to on the following division:

(Division No. 165)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Blais
Blaker
Bloomfield
Bockstael
Bossy
Bujold
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Côté (Mrs.)
Cullen
Cyr
Dawson
de Corneille
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Johnston
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lalonde
Lamontagne
Landers
Lang
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
Maltais
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tousignant
Trudeau
Turner
Watson
Weatherhead
Whelan
Yanakis—118.

NAYS

Messrs.

Althouse
Andre
Baker (Nepean-Carleton)
Benjamin
Blackburn
Blenkarn
Bosley
Bradley
Cardiff
Carney (Miss)
Cook
Cooper
Corbett
Crombie
Crosby (Halifax West)
Darling
de Jong
Elzinga
Epp
Fretz
Fulton
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Halliday
Hargrave
Hawkes
Heap
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
King
Kristiansen
Kushner
Lambert
La Salle
Lewis
Lewycky
MacDonald (Miss)
MacKay
Manly
Mayer
McCain
McCuish
McDermid
McGrath
McKinnon
McMillan
Miller
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Oberle
Ogle
Orlikow
Paproski
Parker
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Rose
Sargeant
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Stevens
Taylor
Thacker
Towers
Waddell
Wenman
Wise
Wright—85.

Royal Assent

● (1750)

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and referred to the Standing Committee on Energy Legislation.

* * *

MESSAGE FROM THE SENATE

Madam Speaker: I have the honour to inform the House that a message has been received from the Senate informing the House that the Senate has passed Bill C-88, an act respecting loans to farmers, Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, and Bill C-97, an act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces.

* * *

THE ROYAL ASSENT

Madam Speaker: I have the honour to inform the House that a communication has been received as follows:

Government House
Ottawa

April 7, 1982

Madam:

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 7th day of April, 1982, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Jacques Noiseux,
for Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

Energy, Mines and Resources

[*English*]

ENERGY ADMINISTRATION ACT

MEASURE TO ESTABLISH

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved that Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto, be read the second time and referred to the Standing Committee on Energy Legislation.

He said: Madam Speaker, I am honoured to participate once again in this most important energy debate. This is the third bill which we are considering in the past two days, and I appreciate the speed with which members of the House have dealt with them.

THE ROYAL ASSENT

[*Translation*]

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Madam Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Madam Speaker with the House went up to the Senate chamber.

And being returned:

Madam Speaker: I have the honour to inform the House that when the House went up to the Senate chamber, the Deputy Governor General was pleased to give, in Her Majesty's name, the Royal Assent to the following bills:

Bill C-88, an act respecting loans to farmers—Chapter No. 92;

Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act—Chapter No. 93;

Bill C-97, an act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces—Chapter No. 94.

It being six o'clock, the House stands adjourned until twelve o'clock noon tomorrow, pursuant to order made earlier this day.

At 6.04 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, April 8, 1982

The House met at 12 noon.

• (1205)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

DEMAND THAT GOVERNMENT ACT TO REDUCE INTEREST RATES—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the Liberal government's high interest rate policy, designed to reduce inflation, is not working. In fact it is inducing inflation as well as being the main cause of hundreds of bankruptcies and the loss of homes and farms. Industries and businesses are closing down, and more than a million people are looking for jobs. In fact high interest is largely the cause of the present Liberal depression, but still the Right Hon. Prime Minister (Mr. Trudeau) and his Minister of Finance (Mr. MacEachen) refuse stubbornly to bite the bullet. Therefore I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House demands that the government take action immediately or resign.

Hon. members on this side of the Chamber will not sit on the sidelines much longer and see this country go to wrack and ruin.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

OUTREACH PROGRAM—CONTRACT WITH WOMEN'S CAREER COUNSELLING SERVICE—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, last week the Women's Career Counselling Service, a highly successful Outreach project in Ottawa, finalized a one-year contract with regional officials from the Canada Employment and Immigration Commission, yet this week that contract was cancelled by officials in the minister's office. I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House demand that the Minister of Employment and Immigration accept the advice of his regional officials to enter into a new contract with the Women's Career Counselling Service so that they can resume their excellent service of finding jobs for women who are out of work.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

METRIC CONVERSION

PROPOSAL TO PUT FUNDS AT DISPOSAL OF OFFICIAL OPPOSITION—MOTION UNDER S.O. 43

Mr. Henri Tousignant (Témiscamingue): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

After being staggeringly subjected to the childish farce that was perpetrated this week by the Official Opposition, when they submitted a long list of petitions requesting that implementation of the metric system, the international system, be withdrawn, and whereas the first person to ever propose introducing the system in Canada was the Conservative Prime Minister, Sir John A. Macdonald, followed by the other Progressive Conservatives including the Right Hon. John Diefenbaker and the Hon. Robert Stanfield, and lately the Right Hon. Joe Clark, I move, seconded by the member for Manicouagan (Mr. Maltais):

That a sum of money be set aside for the members of the Official Opposition, to pay for plastic surgery that would sew up one side of their mouths and so prevent them from speaking out of both sides at once.

Madam Speaker: The House has heard the motion presented by the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

POLITICAL PARTIES

SASKATCHEWAN GOVERNMENT POLICIES—MOTION UNDER S.O. 43

Mr. Simon de Jong (Regina East): Madam Speaker, the unemployment figures released today show that, despite our country's wealth and resources, officially over 9 per cent of our labour force cannot find work. Yet Saskatchewan, which just a few years ago was a have-not province, has now the lowest unemployment rate in Canada. Through sound management of its resources and the economy, the government of Allan Blakeney has provided economic stability, steady growth, and a balanced budget, at a time when the rest of the country is experiencing an economic depression. Saskatchewan has led the way in pioneering new social programs and is now a leader in economic planning and management. I therefore move, seconded by the hon. member for Humboldt-Lake Centre (Mr. Althouse):

That the House recognize the success of the Saskatchewan government under Allan Blakeney in managing its economy and that the Government of Canada follow the lead Saskatchewan has provided.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

GOVERNMENT INTEREST RATE POLICY—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, earlier this week the American T-bill rate dropped over 40 basis points. Yesterday our T-bill rate went up eight basis points, and this week alone our interest rates have risen a further one half per cent over American rates. Liberal interest rates more than any other single factor are causing massive unemployment. I therefore move, seconded by the hon. member for Portage-Marquette (Mr. Mayer):

That the government forthwith cease its Liberal high interest rate policy and cease supporting our dollar by driving business and labour into bankruptcy with higher and higher interest rates.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ST. LAWRENCE SEAWAY

NEED FOR IMPROVEMENTS—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, the problem of Seaway capacity, especially at the Welland Canal, is a major concern. At least $150 million worth of improvements is necessary. Therefore I move, seconded by the hon. member for St. Catharines (Mr. Reid):

That the Minister of Transport immediately start work on improvements both to boost Seaway revenues and to provide much needed jobs for some of the 1.2 million Canadians unemployed as a result of the abysmal planning of the Liberal government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL DEFENCE

CANADIAN FORCES BASE CHATHAM, N.B.—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, the Prime Minister (Mr. Trudeau) has stated that the air force base at Chatham, New Brunswick, has "a permanent status in Canada's national defence plans," and he vowed it would never close as long as he was the Prime Minister of the country. It is projected that the closure of CFB Chatham will withdraw some $30 million annually in earning and purchasing power from the communities of Chatham and Newcastle. Already 15 to 20 businesses have shut their doors in anticipation of the closure. Many more have given their notice of leaving in the future. In view of the economic strangulation which will be brought about by the closure I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the government prevent the region from becoming a maritime ghost town and that it grant Chatham permanent status as a defence base in accordance with the Prime Minister's hollow promise.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

FALKLAND ISLANDS—SUGGESTED AIRLIFT FOR CANADIAN CITIZENS—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter which I have discussed with the office of the Secretary of State for External

Affairs (Mr. MacGuigan) and with the office of the external affairs critic for the official opposition.

• (1210)

In view of the fact that my office has been in constant communication in the past few days with the Department of External Affairs in attempts to arrange transport out of the Falkland Islands for a constituent from the Queen Charlotte Islands, British Columbia, and in view of the fact that commercial air traffic into Port Stanley on the Falkland Islands has of today been shut down, and since the 200-mile marine zone around the islands has been declared a military zone wherein local Argentinian marine traffic is open to attack by British nuclear submarines as of next Monday, making exit by boat impossible, I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

That this House call on the Secretary of State for External Affairs to make arrangements immediately for the charter of an aircraft from Comodoro Rivadavia, Uruguay or Buenos Aires to airlift the 10 Canadians stranded in the Falkland Islands.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ST. LAWRENCE SEAWAY

GOVERNMENT URGED NOT TO INCREASE TOLL RATES—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, due to the MacEachen recessionary times and increased competition from U.S. rail lines, some 20 per cent of our Great Lakes fleet will not leave port this season when the St. Lawrence Seaway opens, another 800 people will not be employed this summer due to the fact that shipping has already been sharply reduced by the government's policies, and as there is now only a one cent difference on a per bushel basis between shipping and U.S. rail charges, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the government be satisfied with the 100 per cent increase in Seaway tolls put through between the years 1978 and 1980 and not introduce further toll increases which will simply drive more business to U.S. railways and will further aggravate our already scandalous national nine per cent unemployment rate.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

FINANCE

SMALL BUSINESS DEVELOPMENT BOND PROGRAM—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, high interest rates remain the main problem for small businessmen and farmers. The hon. member for Mississauga South has just pointed out that yesterday interest rates in Canada went up, while in the United States interest rates came down. There appears to be no relief in sight from the government's high interest rate policy. Since the small business bond provisions introduced in the November 12 MacEachen budget are not working, under the provisions of Standing Order 43 I move, seconded by the hon. for Simcoe North (Mr. Lewis):

That the government restore the original provisions of the Small Business Development Bond so that the banks can proceed with issuing these bonds to help farmers and small businessmen who desperately need this mechanism in order to survive.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

POWER RATE CHARGED TO RESIDENTS OF FIELD, B.C.—MOTION UNDER S.O. 43

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that the Northern Canada Power Commission has notified the residents of Field, British Columbia, that their power will be cut off on April 18 because these people have been withholding payments as a protest, in view of the fact that these people are protesting the fact that their power rates are four to five times higher than comparable communities in British Columbia, and in view of the fact that the Minister of State for Science and Technology and Minister of the Environment is negotiating a rate reduction for the community of Field, I move, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

That this House instruct the Department of the Environment and the Northern Canada Power Commission to stop this drastic action and negotiate a rate for the community of Field similar to the rates enjoyed by other communities supplied by this utility.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

INDUSTRY

FOOTWEAR—RECOMMENDATION TO RE-INCLUDE LEATHER SHOES IN GLOBAL QUOTA—MOTION UNDER S.O. 43

Hon. Roch La Salle (Joliette): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Being aware that at this very moment, the unemployment situation has become disastrous, and realizing that the exclusion of leather footwear from the global quota would deal a fatal blow to the footwear industry, I move, on behalf of the 20,000 workers in this industry, seconded by the member for Erie (Mr. Fretz):

That this House unanimously urge the minister responsible to reinstate leather footwear as part of the global quota before April 30, 1982, otherwise it will be too late for the industry and for thousands of qualified workers.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

FREEDOM OF INFORMATION

DELAY IN PASSAGE OF BILL C-43—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise on a matter of urgent and pressing necessity pursuant to Standing Order 43. In view of the fact that the Minister of Communications has stalled on proceeding with Bill C-43, the long overdue legislation dealing with access to information, on the basis that provincial attorneys general want a uniform act, and in view of the fact that it is now clear that a majority of provincial attorneys general are refusing to co-operate in this stalling device and will not agree to a uniform act, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

• (1215)

That this House calls upon the Minister of Communications to appear immediately before the Standing Committee on Justice and Legal Affairs and deal expeditiously with the long over due legislation, Bill C-43.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

REQUEST THAT MINISTER WITHDRAW OR AMEND BUDGET

Hon. David Crombie (Rosedale): Madam Speaker, my question is directed to the Minister of Finance. I know he will be aware from the statistics this morning that the unemployment rate now stands at 9 per cent. That is the highest level of unemployment the country has suffered since we started keeping monthly records, indeed the highest level since World War II. Also the minister knows that all but one of the major economic indicators indicate a decline, and I am sure he was not surprised to learn from the statistics this morning that there are 166,000 fewer people working this year than last year.

We all know that the minister has been consulting with economic leaders across the country and these statistics ought not to be a surprise to him. In light of this disastrous economic news, will the minister advise the House whether he intends either to withdraw his budget or bring in substantial amendments to it?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am aware of the unemployment statistics which are very serious indeed. The hon. member suggested that I consider withdrawing the budget. I wonder whether he is including in that question the thought that I should withdraw from the current monetary and fiscal policy which is being followed by the Government of Canada.

Some hon. Members: Yes.

Mr. MacEachen: If that is his proposal, then I think I should like to hear it from him directly.

* * *

LABOUR CONDITIONS

INDUSTRIAL LABOUR ADJUSTMENT PROGRAM

Hon. David Crombie (Rosedale): Madam Speaker, of course my question was a simple one. I just asked the minister whether he would either withdraw his budget or change it. In the absence of the Minister of Industry, Trade and Commerce, perhaps I should direct my supplementary question to his parliamentary secretary, his acting minister, or to the Minister of Finance. Indeed, it is a specific question; perhaps the Minister of Finance can help.

Mr. MacEachen: I will try.

Mr. Crombie: A year ago the Industrial and Labour Adjustment Program was established to deal with those areas of the country which were hardest hit. The program itself has been characterized more by public relations announcements from

the minister than any activity on the street. I have three specific questions. How many jobs have been created by that program in Sydney, Cape Breton Island, where the unemployment rate is 22.4 per cent? How many jobs have been created in the Eastern Townships where the unemployment rate is 18.2 per cent? How many jobs have been created in McAdam, New Brunswick, where the unemployment rate is 15.1 per cent? All three of those regions have applied. I should like the minister, or whomever he can call on, to tell those people and me how many actual jobs have been created.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am glad the hon. member referred to the Industrial Labour Adjustment Program under which the Government of Canada allocated $350 million to help industry and labour to adjust more effectively to current economic circumstances. Unfortunately I do not have the specific projects for each of the designated areas.

I know, for example, that the industrial adjustment committee in Sydney, Nova Scotia, has been working diligently, and so valuable did it think the program that it requested that labour benefits be extended to the longshoremen of North Sydney and Newfoundland. This past week the cabinet decided to extend the benefits to these affected workers. That is one evidence for the hon. member to appreciate that the program is working effectively. Also I know, for example, that quite a number of members, who represent areas with difficult economic circumstances, have asked that the benefits of the program be extended to their communities. We have been designating communities, as justified, in order to take advantage of this very important program.

• (1220)

REQUEST FOR PROVISION OF LONG-TERM JOBS

Hon. David Crombie (Rosedale): Madam Speaker, the people affected in these areas, hearing the minister, know the air of unreality that has been with us since November 12. I asked the question because you cannot get information. The program was indeed announced. It is worth $350 million and it was started over a year ago in January. But there is no information because there has been no delivery of the program, or very little. The minister calls it effective with 22.4 per cent unemployed in that area. That is effective? When will the minister and his economic colleagues in the cabinet come forward not with public relations programs but with real live long-term jobs with which people can have some hope for the future?

Mr. Darling: Let's hear it.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am surprised the hon. member describes the Industrial and Labour Adjustment Program as unreal. The fact is that each community which is designated establishes a group of community leaders who are then charged with developing projects and undertaking the necessary steps to create jobs. I believe that in quite a number of communities a large number of applications have come forward.

Mr. Crombie: Lots of applications.

Mr. MacEachen: For example, I know that in the city of Brantford where there was a designated community that a large number of applications have been received. I am hopeful that it will be possible to fund the projects there. The government has made available $350 million to communities that are hard pressed by problems at the present time, permitting them to develop projects and permitting them also to take advantage of these funds. This program is a very important one. I wonder whether the hon. member has a better one in mind.

Mr. Crombie: Twenty-two per cent unemployment is very effective?

Mr. MacEachen: I remember his leader stated some time ago that whatever options his party had to improve the economy would be kept under wraps until election time.

SITUATION OF WOMEN WITH FAMILIES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is for the Minister of Finance. The unemployment scene in Canada today is a downright tragedy. Some 51,000 women who are heads of single-parent families are unemployed. That is an increase of 25 per cent over the situation a year ago. These women are struggling to provide food, shelter, and clothing for their children. They find prices are up while the number of jobs available is down. Can the minister explain to these people why they must accept the worst of both worlds, that is, higher prices and loss of jobs?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think the question asked by the hon. member is justified. People are wondering why is it that we are going through such difficult economic circumstances, and indeed we are.

An hon. Member: It is the Liberal government.

Mr. MacEachen: An hon. member opposite says it is the Liberal government. There is not a Liberal government in the United States—

An hon. Member: Thank God!

Mr. MacEachen: —which has the same unemployment rate that we have. The United States reached a 9 per cent unemployment rate at the time of its last economic statistics. We reached the 9 per cent rate today. It is not a Liberal government that prevails in France which has a higher unemployment rate than Canada. It is not a Liberal government that exists—

Mr. Mayer: There isn't a Liberal government in the world.

Mr. MacEachen: —in the United Kingdom where there is a higher unemployment rate.

Mr. Howie: There won't be a Liberal government here after the next election.

Mr. MacEachen: I am citing these facts to explain to the hon. member, who asked me a serious question, that we are going through these difficult circumstances because we have a world-wide recession which is affecting every industrialized country. It is unfortunate that is the case. Our duty is to do everything possible to bring Canada and the other countries out of this difficult recession. That is the main question which the hon. member has asked me and I have attempted to address it in a reasonable way.

LEVEL OF UNEMPLOYMENT

Mr. Nelson A. Riis (Kamloops-Shuswap): My question is for the Minister of Finance. To repeat an earlier statement, he knows the unemployment statistics are at a 40-year high today. They would be tragic enough in themselves if they represented the end of a trend, or the last step. However, the fact is that our high figures today are simply one more step in a long march into a recessionary trend. The human tragedy and suffering resulting from these figures must be stopped. Today's official figures show that there are 1,228,000 unemployed Canadians. What is the minister's and the government's bottom line? How many people must be unemployed before the minister admits that there is a serious problem and, therefore, is prepared to bring in serious programs to combat the situation?

• (1225)

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have recognized for some considerable time that there is a serious economic problem.

Mr. Riis: Bottom line!

Mr. MacEachen: There is a serious unemployment problem, and there is a serious inflation problem.

An hon. Member: What are you doing about it?

Mr. MacEachen: Again and again I have stated that the cause of high unemployment, not only in Canada, but in many other countries that I have mentioned earlier, is because we are experiencing such high inflation. The only job creation program which makes any sense in the long term is a program which addresses inflation, not only in Canada but in every other country affected at the present time by high unemployment.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Scattered applause.

YOUTH UNEMPLOYMENT—ADVICE TO GRADUATING STUDENTS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I could not agree more with the minister that we must have a program which fights inflation, but I suspect that the present monetary program is not doing that.

Some hon. Members: Hear, hear!

Mr. Riis: There is no indication of it.

My question to the Minister of Finance deals with a very specific group of the figures that we received this morning, that is, concerning the youth of Canada. The youth of Canada are experiencing an unemployment rate of 18.4 per cent, officially. In Quebec it is 23 per cent, and in British Columbia it is 20 per cent. In the next two weeks, hundreds of thousands of college and university students will be flooding the job market in an attempt to find employment so that they can continue their education this fall. They will have troubles, but the most important sector comprises the hundreds of thousands of young Canadians graduating from secondary school who will be seeking jobs for the first time and will not be able to find any jobs.

My question is directed to the minister and to his colleagues. When you go to speak at the graduation ceremonies across this country in the next eight weeks, Mr. Minister, what good advice will you give the young people of Canada, which will provide some hope for the future?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think that I would attempt to reason with the students of the universities, as I attempt to reason with the Members of Parliament and with the country, and try to establish the causes of our economic difficulties. I will also try to explain how the policies that we have put in place will help to get us out of these economic difficulties, and how mistaken they would be if they fell for the rather false proposals coming from the New Democratic Party. I would also go on to tell them—

Mr. Deans: Which one?

Mr. MacEachen: —that for 1982-83—

Mr. Deans: Which one are you talking about?

Mr. MacEachen: —$1 billion will be put aside by Government of Canada to help the training needs of the young people of this country. As recently as March 11, the Minister of Employment and Immigration announced additional training initiatives, bringing the total up to $1 billion for 1982-83. The government will support training initiatives for general industrial training, higher-skill institutional training, and will support the occupational growth and adjustment funds.

Mr. Deans: Where will they work after they finish their training?

Mr. MacEachen: These training funds and these training programs will be of particular benefit to young people under 24 years of age.

An hon. Member: Might as well teach them how to shoot pool.

Mr. MacEachen: So, that is the beginning of the speech that I will make when I am invited to address students this spring.

• (1230)

REQUEST FOR RESIGNATION OF BANK OF CANADA GOVERNOR AND OF MINISTER

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, the minister's reaction reminds me of a doctor giving aspirin to someone in intensive care requiring serious surgery. No one is going to believe that particular statement, because the people who graduated last year do not have jobs.

Two years ago, Madam Speaker, the Minister of Finance fobbed off his responsibilities to Governor Bouey, whose sole interest is monetary policy at the expense of bankrupt and unemployed Canadians. Is the minister now prepared to resume his responsibility of economic and financial leadership and ask for Governor Bouey's resignation? If not, is he prepared to give us all an Easter present today by submitting his resignation?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if I thought Mr. Bouey's resignation or mine would improve the situation—

Miss MacDonald: It would.

Some hon. Members: Hear, hear!

Mr. MacEachen: —I would be prepared to consider that situation.

Miss MacDonald: Lord Carrington did it on principle.

Mr. MacEachen: I know the hon. member's leader from time to time has extolled the virtues of the new socialist government in France, and I wonder if he would ask for the resignation of President Mitterrand or his finance minister when he next goes to the Socialist International, because there is now 9 per cent unemployment—

Mr. Fulton: Canada, Allan. C-a-n-a-d-a.

Mr. MacEachen: —in France, where it was 7.5 per cent before the socialists came into power. Would that justify calling for Mr. Mitterrand's resignation if it justifies calling for mine? Would he tell me that?

Some hon. Members: Yes.

Mr. McDermid: Get rid of all the socialists.

[*Translation*]

THE ECONOMY

INQUIRY WHETHER GOVERNMENT WILL INTRODUCE MEASURES TO CREATE JOBS

Hon. Roch La Salle (Joliette): Madam Speaker, I have only one question for the Minister of Finance, considering the disastrous situation we are in today. I think the minister should be held responsible for these record levels of unemployment in Canada—particularly coming from a province that has itself set a new record—in collusion with the seventy-four members opposite who supported the economic philosophy of the Minister of Finance. In the circumstances, is the Minister of Finance—who is reluctant to hand in his resignation—willing to introduce, at least for a province such as mine, any new measures or any new policy, or could the Minister of Finance find it in himself to tell the House whether he is convinced that he will be able to turn around the Canadian economy, although every action that has been taken is ample proof of a yet unheard of failure? Will he do the honourable thing and resign or at least introduce measures that will actually create jobs?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I stated earlier, every industrialized country in the world—

Mr. La Salle: Speak about my country.

Mr. MacEachen: —is struggling with this unemployment problem. I believe most Canadians understand that the economic situation we have in Canada is heavily influenced by world events. May I address the hon. member in the way that I addressed the hon. member for the NDP, and remind him that with a Conservative government in the United Kingdom unemployment is now 11.8 per cent in comparison with 9.9 per cent a year ago.

Mr. La Salle: We are in Canada; the problem is here.

Mr. MacEachen: They are part of the world, too. Madam Speaker, I am trying to remind hon. members and the country that these problems are deeper than the political interpretation that hon. members opposite give to every unemployment statistic. They come from sources deeper than political labels and political rhetoric.

REQUEST THAT NATIONAL CONFERENCE BE CONVENED

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is also to the Minister of Finance. As the minister still appears to be reluctant to resign, and appears to be empty of policies to deal with some of these crucial issues as evidenced by unemployment levels today, would he at least give consideration to holding a conference where provincial, labour and business leaders might meet with him and his colleagues in order to put fresh ideas to them as to how this nation can get

back on to an even keel with people working and prosperity restored, as opposed to letting us drift more and more into this new Liberal depression?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has asked that we consider calling a conference to find fresh ideas. Presumably he is admitting that there are no fresh ideas in his party—

Some hon. Members: Oh, oh!

Mr. MacEachen: —that he wishes to put forward.

Mr. Stevens: You won't take them.

Mr. MacEachen: However, putting that to one side for a moment, Madam Speaker, we had a first ministers' conference some time ago and the principal idea—it was not exactly fresh—which came from the provincial premiers was to take a very deep devaluation of the currency in order to reduce interest rates. That was not a very good idea, because the hon. member for Etobicoke Centre called it a policy of desperation. Therefore I am not sure if we had another meeting with the premiers that they would come up with the type of fresh ideas the hon. member has in mind, because the idea they brought forward the last time was rejected by the finance critic of his party.

* * *

LABOUR CONDITIONS

MEASURES TO ASSIST YOUNG PEOPLE

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I, too, wish to address my question to the Minister of Finance who seems to be filling in for the Prime Minister and other ministers who could be responsible.

Miss MacDonald: And not doing a very good job of it.

Mr. Oberle: Madam Speaker, I do not recall the sponsor of the National Energy Program to be Mitterrand, Schmidt, Thatcher or Reagan; the sponsor was Lalonde.

Some hon. Members: Order.

Mr. Oberle: It is the NEP which crippled the energy industry, and cost hundreds of thousands of jobs and a billion dollars of investment.

Has the minister made himself aware of the hidden horror story in today's unemployment statistics regarding youth? Over half the unemployed are under the age of 25. Government statistics tell us that in April 220,000 people will be leaving universities, and another 348,000 will be leaving our high schools in June, swelling the statistics to almost two million people.

What are the minister and his government doing in the short term to assist the resource industries which normally hire these students in the summer? Never mind his utopian long-term dream. What is he doing to bring in some programs in the short term to ease this crisis, instead of stubbornly insisting that all our problems are brought upon us by the rest of the world, when they are not?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe the hon. member has raised a good point in asking what we are doing to assist young people, especially those who will be on the labour market this summer. I think he ought to be aware that the minister responsible recently announced additional funds totalling $20 million for the Summer Canada Program.

Mr. Huntington: What about Alsands?

Mr. MacEachen: Those additional funds will enable about 10,000 more young people to obtain summer jobs under the program, bringing the total number employed under Summer Canada to 53,000.

Mr. McDermid: It was 70,000 last year.

Mr. MacEachen: I would go on to add, Madam Speaker, that even though we are attempting to operate under a program of fiscal restraint, we have put aside $120 million for this summer in order to help young people get jobs.

* * *

• (1240)

NATIONAL DEFENCE

CANADIAN FORCES BASE CHATHAM, N.B.

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my question is directed to the Minister of National Defence. The minister will know that in Bathurst in 1976 the Prime Minister stated that the Chatham air force base had "a permanent status in Canada's national defence plan" and that that base would not be closed as long as he was Prime Minister of the country. True to form, he then sanctioned its closure.

An interdepartmental committee was formed late last fall by the minister to make recommendations by the end of January, 1982, on the future of the area. On February 3 the minister reported that the committee was working very hard on the future of Chatham. On Tuesday of this week he stated that a new committee had been formed to look into the matter.

My question to the minister is this, and I would appreciate no mumble jumble about any meeting with the premier yesterday: what are the findings and recommendations of the old committee, why a new committee, and when is the new committee supposed to report?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I would like to expand on the fact that it is indeed true that yesterday I met with the Premier of New

Brunswick and we had a very interesting conversation. Some alternatives were suggested to us, and considered, as well as our alternatives suggested to us by our own department and also by the interdepartmental committee. The reason we formed a new committee, as the hon. member has mentioned, is that before consideration of all these alternatives that were suggested to us we do want some of our senior people to look particularly at this Miramichi area so that we can find solutions which will give the people of the Miramichi the alternative whereby they can keep the employment and the economic activity that they already have.

ASSURANCE SOUGHT ON FUTURE OF BASE

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, my supplementary obviously is to the Minister of National Defence. I wonder if the minister would make clear to the House that he has not announced that the base in Chatham will close, and that he has said that in fact the economic benefit and the level of employment will be retained, so that the hon. member for Fundy-Royal will stop spreading that falsehood.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the hon. member from Miramichi is absolutely right. The commitments are there, so the base will not be closed as an economic activity. We are finding some alternatives to make sure that all the area will benefit from the government's decision.

Some hon. Members: Oh, oh!

* * *

FINANCE

REQUEST FOR INCREASED TAX REBATE ON FARM FUEL

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, I would like to put a question to the Minister of Finance. The minister will know that farm fuel costs are a major expense to farmers. He will also know that presently we are experiencing higher costs for farm fuel in Canada than are the Americans. We are in the process of having a further increase this year. At the same time the federal government is taking between 40 and 60 cents a gallon on that same fuel. I asked the minister back in January whether he would consider increasing the rebate. I would ask him again if he would consider it, and I do not mean a long time away but that he would give serious consideration immediately to increasing the rebate so that we can pay lower prices for farm fuel. That would do two things. It would help farmers and give them some hope to stay in business. That would help the job situation. It would also hold out some hope for lower food prices to help the consumer fight inflation.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I understand the interest of the hon. member. However, every step, every proposal he has made, will cost the treasury more and will add to the deficit. In those circumstances I do not know how hon. members can ask me to take an anti-inflationary position and at the same time ask me to add more and more to my expenditures or to the revenue losses.

* * *

LABOUR CONDITIONS

UNEMPLOYMENT IN CAPE BRETON, N.S.

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is directed to the Minister of Finance. While unemployment has reached record heights right across the country, people in hard-hit regions in Quebec and the Maritimes are in truly desperate straits. In the minister's own riding in Cape Breton, if we count those receiving unemployment payments as the measure of the level of unemployment, rather than the Statistics Canada figures, the unemployment rate jumps to 30 per cent. As the representative of Cape Breton Highlands-Canso, at what level of unemployment will the minister recognize the need to change his economic policy and stimulate the economy to create jobs for all?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will submit my performance as a member of that constituency to my electors.

Mr. Keeper: And that submission will not be unopposed, Madam Speaker.

Some hon. Members: Hear, hear!

UNEMPLOYMENT IN QUEBEC

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my supplementary to the Minister of Finance is this. Quebec unemployment has jumped to 14 per cent this month, up from 12 per cent last month and 11 per cent last year. Even this province-wide figure is unheard of. Yet in hard hit regions of Quebec it is even worse. For example, in the St. Laurent-Gaspé region—

Madam Speaker: Order. Order. Today's questions are really inordinately long. The hon. member does not seem to be making any exception to that. I would urge hon. members, if they all want to get into question period, to be shorter.

Mr. Keeper: Thank you, Madam Speaker. Unemployment in the St. Lawrence-Gaspé region has reached 25 per cent. Just how high will unemployment have to reach in these hard-hit regions before the minister recognizes that people are hurting and that they need economic policies that will create employment?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I just want to say that I regard that really as a rhetorical question. The hon. member knows perfectly well that there is no one in this House who is

not very deeply concerned about unemployment, that every unemployed person is a matter of concern. We do not have a certain figure that unemployment will reach in the future where we become concerned. We are concerned now, and we are doing everything within our power to assist, through the various programs that have been announced in the past month by various ministers. In housing, we have increased rental units financing that will create an additional 40,000 jobs. We have expanded the operation of Sections 37 and 38 of the unemployment insurance fund that will help probably an equivalent number of workers in the country to have jobs.

Miss MacDonald: 1,200,000 unemployed.

Mr. MacEachen: Through the Minister of Fisheries and Oceans we have established programs that will provide employment for, I think, about 25,000 to 40,000 jobs in that industry.

Miss MacDonald: This is the rhetoric.

Mr. MacEachen: We have increased our training programs up to a sum of $1 billion in order to meet the training needs of persons in Canada. We are doing everything possible within the means at our disposal to assist the unemployed people of Canada. We will continue to do that and we are not waiting for some figure in the future that will oblige us to take action. We are taking action now.

Some hon. Members: Hear, hear!

* * *

AUTOMOTIVE INDUSTRY

NEGOTIATIONS OVER IMPORTS OF JAPANESE VEHICLES

Mr. Otto Jelinek (Halton): Madam Speaker, my question is directed to the Minister of State for International Trade. He should know that one third of all automotive assembly employees in Canada have either lost jobs or have been laid off. And he should know also that 40 per cent of Canadians working in the auto parts sector have lost their jobs as of today. Yet the minister has failed to curb the flow of Japanese imports into Canada; he has failed to negotiate a fair deal with Japan; he has failed to negotiate fair Canadian content regulations in offshore imports into Canada.

How much longer does the government intend to continue to negotiate, while jobs are being lost in Canada? How many more lost jobs will it take before the government takes the necessary unilateral action to stop the flow of Japanese imports into this country and save Japanese jobs?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I think the hon. member meant to say "save Canadian jobs", not Japanese jobs.

Some hon. Members: Oh, oh!

Mr. Lumley: Madam Speaker, the hon. member will be the first member to know when we strike a very positive relationship with the Japanese concerning the automobile industry.

* * *

• (1250)

INDUSTRY

RATIONALIZATION OF RUBBER PRODUCTION FACILITIES

Mr. Bill Kempling (Burlington): Madam Speaker, I have a question for the acting Minister of Industry, Trade and Commerce. For more than three years, the minister has been dealing with a plan to allow the rubber industry to rationalize production in Canada. I am particularly interested in a plan put forward by Firestone Canada that would allow them some limited product rationalization.

The minister promised in 1980 and 1981 that this matter would be resolved. Is the minister prepared to announce a date when he will approve Firestone's plan? Is he prepared to recognize the millions of dollars that this company has spent to bring this new production facility into being by stating exactly when he will announce the decision on Firestone's application? If he is not prepared to give that date, is he prepared to see several more thousands added to the more than 1 million unemployed?

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Madam Speaker, I wish to thank the hon. member for his question. At the present time, the department is looking into the latest data on rubber production and should very shortly, through the minister, be able to clarify the situation and propose measures to satisfy the requirements of the entire industry.

* * *

[*English*]

THE ECONOMY

LAY-OFFS IN NORTHERN MANITOBA

Hon. Jake Epp (Provencher): Madam Speaker, I wish to direct my question to the Minister of Finance whose economic policies have been an absolute disaster. His defence for this is other countries. In our country we have 24 million people and opportunities in every part of it—resource based, agricultural based—yet his defence is other countries. Because of the number of job lay-offs in northern Manitoba—Flin-Flon, for the first time in its history, INCO is looking at lay-offs in Thompson, Ruttan Lake has lay-offs—what guarantee can the minister give these Canadians that they will have a job by this summer?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am not in any

position to guarantee the exact job possibilities several months from now in any particular industry.

I would contradict the hon. member in his understanding of the situation. He is of the view that what happens in the rest of the world does not affect Canada. I travelled in the west last week, both to Calgary and Vancouver. I found that the people there very clearly understood that the ability of Canadian exporters to sell in markets abroad depended upon the recovery in other countries. There is no possibility of improving the situation of certain exporting industries until a recovery, for example, takes place in the United States. The hon. member, with all his devotion to Canada, which I share, must understand that we trade and sell abroad, and when markets weaken there they affect us and the jobs in our country.

* * *

PIPELINES

DELAY IN CONSTRUCTION OF NORMAN WELLS PROJECT

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. Since he has held this portfolio for northern development, development in the north is at an all-time low. For example, the delays he has imposed on the Norman Wells oil field and pipeline project, have resulted in massive unemployment in my constituency in the north. Not only that, he is directly responsible for hundreds of steel workers being laid off in his own constituency in Hamilton because of this. I want to know when he will take the shackles off this project and let it proceed quickly, forthwith?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, the hon. member must be either negligent or totally unaware of the majority sentiment in the north which does not agree with him at all. The fact of the matter is that the majority of northerners, certainly all the native leadership and the northwest territorial government applauded the decision when I approved Norman Wells and imposed a two-year delay. It was the first time that the companies, the Northwest Territorial government, the leadership of the natives and a majority of the native people who make up a majority of the population of the Northwest Territories ever came to an over-all consensus that this project should be approved in the way it was approved. I would suggest that the hon. member, who represents half of that territory, get in touch with the majority of his constituents.

* * *

[*Translation*]

INDUSTRY

INQUIRY RESPECTING MEASURES TO ASSIST FOOTWEAR INDUSTRY

Mr. Normand Lapointe (Beauce): Madam Speaker, my question is directed to the hon. Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. In his absence, I will put it to the minister's parliamentary secretary, the hon. member for Manicouagan.

Since November 24 last year, import quotas on leather footwear have been removed, and according to representatives of the footwear industry in my riding whom I met yesterday, this has caused serious damage to the Canadian footwear industry. Also on November 24, the Canadian Industrial Renewal Board announced that a special budget of $17 million would be set aside for the footwear industry, a budget which is now proving to be inadequate—

Madam Speaker: Order, please. Does the hon. member have a question? If he does, I would like him to ask it now.

Mr. Lapointe (Beauce): My question is whether the parliamentary secretary could ask the minister whether the CIRB or any other body will soon be announcing additional measures to help the Canadian footwear industry.

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce): I wish to thank the hon. member for Beauce for his question. Yesterday, a number of cabinet ministers and myself met with Mr. Maheu, the president of the Shoe Manufacturers Association of Canada and the government officials responsible for analysing this policy. We listened with great interest to the industry's complaints, and we are already looking into what different or additional measures could be taken to help the manufacturers, while also serving the Canadian consumer.

* * *

[*English*]

RAILWAYS

CROWS NEST PASS RATE—OPPOSITION TO CHANGE

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is for the Minister of Transport. I am sure you are aware, Madam Speaker, that the Minister of Transport and the Prime Minister have been saying that there is a consensus for changing the Crow in western Canada. I have before me a confidential briefing book which was given to the Prime Minister prior to his visit to Saskatchewan on March 19. I find in this confidential document that the Prime Minister's staff say that there is tremendous opposition to changing the Crow on the prairies. They say, among other things, that "the mood of the rural community in the province is generally one of anxiety and indignation". In light of that, will the Minister of Transport tell us why he is misleading the Canadian people by saying that there is a consensus for changing the Crow? Why is he so intent on tearing this country apart by putting one region against the other?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, consensus is always very difficult to assess.

Mr. Epp: Especially when it is not there.

Mr. Pepin: When you ask someone in western Canada, particularly a farmer, "Would you look forward to having the best transportation system in the world?", he says yes.

An hon. Member: That has nothing to do with the Crow.

Mr. Pepin: When you ask him, "Would you accept an increase in the Crow rate?", he hesitates, of course. I found that when you put the two questions together the answer is usually that, "Yes indeed; if I was assured that the railway transportation system for grain would be much better, allowing me to make savings and produce more, I would look at the possibility of paying more." This is really the gist of the matter.

The group led by Dr. Gilson is trying to put together a framework that would give the western farmers that assurance that the western rail transportation system would meet with the criteria and the expectations of the farmers. If the hon. member wants to wait for another two or three months, I am sure this will be done and then he will be satisfied that there is a consensus on bridging those two desirable matters, that is, the best transportation system and the payment of a slightly higher rate for the transportation of grain.

COMMISSIONING OF POLL

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I wish the minister would respond to the question of why he is misleading the Canadian people. Why is he treating this issue so cynically?

In the same confidential document which I have with me, I have found out that the Government of Canada has taken a poll. The Liberal staff says this about the poll, "According to a poll conducted before the announcement . . . " and listen to this, " . . . westerners are misinformed on the basic economic and historical issues." Such arrogance! I ask the minister whether or not he can make that poll public, and tell us who paid for that poll. And finally can he assure us that he will not proceed to change the Crow rate in any way against the wishes of the people of western Canada, the people he is supposed to represent as Minister of Transport in this country?

• (1300)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, with respect to misinformation, it is generally agreed that the perception of many in the west about the Crow, its origin and its true meaning, is wrong. One of those who contributed to that was my hon. friend, for example, in a speech he made a week ago. If we were to believe what he said, we would believe the Crow was part of the British North America Act as part of the confederation system.

Be that as it may, with respect to the poll which has been conducted, the policy of the government is well known. The poll was conducted, obviously, to get more information on public opinion on that subject. We have that now, and it is used to devise the best possible approach to the resolution of the problem.

LABOUR CONDITIONS

INQUIRY RESPECTING GOVERNMENT INITIATIVES TO COMBAT UNEMPLOYMENT

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a question for the Minister of Finance. I listened to his answers earlier with respect to programs the government has brought forward including manpower training, work sharing, and a whole host of other programs. The fact of the matter—and it is becoming clear to the country—is that all these programs have thus far shown themselves to be inadequate in terms of a real attack on unemployment and other problems facing Canadians. There is, for instance, 11 per cent unemployment in eastern Ontario and western Quebec, and if we add Ottawa-Hull the 29,000 people represented by that figure becomes 56,000 people, so there is a failure.

The minister has just rejected the suggestion of a conference involving all the economic players, including business, labour, and government. He has rejected that. Given his rejection, and given the failure thus far of the government's programs, what new initiatives does the minister plan? The House of Commons and the people of Canada are tired of the fluff he has handed us during this question period.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I replied to a question from the hon. member for York-Peel in which he suggested a conference of premiers, trade unionists, and the private sector. I referred to the value there might be in a meeting with the premiers at this stage in view of the fact that we have so recently had a first ministers' conference.

However, I did not have the opportunity in my reply to refer to the additional fact that the government is presently undertaking a series of consultations with the private sector, not only to discuss the medium-term economic developments prospects for Canada but also to secure the views of the private sector on the current economic situation. I have had at least six consultations already in various parts of Canada, and I propose to continue that throughout the month of April. In that way I am fulfilling, at least in part, the suggestion made by the hon. member, namely, consultations with other players in the economy in the hope that out of the discussions fresh and better ideas might be brought to bear on the very difficult situation we have at the present time in the country.

* * *

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Wednesday, April 7, 1982, and finds that the petitions meet the requirements of the Standing Orders as to form.

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, this being Thursday and the House recessing until April 19, I wonder if the Parliamentary Secretary to the President of the Privy Council might give the House some idea as to the order of business for April 19 and April 20.

Mr. Smith: Madam Speaker, when we return to the House we will be dealing with energy-related bills, and the sequence of the first three would be Bill C-106, which is energy supplies; Bill C-104, which deals with petroleum incentives and Canadian ownership; and Bill C-107, which deals with motor vehicle fuel consumption standards. We would be dealing with those bills on the first two days after the House resumes.

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Mr. René Gingras (Abitibi): Madam Speaker, I have the honour to table in both official languages the second report of the Standing Committee on Indian Affairs and Northern Development.

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, I should like to table in both official languages the ninth report of the Standing Committee on External Affairs and National Defence, a report which I have received this minute, the committee having been empowered, under an order of reference received from the House on December 18, to examine security and disarmament proposals which Canada may submit to UNSSOD II.

[*English*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, I also have the honour to table the tenth report concerning an extension of the work being done by the subcommittee on Latin America. I present the tenth report in both official languages and, if I receive the unanimous consent of the House, I would ask for concurrence later on motions.

Some hon. Members: No.

Miss MacDonald: Agreed.

Mr. Crombie: Wonderful.

Mr. Prud'homme: We will advise Madam Speaker accordingly.

[*Translation*]

Madam Speaker: Is the hon. member seeking the unanimous consent of the house to obtain concurrence now or on motions?

Mr. Prud'homme: Madam Speaker, I sought the unanimous consent of the House to obtain concurrence on motions, but—

[*English*]

I heard very clearly that there is not unanimous consent. Accordingly, I will simply table the report and follow the procedure as to when we will call for concurrence.

Madam Speaker: The hon. member obviously does not have unanimous consent.

[*Editor's Note: For above reports, see today's Votes and Proceedings.*]

* * *

PRIVILEGE

MR. McKINNON—ALTERATIONS TO REMARKS OF MR. LAMONTAGNE IN COMMITTEE MEETING

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I rise on a question of privilege. You may recall that a few days ago I attempted to raise a question of privilege concerning the report which has just been tabled and the evidence given supporting that report. I was somewhat encouraged when, in reply to my House leader, the House leader of the official opposition, on March 22 Your Honour said:

> The hon. member is quite right. If at a later time this grievance is reported to the House, then it can be discussed in the House.

The report is now in front of the House, and my understanding is that now is the time when I should present my question of privilege, a summation of which I sent to Your Honour on March 22. This question of privilege concerns the altering of minutes of a meeting of the Standing Committee on External Affairs and National Defence.

I draw to Your Honour's attention the Nineteenth Edition of Eskine May at page 141, where it states:

> It is a breach of privilege to present or cause to be presented to either House or to committees of either House forged, falsified or fabricated documents with intent to deceive such House or committees or to subscribe the names of other persons or fictitious names to documents intended to be presented to either House or committees of either House, or to be privy to, or cognizant of, such forgery or fraud.

Further on, and perhaps more closely related to this point, Erskine May says:

> —to falsify or improperly alter any records of, or documents presented to, either House or committees of either House will constitute a contempt. Standing Order No. 78 of the House of Commons specifically provides that no document received by the clerk of a select committee shall be withdrawn or altered without the knowledge and approval of the committee.

When giving evidence before the committee on February 25, the Minister of National Defence (Mr. Lamontagne) gave

evidence, clearly heard and factually reported in the electronic transcript, which was altered before the minutes were printed.

The first offence, which was of a minor nature, was when the minister introduced two separate members of his staff as both being one Mr. W. M. Beckett, director of arms control policy. The other gentleman was in fact Mr. Mathewson, the chief of policy planning. This was, as I said, a minor alteration, although his chief of policy planning might consider it surprising that he is unknown to the minister. However, the minister went on with his unusual naming, showing a much more serious lack of knowledge of who's who.

At one page of the transcript the minister referred to a Mr. Khrushchev suggesting a disarmament policy; and, incidentally, he used the present tense. In the minutes of the meeting "Mr. Khrushchev" has been deleted and "Mr. Brezhnev" substituted. To indicate that this was no mistake, Mr. Khrushchev, who has been dead for ten years, makes three more miraculous visitations in the minister's testimony in the transcript, only to turn into Mr. Brezhnev in the minutes.

• (1310)

Madam Speaker, it is no minor matter when our Minister of National Defence (Mr. Lamontagne) is unaware of who is in charge of the mightiest conventional forces in the world; but we are not here to judge the minister's acuity. A lack of acuity is not an offence under the rules of Parliament. Changing the records of a committee is, and the records of that committee were changed, without the permission of the committee.

The members of the committee have been apprised by the chairman of the committee of what happened. We are now informed that a Mr. MacKay, an assistant to the minister, who appears to have a job somewhat analogous to the man with a wheelbarrow and shovel who follows the elephant in a circus-parade—

Madam Speaker: Order, please. It took me some time to check into the notices that had been given to me to find out exactly what the hon. member was referring to. I have to point out to the hon. member that he is speaking of alterations to the minutes of a committee, which alterations, he is saying now, were discussed in the committee but not reported to the House.

At first I thought that perhaps the hon. member for Victoria (Mr. McKinnon) was referring to a report of the committee as tabled in the House, but as tabled in the House does not report on the alteration of the minutes of which the hon. member is now speaking. This question, therefore, obviously had to be dealt with within the committee. Since it is not before the House and has not been reported to the House, I am afraid I cannot deal with it.

The recourse which I think the hon. member followed, which was to bring up the question at the committee meeting, has been taken. I know he is not satisfied with the results of that recourse taken in committee, but I am afraid that since it is not before the House I cannot help the hon. member.

Mr. McKinnon: Madam Speaker, there is no doubt about what has transpired. This has not been discussed in committee because since that time the committee has been meeting in camera to discuss the report. The alterations were made when the committee was meeting in public, before the report was written.

I was informed by Your Honour that I could not present this matter to the House until the report had been submitted to the House, which is the case now. If you rule that I have no question of privilege, I will accept your ruling and will consider that any member of a committee can change the records of that committee at any time without breaching the privilege of anyone.

Madam Speaker: The hon. member cannot assume that. As he is demonstrating by his further remarks, the Chair cannot deal with things that take place in committees. It is true that I told the hon. member that when the report was tabled he might bring up this question; it has been tabled and it does not refer to the matter which he is now discussing. It is not before the House, therefore, and that is why I cannot deal with it.

* * *

PETITION

MR. KEEPER—GLOBAL QUOTAS ON LEATHER FOOTWEAR

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, I have with me a petition signed by thousands of Canadian workers from coast to coast which calls upon the cabinet to save their jobs by reinstating the global quotas on leather footwear. I should like to present the petition, Madam Speaker.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,061, 3,031, 3,456, 3,493, 3,500 and 3,574.

[*Text*]

CHANGE IN FORM OF GOVERNMENT

Question No. 2,061—**Mr. Cossitt:**

1. Has anyone in the Prime Minister's office or the Privy Council office conducted a study of the procedures that would be required to change the Canadian form of government to that of a republic and specifically to eliminate any connection with Great Britain or a constitutional monarchy and, if so, what are all the details including the names of the persons involved in the study?

2. Has the Prime Minister or his office caused to be investigated, methods of creating a presidential system in Canada and, if so (a) has a list of persons to be considered as the first president been drawn up and does this list include the name Pierre Elliott Trudeau (b) what title does any study recommend to be bestowed upon a head of state under such a system?

Hon. Yvon Pinard (President of the Privy Council): 1. No.

2. No. (a) Not applicable. (b) Not applicable.

SOVIET NEWS MEDIA PERSONNEL

Question No. 3,031—**Mr. Cossitt:**

What are the names and addresses of all Soviet news media personnel accredited to work in Canada by the Department of External Affairs and, in each case, which news agency does he/she represent?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Foreign news media representatives in Canada are not accredited by the Department of External Affairs. Accreditation of the individual as representing a particular publication or broadcasting organization is by his or her employer in the country of origin. Canadian recognition of the status of Soviet news media representatives resident in Canada is accorded by the granting of an appropriate visa by the Department of Employment and Immigration. In October, 1977, the Canadian and Soviet governments agreed, in accordance with the provisions of the Helsinki Final Act, that each country would grant to resident media representatives of the other country (and to members of their families) multiple entry-exit visas valid for one year. The validity of the visa is subject to extension.

At present, there are four Soviet news media representatives resident in Canada. They are: Mr. N. I. Bragin, representing Pravda; Mr. R. L. Kurkin, representing the Soviet State Committee for Radio and TV; Mr. A. O. Melikyan, representing Tass; and Mr. A. V. Sandakov, representing Novosti. As explained in answer to question No. 3,030 tabled this day, the department does not make public the private addresses of individuals without the express permission of the person concerned. All resident Soviet media representatives live in Ottawa, however, and can be reached through the press office of the Soviet Embassy.

EDUCATIONAL CORRESPONDENCE PROGRAM AT MILLHAVEN

Question No. 3,456—**Mr. Cossitt:**

1. Are inmates at the Millhaven Institution near Kingston permitted to take part in educational correspondence programs from such institutes as the University of Waterloo and, if so, when they write a written examination at the end of each term, does a "proctor" supervise the writing of the examination at Millhaven on behalf of the educational institute?

2. Did government employees at Millhaven act as proctors at any time for such examinations given by any educational institutes and, if so, which employees and was the name of Mr. C.W. Greaves included?

3. Were there cases when Millhaven inmates were not attended by a proctor during the examination but where those appointed to act as such from the Millhaven staff absented themselves, while at the same time pocketing the fee for rendering such services, and, if so, what were all the details and the names of the persons involved?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned:

1. The educational program at Millhaven Institution is supplemented by correspondence programs from outside North American recognized educational agencies including the University of Waterloo, and all written examinations in these courses are supervised or proctored at all times.

2. All written examinations pertaining to outside educational agencies are "proctored" or "supervised" by the Supervisor of Academic Education, Mr. C. W. Greaves.

3. No examination to date has been unattended or unsupervised. The examinations are personally delivered to the inmate-candidate on the appointed date, time and place and in accordance with the instructions issued by the particular educational agency. Supervision is maintained throughout the examination and at the end of the three-hour writing or the surrendering of the paper by the candidate, whichever comes first, papers are collected, sealed and mailed to their destination.

With respect to fees for proctoring examinations, none of the educational agencies, with the exception of the University of Waterloo, pays any fees. The University of Waterloo pays $23 per half day for supervising examinations but most of its examinations must be written on a Saturday since the university requires its examinations be written sometime during the weekend (Friday evening to Monday morning) and be mailed first thing Monday morning. Mr. Greaves does not request overtime compensation or travel allowance for his proctoring attendance on such occasions. The examinations are mailed to his home.

INSTALLATION OF DRYDOCK AT HALIFAX

Question No. 3,493—**Mr. Blenkarn:**

1. Did the government accept a tender by the German company GHH-MAN for the installation of the Panamax drydock in Halifax and, if not, for what reason?

2. Would the drydock purchase from the German company have been completed at a price that would have saved Canadian taxpayers at least $16 million?

3. Did the government engage Marine Industries of Sorel-Tracy, Quebec, to build the drydock and, if so, for what reason?

4. Does the company have the experience and facilities to build the drydock in one piece and to transport the dock to Halifax?

5. Did the government refuse to accept industrial benefits offered by GHH-MAN Canada, Inc. that would have made possible the purchase from Walbar Machine Products of Canada, Ltd. of turbine and compressor blades and, if so, for what reason?

6. Did the government reject the offer by GHH-MAN to build a diesel engine plant in Nova Scotia as part of its industrial offset and, if so, for what reason?

7. Did the government make arrangements in its contract with Marine Industries to protect the government of Nova Scotia and the Government of Canada from any overrun costs of Marine Industries and from any bad workmanship and bad building which might be caused by Marine Industries' lack of experience in building Panamax drydocks and, if so, what were the arrangements?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows:

1. No, because the GHH-MAN tender was not recommended by the province of Nova Scotia (a requirement of the federal-provincial agreement) for approval by the federal minister after detailed evaluation by consultants.

2. No.

3. No, the federal government approved a province of Nova Scotia request to enter into a contract with Marine Industries Ltd. of Sorel-Tracy, Quebec, to build the floating drydock.

4. No, the specifications approved by the owner, province of Nova Scotia, and the intended operator, Halifax Industries Ltd., stated a preference for a sectional pontoon type of floating drydock similar to that provided, with federal assistance, on the west coast. Individual pontoons can be detached and docked inside the remaining structure for maintenance. This is not feasible with one piece construction.

5. No, the tender documents required that non-Canadian content over $10 million be offset with acceptable purchases in Canada in order to remain eligible for the contract. GHH-MAN complied with this requirement and the evaluation of bids took into account the fact that their offer was accompanied by this offset business in Canada.

6. No. An offer by GHH-MAN to build a diesel engine plant in Nova Scotia was not included in the offset purchase package offered for the floating drydock contract.

7. Not applicable. The contract is between the province of Nova Scotia and Marine Industries Limited. However, the Government of Canada is satisfied that qualified and experienced inspectors are on the site. These include Lloyd's Register of Shipping surveyors who will be certifying the floating drydock upon completion. Marine Industries Limited have launched three to four ships per year of the last eight years and although they have never built a floating drydock, this construction is considered simpler than shipbuilding.

AMOUNTS SPENT FOR SERVICES OF VICKERS AND BENSON

Question No. 3,500—**Mr. Beatty:**

1. Since March 1980, by month, what amount was spent by the (a) government (b) Canadian Unity Information Office for goods or services provided by the advertising firm of Vickers and Benson?

2. Does Mr. Patrick McDougall carry out responsibilities for the Canadian Unity Information Office and, if so (a) what are they (b) on what date did he join and until what date is he expected to work for the office (c) was he hired through Interchange Canada (d) is he expected to perform work for Vickers and Benson or any of its associated companies when he leaves the office?

3. Have arrangements been made to avoid any possible conflict of interest between Mr. McDougall's work for the government and his responsibilities in the private sector and, if so, what were such arrangements?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Justice and Supply and Services as follows:

1. (a) Since March 1980, by month, the values of payments made to Vickers and Benson by the Department of Supply and Services on behalf of customers departments are as follows:

1980		1981	
March	None	January	$1,557,169
April	None	February	$ 276,159
May	None	March	$ 506,839
June	$2,111,471	April	$ 292,145
July	None	May	$ 349,686
August	$ 116,975	June	$ 315,627
September	$1,447,552	July	$ 603,645
October	$ 115,011	August	$ 290,332
November	$ 272,517	September	$ 148,434
December	$ 76,138	October	$ 193,581
		November	$ 106,321

(b)

1980		1981	
April	None	January	$ 53,495
May	None	February	$ 27,885
June	None	March	$194,152
July	None	April	$167,431
August	None	May	$181,514
September	$153,788	June	None
October	$ 58,580	July	$ 44,970
November	$ 61,754	August	$ 650
December	$ 56,963	September	None
		October	$645,208
		November	$ 30,116
		December	$ 29,609

Note: Payments in part 1(b) not included in part 1(a).

2. Yes. (a) Mr. McDougall has assumed the position of Director General, Professional and Information Services. He provides highly specialized expertise in communications strategic planning, research, and marketing including different phases of media communications such as television, radio, print and expositions.

(b) The period of employment is June 22, 1981 to June 22, 1983.

(c) Mr. McDougall was hired through Interchange Canada.

(d) A condition of the Interchange Agreement stipulates that "as required by the regulations governing the Interchange Canada program, it is agreed that Mr. McDougall will return to VOBCO Management Inc. upon termination of the assignment and that no offer of continuing employment will be made to Mr. McDougall by the Canadian Unity Information Office."

3. No specific arrangements were made, since neither the position held by Mr. McDougall nor any other position at the CUIO is involved in the allocation of advertising contracts. That task is undertaken by the Advertising Management Group which reports directly to the chairman of the Cabinet Committee on Communications, a fact that is public knowledge.

SOVIET ESPIONAGE OPERATIONS IN CANADA

Question No. 3,574—**Mr. Cossitt:**

Is the government aware that the first department of the KGB's First Chief Directorate runs Soviet espionage operations in Canada and, if so (a) for how long has this been known to the government (b) how many Soviet agents are estimated to operate under this direction (c) is the government taking any action and, if not, for what reason?

Hon. Bob Kaplan (Solicitor General): (a) to (c). It is not in the public interest to answer this question.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,030 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 3,030 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

ACCREDITED JOURNALISTS FROM U.S.S.R.

Question No. 3,030—**Mr. Cossitt:**

Are accredited journalists from the U.S.S.R. required by the Department of External Affairs to request permission before leaving the national capital area and, if so (a) what are all the details of the procedure involved (b) what is the name and address of each journalist who applied for such permission for as far back as records exist and, in each case (i) which news agency did he/she represent (ii) which places did he/she visit and for what purpose?

Return tabled.

[*English*]

Mr. Smith: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—INDUSTRIAL DEVELOPMENT

Hon. David Crombie (Rosedale) moved:

That this House condemns the government for its chronic failure to implement policies to support the development of a sound industrial sector for Canada, and for the resulting lay-off crisis in every sector of the economy and every region of the country, which has had particularly severe consequences for the auto industry, the resource industry, the energy projects and the producers of consumer goods and appliances.

He said: Madam Speaker, I am pleased to be able to participate in the debate today, particularly when the statistics published this morning by Statistics Canada indicate that we have an unemployment rate which is higher than it has been at any time in recent memory and, indeed, higher than it has been since soon after World War II.

An article in *The Globe and Mail* on April 7, 1982, which reported on an interview with Governor Gerald Bouey of the Bank of Canada as follows:

"I am sometimes asked how high does the rate of unemployment have to go, how many foreclosures have to occur, before the bank will give up its policy of monetary restraint," he told a Canadian Club audience of businessmen sprinkled with top civil servants.

"Since surrendering to inflation is no answer to our problem, one might better ask how long will it take Canadians to respond realistically, to take the financial discipline our situation requires—"

How long will it take Canadians to recognize the importance of financial discipline, Mr. Speaker? I do not know how Governor Bouey sees the world. He may see it differently if he is talking to people who make substantial sums of money and top civil servants who also make substantial sums of money. When he talks about telling Canadians that they should be more realistic and impose upon themselves a financial discipline, I am interested to know—and the report did not cover this—which Canadians he is talking about. Where do they live? Who are they?

Surely he cannot be referring to the 1,229,000 on record as being unemployed. They are obviously already exercising financial discipline. Perhaps he meant the three million Canadians who live below the Statistics Canada poverty line—that's 12 per cent of our population. I do not think he meant them either.

Nor do I think he meant the 42 per cent of high school graduates who are looking for work and cannot find it. They are obviously exercising some financial discipline.

Maybe he meant the part-time workers in Canada who need and are looking for full-time jobs and cannot find them. There are 45,000 of them in Toronto alone. Maybe he meant that they should exercise financial discipline.

Perhaps he is talking about the quarter of a million unemployed employables that the Assistant Deputy Minister of National Health and Welfare talked about two days ago. They are the "unemployed employables". I am sure he did not mean they should exercise financial discipline.

Maybe he meant the 500 people laid off yesterday by Eaton's in Toronto. Maybe he meant the 6,200 people laid off in the shoe industry. Perhaps he meant the 1,500 International Harvester workers who will be laid off by May. Perhaps he meant the third of the industrial work force in the automotive industry. Perhaps he meant that those people should be exercising financial discipline.

• (1320)

Perhaps he meant that the 600,000 senior citizens who are living below the Statistics Canada poverty line should be exercising financial discipline. Perhaps he meant the farmers in the country who will have 15 per cent less income. Who was he talking about? It cannot be all of those people; it cannot be any of those people.

The fact of the matter is that when it comes to the financial discipline index, people are joining in the thousands every day. They may not be the top public servants of whom he spoke the other day. It might be helpful to everyone if Governor Bouey, and those he serves on the government side, made clear from whom they want financial discipline. Why are all these people being forced, while others are not, into such financial discipline?

The formulation of the Minister of Finance (Mr. MacEachen) is clear and simple. He said that the problem is inflation and that the answer is unemployment. He said that if we use unemployment as the solution to inflation, we will get recovery. That is the position of the government. No matter who is hurt, the government members say that inflation is the problem, unemployment is the solution, and that is how we get recovery.

All government members may not take this position. A number of ministers of the Crown like to ingratiate themselves to any audience. They are willing to say whatever needs to be said in order to gain a friendly crowd. That is particularly the case with the Minister of Employment and Immigration (Mr. Axworthy). I should like to read carefully the comments made by the minister in Paris, France, because I do not think the Minister of Finance had an opportunity to review what he said outside the country when he wished to cut a finer figure in a foreign land. On page 2 of his release he said this:

> It is often argued by our colleague ministers of finance that restrictive monetary and fiscal policies are necessary to dampen inflation and that reduced inflation will somehow miraculously lead to future growth.

Those comments sound as if they came right out of the mouth of the Minister of Finance. The Minister of Employment and Immigration continued:

> But no mechanism by which future growth will be assured is articulated. We are asked to take it on faith that growth will follow. However, we all know, and it is well accepted by all, regardless of political and economic persuasions, that we can have non-inflationary growth only if we augment the capacity of our economies to produce. This means increased investment in plant and equipment—investment which can be encouraged by lower real rates of interest.

This is exactly contrary to the position taken by the Minister of Finance day after day in the House.

The sense of unreality of the Minister of Employment and Immigration is such that he holds a press conference the day before the worst record of unemployment in recent memory, certainly since World War II, is released. He knows, just as night follows day, that those statistics will come out; but every time he holds a press conference the day before, he shoves out some numbers which have no reality on the street and does not show up in the House for questioning the next day.

I should like to talk about the Minister of Employment and Immigration a little longer, because he is the one who has taken on the public relations role for cabinet. The cabinet has nothing to say to ease the economic pain of Canadians, but it embarked upon a fairly energetic public relations program. Of course, the Minister of Employment and Immigration stars in that role. After the minister's meeting yesterday with recipients of the work sharing program, after meeting with his rented audience, as reported in *The Globe and Mail*, he said that he does not understand why business and labour do not like work-sharing. He said that they were "almost Pavlovian". I do not know what he meant by that, but he went on to say that it was "a kind of psychosis on the part of Canadians to get down on everything". He said that those who have critical comments about work sharing suffer from this phychosis. He is so enamoured of the program that he wants to make it a permanent program to deal with unemployment. He has received an enormous amount of publicity on the program.

It is worthwhile mentioning that the total program covers almost 14,000 people, in relation to an unemployment problem which is in the order of 1.3 million. Also it is worth while looking at the people who have opposed the work-sharing program and why they did so. First, traditionally the work sharing program was opposed by the advisory council to the unemployment insurance fund and by officials within the minister's department. Also it was opposed by the Canadian Labour Congress, the president of CLC and Mr. Clifford Pilkey, president of the Ontario Federation of Labour. It has been described as "sharing the misery". It was opposed by Mr. Stan Roberts when he spoke for the business community as president of the Canadian Chamber of Commerce. It was rejected by most countries in the western world. For example, in Germany, where they have had the program for some time, they are desperate to get out of most of it if they can. There are good reasons for the opposition.

Let me tell the House what the minister has to sell, what he keeps flogging. Everyone would rather have half a job than no job at all; every company would like to stay alive rather than have to go under. The minister is on solid ground when he says that the people who get it like it. That is for sure, because the alternative is nothing for the worker and bankruptcy for the company. This is why they like it, but there are problems with work sharing. This is why even those who have said "go", have said it cautiously.

The program should only be temporary, if we have it at all. It begins to institutionalize work sharing so that it becomes part of the way in which people see the economy. People become accustomed to the idea that having half a job is about what they can expect. It creates a distortion for the unemployment insurance fund, the purpose of which is to provide a financial bridge when people go from one job to another. It is a clear misuse of the original intention of the fund.

Also it is unfair to those who cannot collect unemployment insurance. There have been many debates in the House concerning the fact that people have to qualify for unemployment insurance. If one happens to be one of the lucky 14,000 who will obtain the benefits of the program for a short time, it is fine; but if one is a labourer and not one of the 14,000, one will not receive it. You could work three days a week and not get unemployment insurance because you have to abide by the waiting period. It is not fair to all, and being fair is the purpose of the fund. Indeed, the fund is not the government's fund; the money comes from workers and from businesses. The program not only distorts the fund, it not only gets people used to the idea that they are only entitled to half a job, but it distorts the government's real task. It masks and creates an illusion around the real task of producing an environment for investment so that full-time, long-term jobs can be created. That is the final problem.

• (1330)

The minister, whenever he makes an announcement, should be reminded, and he should remind himself, that all he is doing is putting up a stop-gap solution for people who cannot help themselves. They get a half a job for three or six months and that is all. Basically the minister is saying that that is the way we are going to deal with unemployment in this country. The minister is making a political career out of the misery of people who are caught in a bind. It is one thing to have to do it, but a little more humility on his part would be more in keeping.

The work-sharing program is an example of what the government is doing. It is an example of the government saying to itself and to the Canadian people: "We have nothing to offer. Basically the problem is inflation. We cannot do much about it. We will have to wait until the Americans do something and maybe we will get involved with the Americans." That has been the program and the policy of this government. The recovery which the minister keeps talking about, whenever we get rid of inflation, is not something that will happen automatically. If we are to have a recovery, we have to be prepared for it. The preparation has to be done now, but the government is not preparing. That is why our motion condemns the government.

First, we condemn this government because it brought in a budget that took the guts out of the investment system in this country, the system which creates jobs. We condemn the government because it continues to refuse either to withdraw the budget or to change it. The government has received representation after representation from ordinary Canadians from one end of the country to another, yet it will not change the budget. The government stands in the face of need on an ideology that is mystifying to anybody who hears it. That is our first reason for condemning this government with respect to lack of jobs and employment opportunities in this country.

The second reason we condemn this government is because if we are ever going to have a recovery and if we are going to prepare for it, some sense of co-operation between labour, management and government has to take place. Rather than pursue that course, a course which Canadian governments of one sort or another have had to pursue for 150 years, this government chooses the reverse. Not only does it choose to try to separate, divide and take advantage of the splits between labour and management, but it even takes advantage of splits in the labour movement to try and split the labour movement itself.

In this connection I have an example to give. Three and a half years ago, the Canadian Labour Congress and the Business Council on National Unity, representing the business community, made a proposal initially, I believe, to the then minister of labour and the then minister of employment and immigration. Things went along fairly well for about a year. In the last two years nothing but stalling has taken place. If hon. members speak to representatives of the Business Council on National Unity and representatives of the Canadian Labour Congress, they will learn that the program is being stalled by this government. What is important about that is not specifically the program itself, which would monitor the need for specific kinds of skills to be developed in Canada and so create an environment for the production of programs for the learning of those skills—not an unimportant matter—but the opportunity it provides for business and labour to come together. They do not come together very often or very easily, but they did decide to come together on employment need. This government has been diddling them for two years and has paid no attention to them. The situation will get worse because, in the end, both the Canadian Labour Congress and the Business Council on National Unity have found out what the government is up to. They do not trust the government any more.

Third, we condemn the government for the lack of job opportunities and for high unemployment. While the federal government is trying to split labour, trying to split labour from management and both from government, it has also done this before on issues involving the federal government and the provinces of Canada. The government has tried to pick off the provinces one by one and divide them. That is true with respect to training programs. The Minister of Employment and Immigration brought forward a training program. He announced it first. The day before he announced it he took aim at the provinces. He blamed the provinces for everything. He therefore ensured that the training program which is so badly needed in this country would have to be discussed in an atmosphere of animosity and not in an atmosphere of co-operation. If there is ever going to be any kind of a training program or an industrial economic strategy in this country, it must be brought about in an atmosphere of co-operation. This government finds that the only politics it knows is to divide. This government is bereft of solutions. The only thing it knows how to do is to make sure there is division, which enables it to pick off the parts one by one.

Finally, we condemn this government because it has had absolutely no sense of urgency nor has it given any sense of purpose to Canadians during the time it has been in office. This morning I thought about a book written by Jean Vanier, the son of the late Governor General of Canada. The book is entitled "Community and Growth". It is a book that I would recommend to hon. members on the other side. In his book, Mr. Vanier made the point that to become a community there must be concern for everyone in it and Canada would only become a community when there is concern for all of the people in it. Mr. Vanier writes that a community becomes one when all the members of that community and the government have a sense of urgency. He goes on:

> There are too many people in the world who have no hope. There are too many cries which go unheard. There are too many people dying in loneliness.

What grates most people is the lost sense of purpose and the lost sense of urgency, as though there were nothing else left to do in this country except wait around for the Americans to deliver what the Liberals cannot. Maybe the Liberals should be reminded that there are forests and lakes to rejuvenate; there are houses to construct; there is land to cultivate; there are roads to pave; there are railroads to build; there are

resources to explore; there is steel to forge; there are pipelines to build; there is land to develop; there are towns to expand; there is technology to discover; there are ships to construct; there are factories to remodel; there are bridges to erect; and our vast northern wilderness is yet to be tapped. And the most previous thing which this country has is its water resources, which await development. None of those things is being done. They are not being done because we have a government that is stuck with its own ideology, one which it is unwilling to discard even in the face of the pain it is causing Canadians.

Some hon. Members: Hear, hear!

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I want to join with the Conservative Party in condemning the government for the foolishness we have been witnessing in this country for the better part of the last two years.

I have wondered a lot about unemployment for at least the last half dozen years, watching as industries close in various parts of the province of Ontario initially, and then when I came here to Ottawa watching as those closings spread from Ontario right across the country. There can be no more difficult time in people's lives than when they lose their job. I do not mean simply being laid off. Many of us have been laid off for short periods of time because of a downturn in the industry we work in. I am talking about the hardship and heartache which is experienced and felt by individuals and their families when a plant closes its doors for the last time.

• (1340)

As I look at many of the people who come into my constituency office to speak with me, I can imagine the upset they feel when, having spent five, ten, in some cases 15 or 20 years working for a particular industry, they find that all of that effort and involvement is for naught. Their industry is no longer required in this grand scheme of things designed by that government in concert with many other governments around the world. Individuals give of their very best, work diligently and make every conceivable effort to produce the things they were asked to produce to the very best of their ability, only to be faced through no fault of their own with the prospect that not only can they no longer return to work in that plant, but as they go to Manpower offices and visit other plants they discover they are not an isolated case. They discover they are but one of tens of thousands, if not hundreds of thousands, of people in the same situation.

Then, Mr. Speaker, they find that if they are to survive they must consider moving, to another community nearby if they are lucky, or somewhere else in their province if they are less fortunate, or perhaps to some other part of the country if they have a marketable skill. Some even have to consider uprooting their families and moving away from Canada altogether in order to earn a living and provide for their families. To do that willingly is one thing, although it is a difficult decision at any time; but to have to do it at a time when you have been rendered literally destitute and you had no plans to do so is mind destroying, to say the least.

I put to the government and the minister—one of only two government members here at the moment—that the government has a responsibility for what has happened in this country. The government cannot simply say, as it tends to want to say, that what has happened in Canada has happened all over the world and there is nothing it can do about it; that it is really the fault of the United States because most of our markets are there; or we are in the midst of a worldwide recession and therefore all Canadians must be willing to accept that the recession will out of necessity deprive Canadian workers and their families of a fair opportunity to earn a living.

I reject that because I happen to believe today, as I have believed for years, that it is possible to create in Canada job opportunities by building those things Canadians need. I believe it is possible to use the resources we have in such abundance not only to build the things that Canadians need, but to provide at reasonable cost those same products to people in other parts of the world. I think the reason we are faced with these problems is not because of an inability of Canadians to do the job or generate the need; it has to do with the inability of the government to separate out those things required for domestic consumption from those things influenced directly by international affairs.

I went back, Mr. Speaker, and thought of the hope we had of only two years ago. I looked at the Speech from the Throne and read some of the suggestions the government was making through the Governor General at the time regarding what Canadians had the right to expect from their government. The speech said:

> Canadians expect much of this Parliament.

They can expect much. It continued:

> —to promote a national development policy that will provide jobs, stimulate growth, build upon regional strengths, and increase Canadian ownership and control of our economy;

I ask you, where are those initiatives today when they are most needed? Where are those initiatives Canadians were led to believe they could expect when we find close to two million people looking for work? Where are these initiatives to promote and develop a national policy to provide jobs, stimulate growth, and help build regional strengths?

The throne speech went on to say in its nice little way "my government", that being the government of the Governor General because it is certainly not my government, I will have you know, Mr. Speaker.

An hon. Member: Not the government of the people.

Mr. Deans: It goes on to say:

> . . . my government will be guided by the two main principles at the core of the program my ministers placed before the people.
>
> The first is that Canadians will accept sacrifice to meet the economic challenges of the 1980s, but they will not accept injustice.

I put it to you, Mr. Speaker, that there can be no greater injustice than that of a man or woman, who want to work but cannot find a job, being asked to shoulder the burden of the

economic madness being pursued by the Minister of Finance (Mr. MacEachen) and his cohort, the Governor of the Bank of Canada. Is it not an injustice that people should lose their home because they cannot find a job in a land of plenty? Is it not an injustice that people who have worked all their life should find that, because of this government's policies, they are unable to continue to work in order to earn a living and provide for their families?

• (1350)

Is it not an injustice when a select group within society comprising those two million unemployed is to be asked to shoulder the burden while so many others at the upper end of the scale, such as the banks and the financial institutions, are able to reap such monumental rewards as the result of this government's economic policies?

The government went on to state that Canadians recognize the need to live within their national means, and that they understand the state cannot meet every demand in so doing. I want to say to Your Honour, who knows this fact as well as anyone, that there is no Canadian who expects the state to meet every demand. All that Canadians are asking for is a fair chance to put their labour on the line, a fair chance to go to work, to earn a living and to produce the kinds of products that their friends and neighbours need. There are few, if any, Canadians who are asking that the state look after them daily. There are few Canadians who are suggesting for one moment that they would rather sit at home and do nothing than to go work. Even to suggest that that might be in the minds of a significant number of Canadians is to do the people of Canada an injustice.

Then, of course, the throne speech went on to state that one of the essential objectives of this government is to put more people to work. I say to Your Honour, to hon. members of the House of Commons who are listening here and to anyone else who happens to turn on the television and see this debate by accident, that if that were one of the objectives of the government in April of 1980, then it has failed. It has not only failed, but it has failed miserably in the pursuit of that objective. It has failed, not because of the actions of others, but because of the pursuit of its own economic policy of high interest rates which has greatly destroyed the manufacturing sector in this country.

There is a hardly a community in any part of the country, no matter where one goes in any province from coast to coast, from north to south, in which one will not find people who are unemployed as a result of the high interest rate policy being pursued by this government, and by the governor of the Bank of Canada on behalf of this government. The government had the effrontery to suggest on April 14, 1980, that one of the essential objectives of the government was to put more people to work. However, it then systematically set about to make it impossible for those self-same people to find employment, to make it virtually impossible for those self-same people not only to find employment, but keep the employment they already had. For the government to do this was to make a mockery of the direction and the suggestion that this government brought forward in April of 1980.

The government went on to state that it would establish a national trading corporation. Well, so much for that commitment! We know that the government thinks of that now.

Mr. Thacker: It's just a shame you guys don't put it back in, though, isn't it?

Mr. Deans: Then, of course, more recently we find the government's statement that when we come out of this period of our economic cycle, we will find ourselves crowded out on the world markets by products from countries which have been able to control their costs. For some reason or another, the Minister of Finance seems to think that high interest rates and high rates of inflation do not go hand-in-hand. I know that Your Honour understands what I say, but for the benefit of the other hon. members I want to say that there can be no question in anyone's mind that the higher the interest rate charges which are levied against the cost of any product—whether it be during its manufacture, whether it be during the time that it is carried in inventory, or whether it be after the purchase while it is being paid for on the never-never plan of credit cards or other types of credit—the higher the cost of the product.

Mr. Thacker: That is right.

Mr. Deans: There can surely be no doubt left in the mind of the Minister of Finance that to continue to escalate interest rates can only have a detrimental effect in the battle against inflation. It can only have a detrimental effect! It is such a substantial part of the cost of every single product, of every single commodity, that it matters not whether one is considering the farmers, the small businessmen, the medium-sized manufacturers in this country, or whether one is considering the auto industry, the farm implements industry or the housing industry. In every single sector, in every single part of this land, high interest rates contribute more significantly to the over-all cost of the product than any other single factor when one takes into account the fact that those interest rates are added in on a variety of different levels and are compounded at every stage.

Therefore, it stretches one's incredulity to hear the minister suggest that somehow or other one can have high interest rates, better productivity and lower costs. It is impossible for any reasonable, thinking individual to come to that conclusion. I find it difficult to believe that the Minister of Finance believes for one moment that it is possible to have a high interest rate policy of the type that he is pursuing while bringing down the cost of all the necessities of life. Surely, common sense tells us that if it costs less for interest, then it costs less for the product. By reducing the interest rate, we can then, of course, reduce the over-all price of whatever it is that we must buy in order to survive.

Your Honour sees the frustration of this whole matter. I do not doubt for a moment, and I feel confident that it is true, that every single member of the House of Commons would like

to see the unemployment rate come down, the interest rates come down and reducing inflation levels. They would like to see families once again able to go out into the marketplace to purchase homes at prices they can afford, with payment schedules which would enable them to pay off their debts in their lifetime. Most, if not all, hon. members would like to see the country in a position where the automobile industry, manufacturing a good product, would be able to make a recovery.

I say to Your Honour in closing, since I have obviously come to the end of my allotted time, that the biggest problem confronting this government is its own inability to understand the needs of the people of the country and to institute the kinds of policies which would bring about what we are all striving for—a place where people come first. The government be dammed with its theories! Let us put people first for a change!

Some hon. Members: Hear, hear!

Mr. Thacker: Mr. Speaker, I wonder if the last hon. member to speak would permit a brief question.

Mr. Deputy Speaker: The allotted time of the last hon. member has expired. This can only be done with the unanimous consent of the House. Is it agreed?

Some hon. Members: Agreed.

Mr. Thacker: Mr. Speaker, the last hon. member gave a very fine speech as to—

Some hon. Members: Hear, hear!

Mr. Thacker: —how the government is bereft of any ideas concerning how to cope with this situation and the dramatic effects of high interest rates. I am sure he realizes that during the brief Clark administration, interest rates were 2.5 per cent below American rates, because the one thing that this party understands is—

Mr. Deputy Speaker: I did not give the hon. member permission to make a speech at this point. If he wants to ask a question, he should ask his question.

Mr. Thacker: My question is: Which party passed the motion that put those mental midgets in power across the way?

An hon. Member: Don't even answer that!

Mr. Deans: I find that to be a very interesting question. The question, I suppose, is that when one is measuring mental midgets, one must find some new measurement which would measure the mental midgetry of a government which would allow itself to be defeated after only nine months in office.

Some hon. Members: Hear, hear!

• (1400)

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Mr. Speaker, I have been listening very attentively to the comments made by the member for Rosedale (Mr. Crombie) and the member for Hamilton Mountain (Mr. Deans).

After listening to these two speeches, I must admit I am somewhat perplexed, especially since we are extremely lucky in our parliamentary system to have what are known as opposition days. We on the government side of the House are still hoping against hope that some day, the members opposite will have the courage of their convictions as well as the intelligence to produce solutions to the questions they are raising. I hoped this would happen this morning, especially considering the personalities of the two members who spoke earlier.

As I said before, I listened attentively to the member for Rosedale who deployed a vast amount of rhetoric in an attempt to prove that the government was doing nothing about the unemployment problem in Canada, that we were obsessed with inflation and that our only solution was unemployment. Mr. Speaker, I feel that it is unworthy of any member who has given the slightest thought to the economic situation to profer such falsehoods. In trying to recall what the member for Rosedale said, all I can remember is an enormous void and comments that were partisan and lacked any consideration for the real problems confronting Canadians in these difficult times.

As for the member for Hamilton Mountain, he made an excellent speech which reflected a real interest in, and awareness of, the personal problems caused by the economic situation. I agree when he says we want all Canadians to be able to have access to employment and we do not want Canadians to worry each month about meeting their payments, and we would like to see all industrial sectors operating at full capacity, so as to provide more and more jobs in the Canadian economy.

However, the member for Hamilton Mountain needed a scapegoat, and so he said that interest rates were at the bottom of all our ills.

Mr. Speaker, it is sad that once again, despite this very important mechanism in Parliament, namely, opposition days, there is a void, because our colleagues opposite have either forgotten or lacked the necessary courage to say what they would do and what they would like the government to do.

Fortunately, Mr. Speaker, we were not waiting for this to happen, and we have been trying to find ways of solving these very complex economic problems. On this side of the House, we are aware that our economy is not entirely isolated from

the effects of the world economic situation, that we have trading partners with whom we must do business, and we are also aware of a very simple principle of economics, namely that as soon as demand for our products drops, there will be a direct impact on industrial activity in a number of regions in Canada. Unfortunately, the impact is often quite sudden.

Mr. Speaker, what we are trying to do is to create conditions that will make it possible to turn around the Canadian economy, and we are doing so in close collaboration with our major foreign trading partners.

What programs have we developed to promote such conditions? First of all, I would like to remind the House that the government has set aside $365 million for the Industry and Labour Adjustment Program or ILAP. As everyone knows, this amount will be used to promote industrial reorganization, manpower training and labour mobility. It is specifically designed for those industrial sectors most affected by technological change or international competition. We have already designated 10 Canadian communities and identified two industries under this program. For the information of the House, these 10 communities are Tracy-Sorel, Port Cartier, Sept-Îles, Schefferville, Asbestos in the Eastern Townships, all in Quebec, Sydney in Nova Scotia, Windsor, Brantford, Chatham and Kitchener in Ontario, and McAdam in New Brunswick. The two industries specifically identified under the Industry and Labour Adjustment Program are the automotive parts and home appliance industries. As concerns home appliances, hon. members will be aware that, in the last three weeks, the designation of this industrial sector under the Industry and Labour Adjustment Program has enabled Inglis to take over Admiral, thus consolidating and creating 960 jobs in communities which greatly needed them, including one with which we are very familiar in Quebec, the community of Montmagny.

In addition to this $65 million program now under way, the government has announced the creation of a new adjustment program to ensure the viability and competitivity of the Canadian textile and clothing industries. When we announced this policy and the creation of the CIRB, or Canadian Industrial Renewal Board, we allocated an operating budget of $250 million to the CIRB to provide assistance to the textile and clothing industries and to the communities where they are most concentrated and which now have a high rate of unemployment because of industrial reorganization. We later announced that $17 million would be added to this $250 million envelope for plant modernization, training and manpower mobility in the footwear and tanning industry. Mr. Speaker, we are trying to gear our capacity for action to those sectors and communities which are most affected, in order to solve the specific problems mentioned by the hon. member for Hamilton Mountain (Mr. Deans). As this period of economic difficulty affects some sectors more directly than others, we want to direct our action towards those sectors.

[*English*]

In respect of automotive products, the government has designated so far Windsor, Chatham and Brantford under the ILAC program, the one I explained earlier. Furthermore, the government has announced a special $25 million fund for independent auto parts producers. Furthermore, Mr. Speaker, we have negotiated agreements with Chrysler, Ford, Kaydee, Volkswagen, leading to expected new direct investments of over $1 billion and creating over 15,000 direct jobs in these companies.

• (1410)

We also sponsor all through the year 25 to 30 major trade fairs and missions and provide export opportunities to individual Canadian firms. In addition to that, some $50 million in loan guarantees and recoverage contributions have been made available to auto parts companies over the past two years through the enterprise development program and the defence industry productivity program. Finally, purchases under the automotive components remission orders now run at about $115 million a year.

The extent of federal activity is unprecedented. It represents a very substantial effort by the federal government to ensure that the environment within which the industry operates is conducive to sound business decisions which will result in increased investment, production and exports and lead to increased employment opportunities for Canadians.

[*Translation*]

In addition to the special programs I have announced, and our particular commitments to the automotive industry and export promotion—I mentioned the PEMD program which aims at helping Canadian businesses find new markets,—we established the special mixed funding program last year with an allocation of more than $900 million to help Canadian businesses compete on foreign markets. That program has enabled us to win contracts which are of prime importance to this country's industrial development. I am referring in particular to the Mexico subway contract, that will allow public transit equipment companies to develop new technologies, penetrate new markets and create jobs at home. In addition, we are committed to the development of every region. For the current fiscal year 1982-83, the main estimates of the Department of Regional Economic Expansion will be $772 million to promote regional economic growth during this year. This includes over $167 million for grants and $116 million for programs such as the comprehensive plan for Prince Edward Island or the special plan for the development of Magdalen Islands and special ARDA agreements.

Our concern for business throughout Canada will become apparent in the new aspect the programs will take on, once the integration of Industry, Trade and Commerce and Regional Economic Expansion is completed. As the Prime Minister (Mr. Trudeau) announced earlier this year, when referring to

government re-organization, the emphasis will be hard on industrial regional development. The merging of the regional offices and programs of DREE and Industry, Trade and Commerce will give Canadian businessmen and women over the coming months better access to the economic programs of the Canadian government and also the opportunity to avail themselves more fully of the business expansion programs, which are centered on innovation.

Mr. Speaker, while recognizing the problems now facing the Canadian economy, the government is quite confident about the potential for economic development of this country. Thus, the Defence Industry Productivity Program, the DIPP, as is commonly called, promotes the economic growth and technological capacity of Canada through the development and production of defence equipment and related products in Canada. In practical terms, what does DIPP mean in the every day life of the workers? It means research grants such as those given for example to the Pratt & Whitney Aircraft of Canada Ltd., in the Montreal area, to Canadair Co., to the de Havilland Aircraft of Canada Ltd. in Toronto or to Rolls Royce in the Montreal for the area purpose not only of developing advance technologies, but also of making sure that our large manufacturing companies are in a position to maintain their present employment level, to meet international competititon and to find new markets, because we want our country to be a leader in advance technologies and skilled jobs.

Hon. members might remember that during the last fiscal year, we managed twice to increase the DIPP budget, the first time by $20 million and the second time by $27 million, so that the estimates for 1982-83 will be $129 million strictly earmarked to assist companies in developing new technologies or new products and in seeing that highly skilled jobs are made available to Canadians.

Hon. members will also recall that earlier this year, sometime during the third or fourth week in January, the government announced a program to assist greater productivity by technical means. That program is known as STEP. It will help the Canadian industry to take advantage of the outstanding possibilities offered by the electronic revolution. The new program will provide $87.5 million from the former special electronic fund plus an additional amount of $52 million over a three-year period, to help promote the manufacturing and use of electronic and high-technology equipment in the Canadian industry, with the view to improving its productivity and competitiveness in world markets. In other words, additional funds have been provided for the establishment of four new microelectronic centres in Canada, so that each and every Canadian province will now have at one of its universities a high-technology research centre, in the field of microelectronics. In addition, the program also provides for the setting up of an investment fund specifically for major projects in the electronic and equipment industry. Moreover, this program includes a special research and development fund for the manufacture of advance technology production equipment, such as robots and computerized manufacturing equipment.

In addition, Mr. Speaker, the Support for Technology Enhanced Productivity program, or STEP, provides new assistance to businesses in every industry using such products and technologies so that they can get the information they need on electronics and put these technologies and products to good use. Time does not allow me to dwell on the subject but other speakers on this side of the House will have the opportunity to add to my comments later today. However, hon. members do know the significance we attach to the industrial fallback of the megaprojects in every region of Canada, and these fallbacks and their geographic distribution throughout the regions is a priority objective of this government. It is obvious, Mr. Speaker, that Canada's vast natural resources and the related secondary manufacturing sectors, as well as manufacturing activities in the areas of engineering, aerospace science, communications, computer science and urban transport equipment will remain the main moving forces of industrial growth in Canada. Innovation in the development of new products and processes will provide new trading opportunities to the Canadian industry on the domestic and foreign markets. However, perhaps for the first time in the history of Canada's economic development, every region will have an opportunity to play an equal role in these developments.

[*English*]

We recognize, of course, that the resource sector and other sectors in the economy, such as some industrial sectors, are experiencing lay-offs and we do not deny that this distressing situation has fallen particularly hard upon some regions in Canada like the forest industry sector in British Columbia and Quebec. Most of these downturns arise from economic conditions prevailing in the foreign markets of the Canadian forest industry, and the situation will not be alleviated until these markets recover. I point out that as a trading nation this is Canada's lot, because without the potential of foreign markets, and if those foreign markets are not open to our products, we cannot expect to be able to weather the storm completely during this difficult period.

• (1420)

The fact is that positive government action has restructured the important forest industry into a position of fundamental strength, whatever its short-term situation. The amount expended under the pulp and paper modernization program has been $276 million, and this has led to further provincial assistance totalling $241 million and private sector investments estimated at between $3 billion and $4 billion, raising industry productivity by 18 per cent. Efforts through DREE to strengthen and expand the resource base through forest management totalled about $91 million last fiscal year. Energy programs developed and implemented by the Department of Energy, Mines and Resources and DREE have helped forestry to reduce its energy consumption by the impressive total of 20 per cent. New overseas markets for Canadian products are

being obtained through a variety of effective trade initiatives. In this sector I think the story is a strong one.

Positive steps have also been taken to create and sustain jobs directly.

[*Translation*]

The Minister of Employment and Immigration (Mr. Axworthy) recently announced the allocation of $140 million to a job creation program aimed at hiring people now receiving unemployment insurance benefits, to work in reforestation and fishery projects. The hon. member for Rosedale (Mr. Crombie) referred to the work-sharing program with an irony which is incongruous in view of the situation, but considering that the government has announced nearly $350 million of new programs aimed solely at job creation in the last six weeks, to say that these are just bandaid measures, as the hon. member for Joliette told me behind the curtains, is somewhat of an exaggeration.

Mr. Speaker, I cannot agree with the charges of chronic failure made by the hon. member for Rosedale. The programs which I have just listed and the great economic potential of our country encourage us, on this side of the House, to meet today's economic challenge optimistically. Mr. Speaker, I wanted to give a brief summary of the policies developed by the government of Canada to meet that challenge. I could also have described in fuller detail all the job creation programs we have implemented, but others will have the opportunity to do so this afternoon. However, as the hon. member for Hamilton Mountain (Mr. Deans) pointed out at the end of his speech, we on this side of the House also believe that people must be our first concern and that our policies must be aimed at promoting the welfare of Canadians.

[*English*]

Mr. Lorne Greenaway (Cariboo-Chilcotin): Mr. Speaker, I do not intend to dwell today on the abysmal failure of this government nor the frightening statistics with which we are continually bombarded. It is my intention to attempt to bring a positive note to this debate.

In my own life I have always found that one of the major keys to success in business is to learn by example. You seek information and use ideas from those who are successful and incorporate them in your own venture. The government of this country does not seem to appreciate this simple principle. It does not even seem to be able to learn from the example of failure. In this respect I am thinking in particular of Great Britain, the economy of which has been sliding downhill for a number of years. We seem to be only a few short steps behind that once proud and industrious nation in its headlong plunge to economic ruin.

Why cannot we—as a country or, more specifically, as a government—take a look at countries which are successful in today's world? Let us look at Japan, for instance. Every Canadian knows that Japan is presently in much better economic state than we are. Can we not learn why and make use of this information? What allows Japan, a resource-poor collection of islands, to outstrip Canada, a country virtually floating in a sea of valuable resources?

Japan has the most formidable economy in the world today, second in size only to that of the U.S.A. While our economy sluggishly plods along under the burden of declining productivity, a huge national debt, high interest rates and double-digit inflation, the Japanese economy defies world trends and continues to move ahead by leaps and bounds. We live right next door to our major market; the Japanese have to ship across the Pacific Ocean. Our economy was left intact after the Second World War; that of Japan was devastated as a result of its war effort.

What does account for the difference between our two countries? When viewing statistics it soon becomes clear that Japanese productivity outstrips that of any other western economy. In 1979, Japanese productivity rose by 13 per cent and in 1980 by another 9 per cent. At the same time this was happening, the west saw unit labour costs increasing, in the U.S. by 11 per cent, in West Germany by 5 per cent and in Great Britain by 20 per cent. This past year Canada was racked by labour unrest, which will undoubtedly show up as a further decline in our productivity.

It was long assumed that Japanese workers were paid comparatively low wages. This may have been true in the 1950s and 1960s, but it is now estimated that by the 1990s Japanese per capita income will be almost twice that of its American counterpart. It is evident that labour cannot shoulder the full responsibility for declining productivity in Canada. No, the source of the Japanese phenomenon goes deeper than that. It is profoundly concerned with the basic attitudes of government, management and labour.

To deal with government first, the Japanese government operates quite differently from what Canadians experience. Although the political structures are similar—both are parliamentary democracies—the role of government is an interesting study in contrasts. Japanese government bureaucracy is small in relation to the population and the size of the Japanese economy. The reason for this is that government, like all sectors of the Japanese economy, is output oriented. In Canada it seems that government is growth oriented.

In addition, we are currently going through a phase in which the government is intervening to an ever greater degree in the private sector. Proof of this is evident in policies such as the National Energy Program. It is likely that in the 1980s we will see a continued and unprecedented assault on other sectors of the economy by the federal Liberal government.

As an example of differing attitudes in government, it is worthwhile to examine how government involves itself in the private sector in Japan and here in Canada. In Japan the ministry of international trade and industry only supports industries with long-term growth potential. The Japanese see the death of an industrial sector or a company as part of the natural life cycle of the economy. But what do we do here? We bail out companies like Chrysler, Massey-Ferguson and Cape Breton Steel. Once we start to prop up an ailing industry, we

are stuck with it forever. It becomes parasitic, sucking the vitality out of our economy.

In this respect we need only look as far as England to see the devastating effect this has on western economies. British Steel, for example, drained $1.5 billion out of the British economy last year. That was $1.5 billion for one industry. The Japanese would have spent that money on growth industries, which would have created long-term, productive jobs. Basically the Japanese government looks ahead; ours looks behind. Japan spends 25 per cent of its gross national product on government; Canada and Britain spend 40 per cent plus of their gross national product on government. That comparison alone speaks volumes about the state of our economy. We are an expensively overgoverned society. We look at multi-levels of government for support at any excuse, and seem to feel more secure with bureaucrats dogging our every move. Government has invaded every facet of our life. I can tell you, Mr. Speaker, Parliament is even now in the last throes of a complete loss of control over the bureaucracy. Once it becomes uncontrollable, it will be the end of private enterprise in this country.

• (1430)

In Japan, government seems to work side by side with business and not as its antagonist. When people talk about the Japanese economic miracle, the ministry of international trade and industry is always mentioned. There is no question that this ministry has continually been behind the thrust pushing Japanese industry to the forefront. In Canada, the government seems to see industry as profiteers and exploiters of the Canadian worker rather than a source of employment and income. Business is constantly under attack. I need not mention more than the November MacEachen budget.

A recent example of government attitudes occurred in Ontario. The Volkswagen company wanted to set up a plant in Barrie, Ontario, partially as a result of government incentives. Barrie was the ideal location for Volkswagen because it could purchase an already developed site and it would be close to major markets. The federal government, however, decided that it wanted the plant in either Montreal or Windsor. Coincidentally, all Montreal seats are held by Liberals and three Liberal cabinet ministers come from Windsor. The government declared that if Volkswagen did not build in one of these two cites, then funding would be withdrawn. So Volkswagen said: "Okay, we will set up a plant in the U.S.". Finally the government relented and allowed Volkswagen to build in Barrie. So you can see that even before the plant was set up, the government was taking a confrontationist stance with the company. You can be assured that other companies will consider the Volkswagen experience when thinking about operating in Canada.

This is only part of the problem with our style of government involvement with industry. In Japan, research and development lies at the heart of productivity increases and ultimately is the foundation of the economic miracle. In general, Canadians seem to fear change. They look at advances like robotization of assembly lines and think of job losses. What they do not realize is that whether they lose their jobs to robots or whether they lose them because they are no longer competitive, they are still unemployed. The difference is that if they lose their jobs to technological advance, there will likely be other jobs available. As hundreds of thousands of Canadians can attest today, being uncompetitive simply leaves them collecting a UIC cheque or welfare.

Retraining would allow workers to escape the drudgery of boring and repetitive jobs and allow them to move on to higher levels of skill that have the potential of being much more rewarding. The point to remember is that in Japan, the level of unemployment is significantly lower than in Canada. No one should fear change when obsolescence is the enemy.

In Canada, we spend about 0.9 per cent of our GNP on research and development, while Japan has already exceeded 3 per cent. Japan has 36 research and development workers per 10,000 population, a figure 50 per cent higher than the United States. More than any other single factor, this accounts for Japanese productivity and the strength of her economy.

In Canada, we have yet to recognize and act upon this fact. We rank only above Iceland and Ireland in research and development spending. The government offers little incentive to private industry to expand research and development facilities. The Minister of State for Science and Technology and Minister of the Environment (Mr. Roberts) recently set 1.5 per cent of GNP by 1985 as a goal for research spending, but this assumed massive private sector input which is unlikely to appear, especially in light of recent budgetary measures. That would leave us just slightly above our peak of ten years ago. Proposed cutbacks in funding for post-secondary educational institutions will further worsen the situation.

What is required is a co-ordination of research and development efforts by the universities, government centres and the private sector. Combined with this co-ordination of effort must be at least a doubling of current funding from all sources. This would still leave us about 1.2 per cent below Japan, but at least we would be approaching the levels of other industrialized nations. To skimp on research funding is false economy.

Also, if Canadians hope to succeed they must co-operate with each other. In this country labour is set against management, the public sector is fighting the private sector, and the federal government wars with the provinces. Government should work with business to develop opportunities which will in turn create jobs and strengthen the economy. Japan has thrived on this sort of co-operation.

I would like to outline briefly the sort of progress Japan has made as a result of this approach to economic development. Right now in Japan some 50,000 university students are studying various aspects of micro-electronic technology. In the United States there are perhaps 2,500 students in this field many of whom, I would bet, are students from Japan. I hesitate to think about how many we have in Canada—perhaps 50 or 100?

Let us examine the result of this emphasis on micro-electronic technology. Japan has 80,000 robots, nearly three

quarters of the world's total. While we scramble to introduce robots to our auto assembly lines—probably the most basic level at which they would be used—the Japanese are using robots to produce more robots. As a matter of fact, the Japanese view the auto industry as a dying sector to be passed on to less developed nations—such as Canada, no doubt. Ten per cent of Japanese robots are rated as intelligent because they can sense an object, grasp it and place it where it belongs with a precision requiring more than simply mechanical movement.

The Japanese are presently working on a factory run by computers and laser beams. Depending on how the computer is programmed, the material that goes into the processor will come out as anything from a home appliance to a child's toy or a car muffler. Who is developing this process? It is the Japanese ministry of international trade and industry. It suggests that this process, known as flexible manufacturing, will soon allow small factories to turn out a large variety of products without requiring humans to leave their control rooms. The ministry will pass this technology on to the private sector. This is how to create jobs, not through a system of grants that create positions simply as a political response to unemployment statistics.

In the field of computers, five Japanese manufacturers now have 40 per cent of the world market in random access memory chips. Two Japanese companies are now laying claim to having the fastest computer in the world, thanks to new semiconductor technology. Soon they expect to have computers that respond to voice commands and are able to read charts and graphs.

Not only do the Japanese want to transmit information quickly, they also want to move people and material quickly. The famed "bullet train" is definitely old hat in Japan; it only travels at 200 kilometres per hour. The Japanese have already had a test train at Kyushu travel 10 centemetres above the ground at up to 514 kilometres per hour, or about 320 miles per hour. By the late 1990s, these trains—riding silently on a super-conducting magnetic levitation railway system—will be in regular operation. What is more, the Japanese borrowed this technology from the Germans who are well aware of the value of research and development.

So why does the government have this negative attitude, this approach that obviously destroys economic growth? The first reason is the one I have already mentioned—it fears new technologies. The second has to do with its socialist tendencies. The government is more concerned with distributing wealth we do not have, then in creating wealth that is our life's blood. We allow government programs to take priority over growth initiatives. Programs that would create wealth are downgraded. Social programs are important; we have a real and growing responsibility to help the elderly, the disabled and the handicapped. No one will argue with that. Encouraging business to expand would reduce unemployment while at the same time increasing the tax base, so that we could afford needed social services.

• (1440)

Finally, I should like to discuss Japanese management techniques. Canadian labour and management could take a few pointers from their counterparts across the Pacific. In Japan salary is closely connected with productivity, while Canadian labour tries to tie wage increases to the rate of inflation. The former technique would actually dampen inflation while helping workers to identify more closely with the success of the company. This raises company morale, which in itself is a productivity booster. Connecting wage increases to the CPI is ludicrous because it fuels further inflation, and a measure derived from price increases of a general basket of goods has little application to a specific industry.

In Japan bonuses make up 30 per cent or more of a worker's wages. Wages increase as years of service to the company accumulate. These measures provide a real incentive to workers to stay with their job, thus reducing employee turnover in the company. With wages getting largely determined by productivity, workers become eager for technological changes which will improve their per capita output without requiring an increase in worker input. Absenteeism declines significantly under this system.

Japan is not a perfect state but there is much we could learn from the Japanese. Instead of setting up trade barriers which encourage the continuation of obsolete industry, we should work with the Japanese, learn from them, and compete with them at their own game. This is precisely what the Japanese did to the West. Instead of complaining about unfair competition, we should realize the incredible potential of Canada. Others are following in Japan's footsteps; Korea, Singapore, Taiwan and Hong Kong are all stars on the rise. We will have to compete with them or be left behind in a self-imposed morass of economic and social problems.

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, this afternoon, we are discussing a subject that is extremely important to all Canadians, namely, our typically North American economy with its usual ups and downs. We are also discussing what the government has done and will continue to do to stimulate this country's economy, how our many politicians can do their share, whether they are in the opposition here in the House, in the various legislatures or the National Assembly, or members of the provincial governments.

I was listening to the member for Caribou-Chilcotin (Mr. Greenaway) when he was referring just to Japan. It is common knowledge that Japan has developed its economy at a fantastic rate over the last twenty years, and it is also true that the mental habits prevailing in Japan are based on a very strong sense of discipline. For instance, it has long been an accepted concept in Japan that an employee's ties are with his company rather than with his job. And, furthermore, after the Second World War, Japan was in a situation where it had to start again from scratch, which is not the case in Canada today. Certainly, some Japanese concepts could be applied in Canada,

but, on the other hand, there are many negative sides to Japanese society which the hon. member did not mention. I do not intend to go into this at length, but I would like to point out that if we consider basic freedoms and opportunities for individual improvement, I feel that Canada is still far ahead of Japan, and will remain so for a long time yet. To prove my point, Mr. Speaker, I am sure that the Japanese government if confronted with such an occurrence tomorrow morning, would never stand for a separatist party bent on separating part of Japan from the rest of the country. Here in Canada, it has become a fact of life and we are more or less stuck with it.

To get back to the motion presented by the member for Rosedale (Mr. Crombie), I am amazed that the House should blame the government for not having implemented policies to support the development of an industrial sector. We must realize, Mr. Speaker, that the government of Canada is spending $3 billion annually on assistance to companies in the form of tax credits, research grants, capital input, and manpower training. There is a host of programs that have been set up to help Canadians use their natural leadership and enterprising spirit to develop profitable industries in our country. All the policies we have developed and improved over the years have produced fantastic results.

During the seventies, Canada was by far the largest creator of jobs of all the countries in the western bloc. It has given its citizens by far the best opportunities for free enterprise and implementing their ideas both imaginatively and commercially, and its objective has been to build a new society, a dynamic land of opportunity. Today, the Canadian government is being criticized for introducing policies that have failed to support industry, or for not introducing them at all. I am amazed, because at this very moment, a tremendous amount is being done in this country.

Earlier, I heard the hon. member for, I forget which riding, tell the House that Volkswagen has just decided to establish facilities in Barrie with the help of the Canadian government, and this is a very recent development.

Just now, the minister responsible for small and medium-sized businesses was telling the House that KHD, a company that manufactures diesel engines, is planning a big factory in the Montreal area which will provide more than 1,000 jobs. This is very recent, Mr. Speaker, and the project is being subsidized by the Canadian government, I want to make that clear. Canadair Limited, which in 1977 had 1,300 employees, now has more than 6,000. This company is different, in that it was purchased, and entirely developed, financed and subsidized by the government of Canada. And there are many others.

A tax data centre is being built in the Saguenay Lac-Saint-Jean area, which will employ 300 people by 1983 and provide between 600 and 700 temporary jobs annually. This is the only substantial job creation project in my riding sponsored by either government. Of course, I would have liked the government of Quebec to do the same, by decentralizing some of the large departments which are located and will continue to be located in Quebec City and Montreal, because anywhere else would be out of the question. Obviously! They say our problems are the result of high interest rates, the situation is a disaster, etc., etc., and do they take a positive attitude, make any proposals for solving these problems? Not a chance: Mr. Lévesque or even our friends on the other side here in the House are certainly the last people we should ask to make constructive proposals. I invite anyone to read the motion now being considered in the House, and if they find any positive elements, please let me know! I read the motion in French, I read it in English. My English is not that good, so I read it again in French, but there is nothing in it. It is just a lot of whining and whimpering. Complaining is easy, but it doesn't help matters any. Unfortunately, these are some of the things we have to put up with. I would like to pursue the matter further, because in addition to the fact that the economic situation is worse than it ever has been, there are aspects that have a special impact on people from the province of Quebec.

In Quebec, the present conditions are perhaps worse than in other Canadian provinces. From time to time, we are inclined to wonder why. There are two easy answers that are always trotted out by the Quebec government. The federal government, interest rates or the depression are to blame. Those are the stock answers. During the five years when things went from bad to worse in Quebec, the federal government was to blame, and now, when you hear a PQ minister somewhere, the word depression is never off his lips. It is all very well to frighten everybody, but it does not solve anything. This is a large part of our problem. But seeing all this, I say: In a province like mine, and I think about my Lac-Saint-Jean riding, probably the finest or one of the finest in the province—no offence meant to my colleagues—in 1982, the Canadian government has decided to invest $2.2 million in community development projects. I agree that Parizeau will say these are only band-aid programs. He is not interested in putting to work 600 of my constituents. This grant will entitle them to enjoy many other opportunities after completing their manpower training courses and so on. Parizeau couldn't care less, because for him, it is only a stopgap solution. He would have liked to have those $2.2 million to distribute among those on the cocktail circuit in France. He would have liked this money to go the 120 cocktail bibbers in the Maison du Québec in Paris. The longer I look at all this, the more I say to myself that Quebec's problem at this moment and in the last 20 years can easily be summarized in two words: Jacques Parizeau. This man, who may now be seen everywhere in public, has worked in the shadow of the Lesage and Johnson governments in the sixties, and later of the Bourassa government. Now he is in the forefront. Year after year with him driving from the back seat, the deficit has increased, the hole has deepened and the situation has worsened.

• (1450)

Since he has become a public man, we are witnessing something new. There is no longer just a deficit in Quebec. The province is losing money, to the tune of $1 billion one year and $500 million another year. No one knows where the money goes, but it is wasted. Then the Quebec government turns around to us and says: "There is a problem in Quebec and it is caused by the interest rates". I agree that there is a problem which the Canadian government will solve thanks to the recommendations made by the members of the Canadian Parliament. I am referring to the interest rate problem. Once our economic structure becomes strong enough to support the dollar and once we are capable of having interest rates set in Canada and not forced upon us by the international market, we shall probably do it. However, I would like to ask those who say there is nothing to fear about the dollar going down by 20 cents as this increases our sales, whether we lived any better when the Canadian dollar was worth $1.03 a few years ago. The answer is yes, Mr. Speaker. Today, the dollar is worth 82 cents and life is bleak. Methinks that if it goes down to 60 cents, life will be a bit bleaker still. Is our economic situation any better than when our dollar was worth $1.03? I am not so sure about that, but I think not. Before we let the dollar fall any further to reduce interest rates, I have to ask myself this question very seriously because my constituents have told me that interest rates are too high. I agree. I have to ask myself whether such a policy is worth while before I can decide to recommend it to the government. It would be very risky for us to make such an attempt alone instead of with partners who follow the same policy. The risk would be enormous.

Coming back to Quebec's problems, let us look beyond this question of interest rates and consider the basic economic structure of the Quebec community. For the past 10 years, there have been people in Quebec playing around with separating large and small capital, promoting economic nationalism, giving us a fine sounding language, opening "maisons du Québec" in Paris, in Belgium and around the world, staffing them with cocktail sippers and increasing expenditures to such a level that next year, 52 per cent of Quebec's budget will go to paying salaries. Do not ask to whom! I am not talking about the vast number of contracts granted left and right by these people who call themselves the government of Quebec. What I want to say is that Quebec has forgotten something very basic, and this is what I find painful when I sit in this House and try to represent my constituents. People now find it strange in Quebec that a Member of Parliament should try to bring $1 million or $2 million to his constituency to create temporary employment. He must be a tax chaser! That is very strange! Who will be interested in such programs? No, in Quebec they aim at something loftier than that, Mr. Speaker. They want collective freedoms, they want a strong state, they want a country with a big name with some sort of president to govern it and manipulate everyone. And then people will be surprised that the economic situation in Quebec is worse than anywhere else.

The greatest disappointment for a politician today is to realize that when the people he represents are asked to elect a provincial government in Quebec, they are given two alternatives. They are told that they have to choose as their premier between a representative of the Parti Québécois, who wants to make a country out of their province, and the leader of the Liberal Party, who while he wants to remain Canadian would still put the state, the province and the government of Quebec ahead of the people of Quebec. That is unfortunate. At the present time in Quebec, there is no longer any mention of individual freedoms and basic liberties.

For years, we have heard about nothing else but the powers and the rights of the Quebec government, Hydro-Quebec, Quebec, but never have we been told what happens to Quebecers in the process. I come from an area where the Minister of Finance just slapped a 30-cent tax per gallon of gas on us "blueberries" from Lac-Saint-Jean who voted for the PQ government. We elected five MNAs, but other Quebec residents do not pay such a discriminatory tax. Do you think this is an economic benefit for my people? I run around like crazy to try to find programs to help people that are unemployed at home. The Department of Regional Economic Expansion gave grant after grant to the Lac-Saint-Jean area. We helped create huge businesses such as the Donahue firm in Saint-Félicien. We helped upwards of 100 businesses locate in the city of Alma over these last few years, and to what avail? To see our transmission lines carry our electricity down to Montreal, where they can sell it at the same rate as it is sold in the Lac-Saint-Jean area. Power that is carried hundreds of miles away and on top of that, they slap on us a 30-cent tax per gallon of gas that people in the Ottawa area do not have to pay. So much for Quebecers. That proves how much Mr. Parizeau is concerned about Quebecers. He thinks only of Quebec. To the Quebec government, Quebec's budget is everything.

I am all the more unhappy as my own party, the Quebec Liberal party, of which I am a member, is currently under the firm rule of someone who has also decided to give Quebec powers top priority, and this makes me sad. I say quite honestly before my constituents that this makes me sad, because I am anxious to have Quebecers offered another alternative. I am anxious that we go back to Quebecers, that we start speaking of Quebecers once more rather than of Quebec. I also was born there, as were six million others, and I do not understand why a government in Quebec asks me every day to show that I am a Quebecer. I do not have to prove I am a Quebecer. I was born in Quebec, I pay taxes in Quebec, I live in Quebec and I will die in Quebec. I have my roots there, as well as my fellow Quebecers, and I have nothing to prove. Neither does anyone else in my constituency. But that government that takes pleasure in wasting money dares accuse us, the government of Canada, our government, that in the last ten years through agreements has forced the provinces to spend in areas such as mine. I could go on listing projects in my constituency, the

Plein-Air Base, Saint-Gédéon, Pointe-Taillon, Mont-Lac-Vert, Mont Valin and so on, several tourist, industrial and agricultural projects.

Had it not been for those agreements the Canadian government forced on the provinces, they would never have spent a cent in our area. So it is across the land. Those people will say that if there are economic problems in the Saguenay-Lac-Saint-Jean area, the Canadian government is responsible. No, thank you, Mr. Speaker! Let them tell me instead where the lost billions have gone. Let them tell me what they do with my taxes, and for the benefit of my colleagues opposite who may not know it, in Quebec car insurance costs twice as much as anywhere else. Provincial taxes are 21 per cent higher. We have the highest sales tax on gas, and why, Mr. Speaker? Because the Minister of Finance, Mr. Parizeau, after his last collective agreement, rose in the National Assembly and stated while holding his jacket tight: we just signed for peanuts. Mr. Speaker, such peanuts are of a choking nature. I would not like to swallow too many. So much for the choice we now have in Quebec.

• (1500)

What I want more than anything else in the world, and I intend to expend more and more energy to that end is an openmindedness on the part of Quebec politicians that will lead them, especially on the provincial scene, to become increasingly more concerned with the wellbeing of Quebecers. Let us stop talking about structures, let us stop talking about Quebec itself, and let us look at what is happening to the Quebecers. True, I am being denied the right to send my child to an English school if I should so desire. He may find a way of learning the language elsewhere, I agree. Many English-speaking people live around us; still I have been denied that right. Be that as it may, I can cope with it for the sake of keeping a culture alive; I can accept that. But, on the other hand, when for instance my pockets and those of my electors are being rifled, and then billions of dollars are being wasted year in and year out, without our being told where the money goes, that I refuse to put up with! That the Public Accounts Committee did not sit in Quebec in six years, that I will not accept! And if people think I am going too far in saying this, I say it is not true. It is not so, because their obvious administrative bankruptcy is increasingly being blamed on the federal government.

But, to return to the motion before the House. I am surprised that the Progressive Conservatives are not making any positive suggestions by way of this motion because one fact remains, amongst other problems: we are stuck here with a party that has forgotten the progressive part of its name, that is in no way progressive but merely conservative. I can mention several examples of that, like the metric system they will not accept despite the fact that it has been taught in Ontario for ten years now, despite the fact that at age 15 I was already learning about litres, millilitres, milligrams, then grams and kilograms. They are regressing on that score. They are against our legislation on bilingualism: that is what is written here in an advertisement published by the Progressive Conservative Party in the riding of Simcoe South. They reject everything. They do not want their children to be bilingual; they do not want them to use the metric system; they do not want them to speak to the rest of the people. I shall dwell no longer on people like that. We have no need of them. Canada has grown without them and will continue to do so without them. I trust their electors will continue to give us positive ideas while they continue to waste their time squawking about matters that would set us backward instead of making us go forward.

Hon. Roch La Salle (Joliette): Mr. Speaker, I want to take advantage of this opportunity, just before Easter, to speak in a debate that I feel is extremely important, considering the present situation. Considering the unemployment statistics published this morning, Canadians will not be feeling very festive this Easter if they give any serious thought to the situation confronting us today. I shall comment very briefly on what was said by the member for Lac-Saint-Jean (Mr. Gimaïel). As a Quebecer, I think many people will not be terribly pleased to hear his comments, and I also think the majority of his remarks had no connection with the motion we are debating today. However I would like to remind him that he is hardly in a position to criticize people who are running up deficits in this day and age, because the government he represents is also an expert in this field and now has a debt of $137 billion, which is costing Canadians, who are listening and watching us today, $2 million per hour for servicing the debt alone. No, I do not agree with the hon. member's example, and again, I do not think the member for Lac-Saint-Jean is in a position to accuse anyone in this respect. I do not have the impression that Mr. Parizeau has had any influence on the federal administration during the past fifteen years.

I was also listening to the Minister of State responsible for Small Businesses and Tourism (Mr. Lapointe). He faithfully repeated for the benefit of the House, on the basis of the statistics he was given and press releases which the Minister of Employment and Immigration (Mr. Axworthy) has been giving us during the last two or three months, a number of programs aimed at correcting the difficult situation in this country, all of which I consider to be unprecedented failure on the part of the Canadian government. Most people would agree that we are in an impossible, unbelievable and unacceptable situation, and in mentioning these retraining, pre-retirement and training programs for various industrial sectors, the minister was unable to give us the assurance that in twelve months there will be jobs available for the people who have been retrained. The pre-retirement program will cost millions of dollars and inviting thousands of workers to retire at fifty will certainly not help build a prosperous country. I do not believe that the Canadian people expect this. These are of course band-aid programs. They are emergency programs brought about by a situation which has been allowed to deteriorate to such a degree as to become unacceptable, discouraging and a major cause of concern.

This is a situation for which this government must accept full responsibility because, in the last fifteen years, it has

governed badly, mismanaged the economy and lacked foresight. I listened—this will be my last comment—to the hon. member for Lac Saint-Jean who spoke about Quebec and tried in some way to relate this debate with the situation in Quebec. I do not believe that Quebec should be singled out. All the Canadian provinces—I would like to hear someone pretend the opposite—are completely dissatisfied with the situation and the way this government has governed this country.

I believe that three years ago, we made some valid suggestions which could have prevented all this hardship. I believe that if the Canadian government after the election of February 1980 had at least accepted to give homeowners the assistance we had suggested, we could see that this program would have had very positive results by promoting the recovery of the construction industry and allowing thousands of Canadians to become homeowners, which would undoubtedly have led to the purchase of thousands of refrigerators and furniture sets. Thus, the small and medium-sized businesses would have been able to stay in business much more easily than is now the case. In addition, with regard to the profits generated by energy products, we had suggested a program which could have helped thousands of small wage-earners in Canada, but the government rejected all that. It opposed our mortgage tax credit program because it did nothing for tenants. What has happened in the last three years? Nothing has been done for home owners, and even less for tenants, who now have less money available to pay their rent even though rents have become very expensive. All that is the result of a policy which promotes confrontation with some provinces.

We all know quite well that if the Minister of Energy, Mines and Resources (Mr. Lalonde), who is in the House, had signed an agreement with Alberta, we would not be facing the same problems with the Alsands megaproject. We know that billions of dollars would have been invested in Canada, which would have strengthened our Canadian dollar. I am not saying that we would not be facing any hardship. I am saying that our hardships and difficulties would not be as great and that we could be in a much better position than we have been until now.

Then when we refer to deplorable bankruptcies, to difficult conditions, I think that we are perfectly justified because in every sector, in every region and in every province, including mine where there is record unemployment, and the present Canadian government in responsible for their record unemployment in Canada. I think that Canadians must be aware of that bad administration. It is our duty, I believe, to severely condemn this government and its team of men and women gathered under the various Ministers of Finance whom we have known, including this one, who try to promote a philosophy which is unable to provide the remedies and policies that are needed to straighten out the situation. Surely, Mr. Speaker, the harm has been done and Canadians are now suffering and will continue to suffer. If the few measures which I put forward three years ago had been taken the ones which we had suggested like a different economic orientation, a chance for private enterprise to do what it can do better than the government, I think that we would have bypassed the problems which we are now experiencing.

And speaking of failures, the minister responsible for small and medium-sized businesses has amply shown a while ago that the need for emergency measures, for the millions of dollars that are now being expended, is proof enough of a huge failure on the part of a government which is to be blamed and which does not deserve the confidence of Canadians.

• (1510)

The motion clearly does not condemn the government for its investments. They have made some bad choices, and because of the present situation, they must take a piecemeal approach and try to correct a situation which they themselves allowed to deteriorate. Under the circumstances, I must nevertheless remind the House that, as an elected representative of the province with the worst unemployment record and as the member for Joliette, I am not the only one to condemn the government. During a FPU meeting held last week, farmers by the thousands severely condemned the government for leaving them at the mercy of interest rates. As I said earlier this week to the Prime Minister, I hope they will not blame high interest rates on the Quebec government. I think this is clearly a federal responsibility and is due to the government's high interest rates policy which is affecting adversely farmers, small and medium-sized businesses and contractors.

Mr. Speaker, it is clear that if the government had shown a little sensitivity to the needs of these major industries, it could have easily favoured these key industries, thereby averting the current problems and distress. The hon. member for Rosedale (Mr. Crombie) was right when he compared the programs announced by the government to misery-sharing. The government is trying to maintain and stabilize poverty through programs. Canadians will be offered a 4-day week, with paid leave on the fifth day, as well as early retirement at age 50. Mr. Speaker, you doubtless know just as well as I do that this is not the way to build a country, to make it strong and able to withstand any attack against its security. This is unthinkable. Because of its bad administration, the government is clearly stuck and it keeps on announcing investments by hundred million dollars in an attempt to correct a situation in which it placed Canadians and alleviate a bankruptcy which is surely unacceptable to the Canadian people.

So, when Quebec farmers complain, other industries are involved. The government is being condemned for its lack of policy planning in the automobile industry, the tremendous problems facing small and medium-sized businesses as well as the construction industry, and the measures introduced are not likely to help the economy recover. If it had provided home owners with the assistance we suggested, thousands of those who are experiencing mortgage renewal problems would be in a much better position, and thousands of other Canadians would have become home owners, thereby saving a great many jobs, something members opposite are perfectly aware of. As far as the soft industries in my province are concerned, Mr. Speaker, we know the difficulties they encounter on a daily

basis, but the government allowed these industries also to deteriorate. If the minister responsible were honest, he would confess that in spite of the steps the government has taken for the footwear industry, for instance, through retraining or early retirement programs, he has completely given up on its future survival. It has been clear for the past three or four weeks that this industry will disappear unless steps are taken to include leather shoes within the total quota system.

The minister's answer is overdue. In fact, 6,000 jobs have been lost, 15,000 workers are still worried today. I do not know how many questions I have put—often with the tacit support of some Liberal members who did not dare rise in this House—politely to a parliamentary secretary about what was going to happen. I think they have a responsibility to demand that the minister take action and ensure the survival of that industry. The same could happen in the textile industry, and a number of others. That is the kind of situation we are now facing, and we know thousands of young people are discouraged and worried because they have not yet found a place in the labour market. How can we ensure this country's future with such gigantic failure?

Mr. Speaker, I know other members want to speak on the issue. But I think the time has come to ask members opposite, be they from Quebec or elsewhere, to stop that hypocrisy. Let us demand, as those members have a responsibility to do, that ministers and especially the Minister of Finance (Mr. MacEachen) change course. As I said, Mr. Speaker, the damage is done. No political group in 24 hours could correct the damage done by this government over the last 15 years. It would have been possible as late as two years ago to avoid the worst. This government failed to respond to the direction and proposals we set and which would have proved very valuable to save this country from catastrophy. This government is the main culprit, because of its lack of management and vision, its stubborn determination to take the place of private industry and deceive Canadians into believing that fighting inflation will reduce unemployment. I have been hearing that same old cliché for 15 years but we now have both unemployment and inflation. This is utter failure. I will never insist enough on this point.

Today the Minister of Finance gave us another proof he has no compunction about his gigantic failure. He did not even give a hint he will change course or philosophy. And those hon. members opposite keep absolving and supporting him. In my view those people have responsibilities and should in the circumstances, prevail upon the government to change its attitude. We, the official opposition, are convinced, as thousands other Canadians are that this government erred, this government led the country into the doldrums, because thousands of people now suffer and beg this government to show leadership and alter its policies.

Clearly, Mr. Speaker, the present government will rely on the same philosophy to lead the country out of the doldrums. It will fail. My submission may be pessimistic, my colleagues opposite may say I am being too gloomy. This may not be too encouraging to the thousands of Canadians who are listening, but unless the Minister of Finance completely changes his philosophy, the unemployment rate will increase further. And it is my belief that my warning will prove true in the short term. This government led us and keeps leading us astray but apparently does not give a hoot about the thousands of Canadians facing problems because of the current economic situation. Relations between provinces should resume, and at once. Enough stubbornness. Certainly, they will say this comes under provincial, not Canadian or federal jurisdiction. But in my view, men and women should rise to the challenge and reopen negotiations. That at any rate could prove beneficial for the Canadian people as a whole. Despite suggestions of politicking from all parties, I feel we have a responsibility to brace up and together with our provincial partners try to find a way out. But as long as the Minister of Finance—although he indicated this morning, that if he thought this could help the country, he would be prepared to resign. One of the services he could render this country, if he does not want to change his philosophy is to resign, and the sooner the better. He has proved his incompetence and mismanagement. We have here, before us, and especially from my province, 74 out of 75 hon. members who are in cahoots with so inefficient an administration, and are lacking courage under the circumstances.

• (1520)

I dare hope, once again, that the few remarks we are making today on our side of the House will bring this government to reflect seriously upon the hardships and the wrongs it is now inflicting upon the Canadian people, and upon the discouragement that will ensue every day with regard to the future of Canada. The fact remains that the present government is responsible, not so much to exercise power, but to ensure greater wellbeing for Canadians; but it has proved that it is incapable of doing so, for a long time now, and of achieving what this illustrious Prime Minister had promised: a just society. He is now left with two choices: either to change his economic philosophy that does not fit the situation, or simply, honestly, recognize his incompetence, his inability and resign, giving others a chance to do better.

[*English*]

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): We have been treated this afternoon, Mr. Speaker—and particularly by the hon. gentleman who has just spoken—to a great deal of indignation and emotion. I suppose indignation is the professional responsibility of the opposition—a great deal of heat with very little light. When I listened to the hon. member for Joliette (Mr. La Salle), I thought for a moment that he had joined the New Democratic Party. He was showing such a self-righteous concern that only he had compassion for those who are unemployed and those who are suffering from our economy. I thought he has verily established his qualifications for joining those who are self-righteous in the ranks of the New Democratic Party.

The question is not self-righteousness, Mr. Speaker. I can assure you and I can assure all members of the House that the

members on this side of the House show as much care, as much concern, as much compassion as ever has been indicated by the members sitting opposite. The question is not who cares most, Mr. Speaker; the question is what are the problems that face us, what are the solutions for dealing with them, what are the alternatives presented to us in responding to those challenges?

The motion of the official opposition alleges a chronic failure. A failure can take place only in the context of the opportunities, the challenges and the problems that confront us.

There is no doubt, there is no denying—and there is no lack of concern in care for them, on this side of the House of Commons—that Canada faces difficult economic problems and challenges. But it is fruitless, it is pointless, to contend that those problems stem simply from policies of this government without a recognition of the international context within which Canada's economic policy must be rooted. As long as we are a major trading nation, as we are, and as long as we have capital needs, as we do, we will not be able to escape the impact within our economy of the general world economic situation. We can do better or we can do worse, confronted with any specific situation, but inevitably in Canada we will have to live with the consequences of the economic health of our major trading partners.

The question is, what kind of economic policies should Canada adopt to confront those admittedly difficult and challenging world economic situations? That is exactly where the hon. member for Joliette and the members of the official opposition have fallen down in their responsibility to describe for us some coherent alternative that would make sense to the kinds of policies that this government is pursuing. Quite clearly, this government is pursuing a policy of fiscal and monetary restraint. Is the official opposition suggesting we should abandon that policy? I can say, as a result of a variety of discussions and communications I have had with the private sector, that on the whole the private sector very much wishes the government to maintain fiscal and monetary restraint.

Some hon. Members: Hear, hear!

Mr. Roberts: Does he wish lower interest rates? How is he going to have lower interest rates without the imposition of exchange controls or a greatly reduced value of the Canadian dollar? Is that the policy which the official opposition wishes us to pursue? Do they wish us to undertake new programs to combat the social consequences of those economic difficulties that we face? If so, do they intend that we should pay for them through increased taxes or in the expansion of the federal government borrowing requirements?

They are strong in indignation, they are strong in heat, but there is very little in terms of light as to what alternative they would have us choose. Yes, Mr. Speaker, these are difficult times in the Canadian economy and there are hard choices, but they are not hard choices imposed on the people of Canada by the will of the government, they are imposed on us by the international economic situation. Those difficulties will be faced within the Canadian economy as long as we are engaged to the extraordinary degree that we are in world trade, as long as we are the advocates, as we are, of freer trade—I say freer, not necessarily freee trade—and as long as we have the kind of capital need that this country requires.

Nevertheless, though I am disappointed in the degree of constructive suggestions flowing from the official opposition, I welcome the presentation of this motion. I hope it will lead some further opposition to some precision in what alternative policies he should have us adopt. They are fearlessly opposed to inflation; they are very brave in saying we should not have unemployment; they are courageous in objecting to high interest rates; but they have not put forward any coherent or constructive policy for responding to those problems—different from the basic over-all economic and fiscal strategy the government is following.

I welcome this question put before us, Mr. Speaker, for another reason. It gives me an opportunity to discuss the long-term economic development strategy which was brought forward by the government last November and which, has not in my view been looked at sufficiently by Parliament or by the public. It is perhaps understandable that, in the controversy surrounding the budget, not as much attention has been paid to that document as I think it deserves. I stress the importance of that long-term economic development strategy because the NDP, the Conservatives and we—all of the members in this House, I think—know in our heart of hearts that yes, the Canadian economic situation is largely influenced by the economic health of our trading partners.

I suspect that almost all of us also know that the only way to fight effectively both inflation and unemployment is by enhancing productivity in our economy. If there is any magic wand in economics—and I doubt that there are magic wands—if there is any approach that really makes sense if we are to tackle those twin evils, it is by pursuing policies which enhance productivity within our economy, to make us more competitive, to provide employment, to provide for increased productivity and the ability to counter the effects of inflation.

It is within that context that the economic development strategy was brought forward in November. It is not a blueprint. It does not lay down some sort of nuts and bolts plan that must be followed in every detail. But it does give an indication of the path which the federal government believes should be pursued if we are to maximize the economic potential which the country undoubtedly has, if we are to maximize the growth of our economy.

If I were to single out the aspects of it which I think are particularly important and that warrants the attention of the public and the attention of the House, they are three in number. The first that the strategy suggests is that there are key sectors or key areas in which both government and the private sector must focus their efforts if we are to maximize the potential for our economic development. Those key areas are described at the very beginning of the document with emphasis, of course, on resource exploitation because Canada has international competitive advantages in the resource area.

• (1530)

Unfortunately, I think some have interpreted the document as being overly concerned with resources and megaprojects. Undoubtedly, resources are one of the most important base of competitiveness and enhanced productivity within the country. But the strategies do not confine or focus itself simply on the resource base. It goes on to describe other areas of key importance—and these are not in order of importance—such as manufacturing. The high technology industries and the development of technologies themselves.

The importance of the document is, first, that it attempts to describe those areas in which the federal government believes it should concentrate its efforts since they promise the maximization of productivity and growth in the return over the long term. The second aspect of the document which I think is of great importance is the rather new approach it takes to regional development. Regional development policies in the past have been largely, but not exclusively, defined in terms of the need for strengthening slow growth or disadvantaged areas of the country. The conclusion of the government, which is represented in this document, is that within each region of Canada there now are great opportunities and potential for regionalized development. A regional development policy can now effectively combine the need for balanced regional economic development and the support of the key sector strategy for the country. In other words, a regional development policy and economic development policy can go hand in hand. By reinforcing our strengths within the Canadian economy we can maximize growth and at the same time respond to the needs for regional development.

The third aspect of the economic development strategy which I believe deserves attention, because it has not been seen—certainly by members of the opposition—is that it indicates and advocates what the government wants, which is a constructive partnership with the private sector in the development of the Canadian economy. For instance, if one turns to page 11 of the economic development strategy, the section on the government and the private sector, one finds it makes clear the predominant role that the government believes the private sector must play in economic expansion. It emphasizes that it is markets, demand or potential demands which must drive the investments and development of productive capacity within the Canadian economy. It is an emphasis on the fact that it is the private sector which is the engine for economic development with the country.

I have said that what the document expresses clearly is the desire for a constructive partnership between government and private sector. I say "partnership" advisedly. While it is certainly true that the private sector must be the motor force in the exploitation of commercial opportunities which face the country, it is equally true that the government must play a positive and constructive role in that process, particularly in the expenditure of its investments for the strengthening of the infrastructure of the country in manpower training, education, transportation and export development assistance.

There is a variety of areas where the government is necessarily active and where those activities must be designed to focus or create a context of support for the kind of private sector development which will provide the country with the growth that it needs. A desire for a constructive partnership between government and the private sector is the principal motivating force which has led this government to undertake an intensive consultation process with the private sector about the ways in which these development objectives can best be met. Indeed, it is a consultation process for the examination and discussion of those objectives to make them more precise so that the private sector and the government together can make sure that their efforts are in harmony, that they are yoked together rather than playing at cross purposes.

I commend the economic strategy to all members of the House. It is not a blueprint or a nuts and bolts design but it is an indication of the direction the government should follow to maximize our economic potential. Indeed, it charts the way the government has already begun to act.

This can be seen in the redefinition departmental responsibilities for economic expansion and in our external conduct of our economic affairs. For example, it can be seen in the renewed and strengthened emphasis that the federal government is giving to the support of the forestry sector in Canada. It can be seen in the emphasis on high technology development which has been reflected by recent decisions of the federal government to increase funding and support for the space industry by something close to $500 million between now and 1985. It certainly can be seen in the kind of support the federal government is giving to the strengthening and enhancement of science and technology and research and development within our country.

I recommend the economic development strategy to hon. members opposite and to all members of the House. I think hon. members opposite would be surprised to discover how much they agree with that strategy if they would only take the time to read it.

I have mentioned the question of research and development policy and I wish to spend a few more moments on that. It was a subject dealt with to some degree by the hon. member for Cariboo-Chilcotin (Mr. Greenaway) who spoke just a few moments ago. I welcomed very much his intervention and discussion of those issues. I only wish that he could have been a little more carefully informed so that he would have had knowledge of the facts. The undoubted fact of which he does not seem to be particularly aware is that the effort, both in terms of funding by the federal government and the effort which has been made within the private sector since this government took office, has moved us considerably closer to the achievement of major objectives in research and development. I would urge the hon. member before he speaks again in debate to look at the brief description which was sent to him a little over a week ago outlining what has happened over the past two years in the research and development area. It is, as my colleague behind me says, a great story of success and accomplishment, but it is not, however, one about which we

should be complacent or smug. There is a great deal to be done yet. We are certainly very much on the path to a greatly improved performance, not only on the part of government but on the part of the private sector as well.

Although it can be somewhat tedious to refer to statistics, I would like to cite three of four paragraphs in this report, given the concern expressed by the hon. member opposite. The report entitled The Government of Canada's Investment in Science which, as I said, appeared just over a week ago indicates how well the country is doing compared with the situation we faced two years ago. Statistics Canada has recently estimated that Canada's gross expenditures on research and development have increased by 34 per cent since 1979. That is from something well over $2.5 billion to $3.5 billion in 1981. That means the percentage of our gross national product devoted to research and development has increased in that period from something over 0.9 per cent to 1.07 per cent. It falls short of the objectives that we hope to achieve by 1985 and which I believe we will achieve. It falls short of what would be an ideal objective for us to achieve downstream from that. The important point is that the downward trend in the proportion of expenditure in research and development as compared to the proportion of the gross national product which was evident throughout the 1970s has been arrested and reversed.

The hon. gentleman questioned the degree to which industry was successfully pursuing increased research and development. The fact is that investment in research and development in that industry during that same period of time has risen by 43 per cent to close to $500 million. That is it has risen $1.034 billion to $1.481 billion between 1979 and 1981. In other words, over a 20 per cent growth rate was achieved in 1981. In real terms, these growth rates are higher than in any period since the early 1960s. That is the performance in the private sector.

• (1540)

Federal government expenditure increases have been significant as well. They have increased by some 34 per cent, close to $500 million, over the same period of time. It has been the objective of our policy, clearly described, that the largest increases should be in the private sector, exactly for the reasons upon which I touched earlier in my discussion of an economic development strategy. We want to see the private sector expand its efforts very considerably because we believe the most effective research and development is that research and development which is guided by the demand opportunities, the market possibilities and the capacity to exploit the market place by those who are commercially sensitive.

In one last comment on this matter, perhaps I should touch upon the fact that the federal government clearly has attached great priority to the research and development side, and that is evident when we compare increases in federal expenditures on research and development with other uses of federal government funds. During the last two years research and development expenditures in the natural sciences increased by almost 40 per cent. In the same period the government's total operating and capital expenditures for all departments and agencies increased by about 22 per cent. In other words, expenditures directed toward research and the exploitation and enhancement of science and technology are roughly double the general growth level of government expenditures.

Our concern has been clearly demonstrated. Well over a year ago—in January of 1981—when the five-year spending framework of the federal government in relation to science and technology was presented, we established and described the objectives we hoped the university sector and the private sector would achieve. All that was done in January of 1981. Spending targets were established, and spending objectives for the private university sector were, admittedly, ambitious. Some said we would not be able to attain them. The fact is that over the past two years we have generally met the targets and the critical path of expenditure we described at that point.

As I said earlier to my friend, the hon. member for Sarnia-Lambton (Mr. Cullen), there is no reason for us to remain smug or complacent. I have recently gone to the cabinet with proposals to strengthen our policies which would encourage or entice the expansion of yet further efforts on the part of the private sector. I am happy to be able to say to hon. members that the cabinet has approved the general recommendations we presented and that an action plan for the implementation of those proposals will be worked out over the next few months. Good as the private sector performance has been and good as our support has been, we still believe there is room for improvement in engendering even better private sector performance than there has been to this point.

Mr. Otto Jelinek (Halton): Mr. Speaker, today is yet another sad day in a series of sad days because of the announcement by Statistics Canada that unemployment has once again reached a record high level. That level is 9 per cent, or 1,228,000 Canadians out of work. Today is doubly sad because we are not at the end of the trend, we are in the middle of the trend. If one were to look at the economic situation in this country, one would realize that there is not even a light at the end of the tunnel. We know that unemployment will increase next month, unfortunately, and it will do so the month after that and so forth, unless some action is taken.

I was somewhat surprised by a statement made by the Minister of State for Science and Technology (Mr. Roberts). He mentioned that the government's objective is to enhance productivity. He talked about opportunities and about the private sector. He talked about wanting to expand the efforts of the private sector in order to expand productivity in our economy. It is strange and ironic for a Liberal cabinet minister to utter such high-sounding phrases when it is the present Liberal government which has thrown obstacles in the way of every opportunity to enhance productivity.

The present Liberal government has been in office not just for the last two and a half years but for the last 14 years, and its lack of policies and efforts has strangled opportunities in

the productive industrial sector, the manufacturing sector, the agricultural sector, the small business sector; and the list goes on.

One need not look too far back to see how some of these problems developed. One has merely to go back to the November 12 budget to know that as a result of the policies enunciated in that budget nothing but obstacles have been thrown in the way of progress in a country which has all the opportunities the minister just mentioned. We have better opportunities than most nations in the world. Per capita we are the wealthiest nation in natural resources, in human resources and in technological know-how. We should not be comparing ourselves with other nations which are not blessed with these resources and with the potential productive forces we have in Canada, yet what has happened after years of attempts by this government to get the economy moving? Unemployment has reached a staggering level in this country of opportunity. I will cite just a few well-known figures. The current account deficit is $6.6 billion. The deficit in fully manufactured goods—the minister alluded to manufacturing and productivity—is $20.7 billion. Interest and dividends paid to other countries amounted to $7 billion net in 1981 alone. The government spent half a billon dollars in the last month-alone to defend the staggering Canadian dollar. Corporate profits were down 44 per cent in the last quarter of 1981. Manufacturing is operating at its lowest level in 20 years. The list goes on.

Why? It is not because, as the Prime Minister (Mr. Trudeau) has said on numerous occasions, the free market or free enterprise system no longer works. It is because the policies, philosophies and programs of this Liberal government do not allow that free enterprise or free market system to operate freely. They strangle it with directives, controls, regulations and a paper-work burden on small business until they strangle and bring the whole economic system and the whole economic base on which this great country of ours was built to their knees.

I repeat that we do not have to go any further for confirmation than that "tremendous" budget of the Minister of Finance (Mr. MacEachen) last November 12. Every group of individuals and every organization, be it apolotical, Conservative, New Democratic or Liberal, has condemned the budget. It did not take a step forward to help the employment situation in Canada. Indeed, it took a giant step backward.

Something is wrong when 1.25 million Canadians are unemployed and the government is looking around the world to import labour. Last year 20,000 people were brought in to do special trade jobs, while over a million Canadians were unemployed. There is no program or policy of the Liberal government to deal with the unemployment situation. But worse than that, the programs which exist in specific sectors are not only damaging to the economy of the country but are also fueling unemployment.

If I may, I would like to deal briefly with one very important sector. It is a sector I have been following very closely for the last couple of years. I refer to the automotive industry. In this country the automotive industry is responsible, directly or indirectly, for one out of seven jobs from coast to coast and one out of six jobs in Ontario. In the last year one third of auto assemblers in this country have either lost their jobs or have been laid off and 40 per cent of auto parts manufacturing workers have lost their jobs in the last year. That is a disgrace, Mr. Speaker and it is a typical example of the inaction of this administration. The same holds true for the appliance manufacturers, the textile industry, the show industry and small business, which is probably potentially the largest employer in any economic sector.

• (1550)

What is the government doing about the auto industry, Mr. Speaker? It claims that it is only the opposition that recommends some sort of action. I am not a protectionist, Mr. Speaker, but when one out of seven jobs in Canada is threatened by the virtual demise of the auto industry, then I think the government must take action.

For two and a half years the government has been negotiating with the Japanese, the Americans and the others who are taking over the industry in this country. Any time my colleagues and I raise this question with the ministers who are responsible, they reply that they are still negotiating. They were negotiating two years ago, and one year ago and last month when the Minister of State for International Trade (Mr. Lumley) went to Japan, they were negotiating. When he came back he said that he was not concerned that the Japanese did not agree with his proposals because they agreed to negotiate again. In the meantime, tens of thousands of jobs are being lost to that industry in this country. There are ways to get around the problem, Mr. Speaker. There are solutions. Nearly every industrialized nation in the world has found a solution.

We all know that the Japanese have taken over a large part of the North American auto market. In fact, 28 per cent of the Canadian automotive market has been taken over by the Japanese, yet this is virtually the only nation in the industrialized world that does not have some sort of agreement with them. Australia has an 85 per cent local content rule for imported cars; the United Kingdom has a limit of ten per cent on Japanese imports; France has a three per cent limit on Japanese imports; Italy has a limit of only 2,000 units; Spain has a 63 per cent local content rule; Brazil has a 95 per cent local content rule, and the United States has just signed an agreement which will hold Japanese imports to a certain level for a three-year period.

All this government is doing is negotiating, Mr. Speaker, but negotiating what? It is just as if a patient were ill in a hospital and the doctors took time to talk about what they would do with him, but in the meantime the patient died. All the talk in the world will not help him then. What a patient needs is immediate action. The government has not taken immediate action, Mr. Speaker. It has been talking for two and a half years. We saw this coming two and a half years ago, Mr. Speaker. The government saw it coming two and a half years ago and the industry saw it coming two an a half years ago.

I am not the only one nor is this party the only party to claim that there are ways the problems can be eliminated or reduced. The Canadian Automotive Parts Manufacturers' Association has made very positive recommendations, as has the United Auto Workers Union. I have in my hand a list of resolutions put forward by various town councils, but I shall only put a few on the record. On March 22, 1982, the city of Port Colborne passed a resolution requesting the federal government to limit foreign vehicle imports and to negotiate an agreement to provide for Canadian value-added content of not less than 85 per cent; the city of Oshawa had the same thing as did the town of Lincoln and the city of Thorold. The list goes on and on, Mr. Speaker.

In the city of Windsor where the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray) and the Secretary of State for External Affairs (Mr. MacGuigan) and other member of the government come from, the commissioner of finance was reported recently as admitting that unemployment in the automotive industry was virtually bankrupting the city and saying that the city could no longer afford capital expenditures.

The government has received all these recommendations, Mr. Speaker, yet when the minister and his officials went to Japan they pussyfooted around. The Japanese are good, tough negotiators and they are also good auto manufacturers. This country must take a stand, Mr. Speaker and not be powder-puffed back and forth across the ocean without taking specific action. When negotiations have failed after two and a half years and unemployment is as we see it today, then the government must take unilateral action.

The recommendation being made and followed in virtually every other industrialized nation is that, if need be, the local content of foreign vehicles must be set by legislation. Some may claim that this will increase the cost of the car to the consumer. But that need not be the case if a duty remission is granted. I am not speaking of setting a precedent, Mr. Speaker, because the government already made such an agreement with Volkswagen. A duty remission was given to the German company in return for Canadian content of 85 per cent over a period of four to five years. The only problem with that deal is that Volkswagen has only four per cent of the market in this country. The programs is a good one but it does not mean much in that particular case. It should be applied to the Japanese market as well.

Another approach is to give an incentive to the Japanese to invest in Canada. Oakville, where the Ford Motor Company is situated, is in my constituency of Halton. Tremendous lay-offs and unemployment are being experienced at that plant. As the member for Halton and as a citizen of Oakville, I would not care if a Honda or a Toyota plant were built right next to the Ford plant. As long as Canadians were provided with jobs I would not care. It would help create a healthy economy.

The excuse given by the government is that if it took unilateral action against Japanese imports, then the Japanese would stop buying our natural resources. That is utter hogwash, Mr. Speaker. The Japanese need our natural resources. In fact, many are being sold to them already and they will continue to buy them. When the Australians set the 85 per cent local content—and Australia and Canada are the major suppliers of natural resources to Japan—Japan did not reduce its purchases of natural resources by one cent. Neither would it reduce its purchases of natural resources from Canada, so that is not a problem. In fact our natural resources are creating jobs, productivity and a healthy economy in Japan. Then, more often than not, we turn around and buy at inflated prices finished products which were made from our natural resources. There is something wrong. The government is not taking advantage of our natural resources and coming up with incentives for secondary manufacturing in Canada. If we continue to float aimlessly along the lines of the government as far as the economy is concerned, we will no longer have a productive base and we will lose anything we ever had. A typical example is the automotive industry. I believe that Canada cannot affort to lose the automotive industry, just as it cannot afford to lose the shoe industry, the textile industry or any other industry which makes the economic complex work. We are in the process of losing those industries because of lack of action on the part of the government.

• (1600)

The other day in the standing committee the Minister of State for International Trade admitted that the Japanese were not fair traders. They are not fair traders because they have more regulations and controls on imports into Japan than any other country in the world. Perhaps this is why Japan is so successful. I am not suggesting that we regulate our import situation along the same lines as the Japanese have done. If the minister agrees that the Japanese are not fair traders, how can he continue to negotiate with them? Surely he must take some positive action by taking unilateral steps in Parliament to implement legislation which would disallow or slow down the influx of Japanese automobiles into Canada and save jobs.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but his allotted time has expired. He may continue with unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Jelinek: I thank the House for its unanimous consent. At the outset of my remarks I said that it was a sad day because of the high level of unemployment with which Statistics Canada came out today. I close my remarks by reiterating the fact that it is a sad day indeed for Canada and for Canadians. As the hon. member for Rosedale (Mr. Crombie) asked in his remarks today, have we done everything we can in this country? He went on to indicate that there are forests and lakes which must be rejuvenated, that there are houses to construct, that there is land to cultivate, that there are roads to pave, that there are railroads to build, that there are resources to explore, that there is steel to forge, that there are pipelines to build, that there is land to develop, that there are towns to expand, that there is technology to discover, that there are

ships to construct, that there are factories to remodel, that there are bridges to erect, that there is a vast northern wilderness to be tapped and waters to be tamed. To echo what he said, none of these things are being done. With 1,288,000 people unemployed in the country, all these things could be happening. This would employ people and create a healthy economic base for which the country was so famous in the 1950s and 1960s. I urge hon. members of the House and Canadians in my riding and elsewhere to continue to put pressure on the government to take the necessary steps, to bring in incentives, to bring back free enterprise, and to allow the country to grow and prosper again.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, it is the second time in less than a week that I have risen in the House to deal with the economic situation in Canada. I am quite pleased to deal with it, because I think it can be done quite positively, while recognizing that the situation as a whole is not altogether ideal. Just before I rose in the House a while ago, I read once more the motion moved by the opposition and condemning the government for failing to implement all the policies necessary to support directly the shoe and appliances industry. To make sure that I am well understood, I should like hon. members to read again with me the motion presented by the opposition, because I should like to refer constantly to it in my argument. The motion reads, and I quote:

> That this House condemns the government for its chronic failure to implement policies to support the development of a sound industrial sector for Canada, and for the resulting lay-off crisis in every sector of the economy and every region of the country, which has had particularly severe consequences for the auto industry, the resource industry, the energy projects and the producers of consumer goods and appliances.

It is interesting to note that the hon. member's motion seems to suggest that the government has implemented no policy until now and that its failure to act in spite of the economic crisis was the result of a definite political decision on its part. To tease the opposition a little, however, I should like to announce today that the government has selected seven new designated areas for commercial and industrial development under the Canadian Industrial Renewal Board. I am in a position to announce today these new designated areas. They are as follows: Trois-Rivières, Cap-de-la-Madeleine, Grand'Mère, Shawinigan, Drummondville, Victoriaville, Plessisville, Sherbrooke, Magog and Valleyfield in the province of Quebec, as well as Cornwall and Hawkesbury in the province of Ontario. Seven communities designated for industrial renewal.

The interesting thing about the opposition motion is that we are now doing precisely what it asks. We are implementing programs that will provide, not short-term job creation, but long-term job creation based on the processing of our raw materials, the development of our natural resources, in order to build what the previous speaker spoke of a moment ago, that is, bridges, railroads, highways; in short, to build the country. I am sure all members, including the cabinet and the people of Canada, are agreed on the ideal proposed here, that is, to get our country under construction, to put our people to work. But what is surprising about the other side is that, when we decide to build for the generations to come, the service facilities required to develop the economy, the railroads, the airports, the wharves, which all require additional expenditures, they complain about the deficit. So, on the one hand, they say: Hurry up and bring our economy into the twentieth century, hurry up and invest. On the other hand, they say: do not increase the deficit. Now, if one truly wants to build, not for the next election, but for future generations, one naturally has to borrow because those facilities, those economic tools we are about to build will be useful and practical for a period of one to four generations. Their cost, the cost of that economic infrastructure, that industrial revival must therefore be spread over a period of several years. That obviously explains the deficit. What matters here, which everyone recognizes, is being able to control the deficit, making sure that it is not useless and accumulated merely for the fun of spending public funds. That is what really matters and we all agree. What does cause concern and worry, however, if when opposition parties, strictly for partisan purposes, try to block the programs that are being offered the people merely for the sake of blocking them. Some very substantial amounts of money have been released and are now only starting to be used to help workers.

• (1610)

I come from an area in deep economic trouble. The economy there depends on the iron ore industry, whether in Schefferville, Gagnon, Fermont, Port-Cartier or Sept-Îles. The situation there is extremely difficult and, let us make no secret of it, there are people who are experiencing tragedies because of those difficulties. Last week I told the House that even if the government were willing to invest huge amounts of money in those companies for modernization or expansion, it could not put back on the rails industries based on iron ore, on raw material mining, because world markets are scarce, and I refer again to the Iron Ore of Canada, the Sidbec North Mine, the Wabush Mine, and the Quebec Cartier Mining Company. Everybody knows the companies' presidents are not to be blamed for the slack, nor the government, as north shore industries happen to be extremely modern and efficient, and their productivity is fantastic. Telling Canadians they can always rely on the government for solutions is a deceit. It was still worse when the resolution was introduced. The motion now under consideration has been proposed by the Progressive Conservative Party. In the iron ore industry, I had the opportunity to work with the president of the Iron Ore company and I can vouch that none of the plans which could be brought forward could have satisfied that company, not because the company or the workers rejected them, but because world

economic conditions were practically impossible. And those are economic and financial facts of the economic market.

Evidently, there are other sectors, which I shall deal with presently, but I wanted to give an example to show that regardless of the means available, you have to wait for an improvement in world conditions. And to pretend the contrary, is literally to deceive people. We are very sensitive. That area on the north shore was one of the first to be designated and the government made considerable grants available to many companies. In Port-Cartier, the ITT company closed when the Progressive Conservative Party was in power but I will not say that party is to be blamed for the closure because it is not so; nor is it on account of us that it is still open. We should be honest in such discussions, but hon. members opposite systematically like to pile it on. Despite the fact that large subsidies were made available to enable other companies to take over the plant, only two were interested. Once again, when the financial analysis is completed, the federal and provincial governments will have to co-operate very closely to ensure the recovery of that mill. Once again it is a matter of supply and demand and whether you belong to the Progressive Conservative, New Democratic or Liberal Party, it is necessary to work with all the economic powers involved. However, you should not suggest that there was no program to restore economic conditions in Port-Cartier or to help mining industries in northern towns—such programs do exist—but you should also admit that politics as well as economics have their limitations. The other side would like us to believe that if they were on this side or we on the other, they could completely change the entire situation. I listened earlier to the hon. member of Joliette (Mr. La Salle) as he lamented the situation, but made no concrete proposals. On the other hand, earlier today, the Minister of State for Small Businesses and Tourism (Mr. Lapointe) gave some examples of concrete ways in which the government is trying to bring about an economic recovery, and more important, to find an approach to industrial renewal.

He talked about Sorel-Tracy, which is included in a designated area along with Sorel in order to give a new impetus to shipbuilding. He talked about Port-Cartier-Sept-Îles for its pulp and paper industry, about Schefferville's ore, as I mentioned a moment ago, about Sydney, Nova Scotia, for its metal primary processing, about Windsor, Ontario for its automotive assembly lines and parts, about Brantford, also in Ontario, for its farm equipment, about Chatham, also in Ontario, for its automotive parts, about L'Islet-Montmagny, for its leisure vehicles and home appliances, about Asbestos, for its mining and about Kitchener-Waterloo for its automotive assembly lines.

Those are not temporary jobs only. With the industrial renewal well under way thanks to incentives and programs designed to update those industries, there will be job opportunities for the young, the old and the natives—for the members who have some in their riding—because it is imperative to find ways of enabling them to develop in society with the same advantages others have. I have just given a list of concrete measures and designated areas, but it is impossible to ensure a recovery of this nature in only two or three months' time. A somewhat longer period is needed. It is important to keep those factors in mind when talking about economics. It is argued that nothing is being done. Today, the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion made an announcement regarding a factory in Moncton. The department has given a $65,000 grant to help Co-op Atlantic Feed Mill in Moncton update their facilities, thus allowing 47 jobs to be saved. That is a concrete measure. But, of course, it bothers people to hear about concrete situations; it is always more interesting to chase theoretical problems, to try to forget what works and emphasize what does not. That is politically more profitable, and besides, it is quite fair. It is important for the government to show there is another side to the one presented by those opposite.

In St. Quentin, in Quebec, a further amount of $140,000 is provided to promote marketing. This program will permit the creation of new manufacturing and processing facilities. What the country needs is a more modern, efficient economic structure to put more people to work and help the economy. The programs are there and, once again, it is clear in the motion from the opposition that what I have just told you is literally denied. It is clearly indicated, and I quote:

> That this House condemn the government for its chronic failure to implement policies to support the development of a sound industrial sector for Canada—

The opposition denies what I have just pointed out. Other elements could say more. The work-sharing program in the Department of Employment and Immigration has been implemented since March 25, 1982, it involves $220 million. The program was announced at the very beginning of the year and by April 2, 1982, 536 applications from companies had been approved, and this will enable 29,292 workers to keep their jobs on a shorter working week basis, and even more important this program prevented 12,805 more workers from being laid-off. Many other applications were sent to the department, and they are being processed.

• (1620)

Twelve thousand people were able to keep their jobs as a result of the implementation of a flexible program under which they can work a shorter week while still getting full pay. This program is interesting because it is optional, which means that you are free to accept it or refuse it. It is also open to discussion which makes consultations and adjustments possible. These are important elements which I should like, as time is running out to compare with what happens in Quebec. Under their present government, Quebecers often complain that governments do not do enough for industry and often blame

the federal government for all their problems. For example la Société d'amiante du Québec which is now owned by the Quebec government is neither a private company nor is it run by the federal government. Is it in good shape? Not at all.

This asbestos plant which was bought by the Quebec government has temporarily ceased its operations because of a glut on the market, of stocks piling up and because this material is hard to sell on world markets. However, it is a government-owned company. In Port-Cartier, SIDBEC which is 51 per cent owned by the Quebec government has difficulties finding markets for its products. Yet the federal government has nothing to do with it. The Quebec government in good faith took over a company called Tricofil, which folded up due to the lack of demand. It is a matter of competition. It is a different problem. The fact that a company is owned by the government does not make it necessarily more profitable nor does it open up new markets. The only factor involved is the cost-output ratio in a world situation which should normally be positive. These are significant factors to consider for an understanding of this phenomenon.

Training young people is another factor, as I explained again last week, and the various governments have an obligation to see that training programs are implemented to enable the young people to be really employed, because at the present time, in spite of a 9 per cent unemployment rate in Canada, we are importing labour from abroad. Why? Because we do not have enough skilled workers here. Why? Because, to a large extent, our provincial training programs are not adapted to the labour market. However, it is somewhat ironic that we do have such high unemployment in Canada and that this government has to import labour. Those elements have to be considered within the whole problem. Sure enough, everyone, and we in particular, is suffering from high interest rates. I think that no one would deliberately want to maintain those rates. But ask the experts; there are many differences as to how to set interest rates and at what levels.

Just look at what happened in England or in France, in spite of a so-called socialist government. Unemployment is rising. The value of the French franc has considerably decreased on the exchange market. Of course, if we consider the Canadian problem as such, there seems to be no way out, which is bad enough, but if we compare it with other countries, we see that this problem is less serious and that we have many more alternatives than other countries. And this is the important point. On the other hand, if the government did not do anything, the opposition parties and the people would be justified in demanding programs and more specific job creation programs.

However, we have programs under way and for observers of the political and economic situation, Canada offers very concrete projects that will be implemented shortly, as the opposition is well aware. The opposition is constantly whining. It is as if a surgeon, after making his diagnosis, started to cry over his patient's illness instead of gripping his scalpel firmly to operate. After convalescing, the patient will thank him for having had the courage to do so. In fact, it takes a lot of courage for this government to implement the measures that we have taken, but we know very well that the health of our country depends on it and that a few months or a few years from now, the people will be very glad that the government showed courage when required. On the other side, they cry over the present sad state of affairs. On this side, we have made a diagnosis and we are trying to find a way of making our country feel better. So, Mr. Speaker, I shall simply conclude by saying that as a parliamentary secretary and a citizen of this country, I share the concern of the opposition parties regarding the economic problems, but we have short-term and long-term measures that will be much more beneficial than all their whining, and I am convinced that we shall continue to build this country in spite of our differences.

• (1630)

[*English*]

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, I must say I am glad the motion before us today deals with the question of the economy. It says quite categorically that this House condemns the government for its economic policies. Clearly, if there is any time when a government should be condemned for its economic policies, now is the time.

Some hon. Members: Hear, hear!

Mr. Keeper: Why do I say that, Mr. Speaker? Well, as everyone knows, today the unemployment statistics were issued by Statistics Canada, and for the first time, certainly that I can remember, when we look at the real unemployment statistics which include those people who are discouraged and no longer seeking employment, we now have 1,913,000 unemployed in Canada, almost two million people, and if there is any justification for condemning the government's economic policies, that is it.

In additon, if we look at the unemployment statistics on a regional basis, the unadjusted unemployment rate in every province of Canada has gone up. It is not only the unadjusted rates which have gone up. The province of Newfoundland is one exception in which the seasonally adjusted statistics for unemployment fell by some five tenths of 1 per cent. However, we find that the seasonally adjusted rate still remains at a high of 14.2 per cent in all other regions, from Prince Edward Island to British Columbia. The seasonally adjusted rate of unemployment in this country has gone up. If we look at unemployment by age groups, for example, we find the unadjusted rates for those between the ages of 15 and 24 have gone up, reaching a high today of 18.4 per cent. For those over the age of 25, the unadjusted unemployment rate has gone up to 8 per cent.

If we break down the population in the country on the basis of sex, even these statistics demonstrate that all unemployment rates are going up. For example, with regard to unadjusted unemployment rates for men, the rates have risen from 10 per

cent in February to 10.8 per cent in March. For women, the unemployment rates have risen from 9.2 per cent in February to 10 per cent in March.

If we look at the seasonally adjusted statistics on the basis of sex, just to give the government a chance to see whether we are playing with statistics or revealing the social reality, we find that unemployment rates have risen to 9.5 per cent for women and to 8.7 per cent for men.

Mr. Heap: It is shameful, however you look at it.

Mr. Keeper: If one looks at the statistics today for regions which are hardest hit, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, we find that real unemployment rates—that is, those rates which include people who have given up on the job market and have given up on government policy—range from 21.2 per cent in Quebec to a sky-high rate of 31 per cent in Newfoundland.

The fact is that real unemployment statistics today show that there are two million unemployed people in this country. This is reflected in all regions of the country, in all sub-groups, whether by age or by sex, and in all provinces. This is not a specialized phenomenon. This is not simply a matter of some opposition members playing with statistics. This is a true, tragic reflection of a social reality which, in large part, has been brought about by the insane, insensitive and stupid economic policies of this government.

As a result of the economic statistics which became available today, I took the opportunity to challenge the Minister of Finance (Mr. MacEachen) in the House with regard to unemployment. I merely wanted to know from him just how high unemployment must go before the government recognizes the folly of its economic policies, changes those economic policies, and seeks to stimulate the economy so as to create jobs for all Canadians. His response was sad. He said that the question was rhetorical. He said, "We are doing everything within our power to assist." He gave specific examples. He mentioned the housing industry in which he claimed that the government was creating 40,000 jobs. He mentioned the use of the unemployment insurance fund, in which he once again claimed an equivalent number of jobs were being created. He mentioned the announcement of the Minister of Fisheries and Oceans (Mr. LeBlanc) that the government has created 25,000 to 40,000 jobs. If we are very generous with the government and accept those statistics as face value, we find a total of 120,000 jobs created, in the words of the Minister of Finance, at a time when the statistics clearly show that almost two million people are unemployed in this country. The response of the government is clearly inadequate and weak, and it simply does not meet the needs of Canadians.

The minister went on to say in his response, "We are doing everything possible within the means at our disposal to assist the unemployed in Canada." That was an interesting statement from the Minister of Finance and the chief economic architect of the Liberal government. Why on earth is he able to say, with almost two million people unemployed, that the government is doing all that it can when, using his own response, it has created 120,000 new jobs at the most? Why is he able to say that? Why does he believe that? I am sure that the minister is an honest man. I can only conclude that it relates to the way he sees the world and the economy, and his economic philosophy. I think that that economic philosophy was quite readily reflected in recent statements by the Governor of the Bank of Canada, Mr. Bouey. In the issue of *The Globe and Mail* dated April 7, 1982, Mr. Bouey's sentiments were expressed. The article quoted Mr. Bouey as saying that Canadians must be prepared to take a cut in living standards to combat unemployment, inflation and recession. Yesterday, Bank of Canada Governor Gerald Bouey said:

> I am sometimes asked . . . how high does the rate of unemployment have to go, how many foreclosures have to occur, before the bank will give up its policy of monetary restraint.

His response was very much like the response given to me by the Minister of Finance. They will stick by their economic theories and philosophies. They refuse to do anything to help Canadian people when they need help and jobs. Why? It is because of the central economic philosophy, and the governor is quoted quite clearly in *The Globe and Mail*. In fact, he is quoted as having listed the following to be detriments to the creation of employment: government regulation, marketing boards and the minimum wage. He quotes these as being anti-market culprits. Therefore, what he is really saying is that he is a believer in the unregulated market and believes that the unregulated market will somehow create wealth and jobs for Canadians. That is clearly not working today. These are not the times for believers in economic theory. These are not the times for the Friedmans and Reaganites of the world, the people who, through some unexamined belief in an economic theory, continue to steer the ship of state into troubled waters and to abandon Canadians without care. They are operating on the basis of a belief in an economic theory rather than on the basis of social reality.

If only they would look at what is happening in the economy, if only they would look at what is happening to people and if only they would read the statistics produced by their own government departments which demonstrate the fact that unheard numbers of people are unemployed today, they would find that a change in economic policy is required in order to get those people back to work. They must re-examine their belief and take some pragmatic, caring action in order to meet the needs of Canadians. However, instead of a rational, humane, objective, openminded look at economic matters, what we get from this government is not only statements of philosophical commitment from the Minister of Finance, but the public relations exercises of the Minister of Employment and Immigration (Mr. Axworthy) as well. He has now become the front man for this Liberal government. What has he done as the front man? Quite simply, he goes around setting up smokescreens and he does this by holding press conferences every couple of weeks in which he announces some new "job creation" measures.

• (1640)

Mr. de Jong: He announces them every time.

Mr. Keeper: And he goes on reshuffling existing funds. When we look closely at some of the announcements we find this. In one he has said there will be a $200 million effort. That was $200 million for job creation. When we look closely, what we find is that there is only $20 million in there which had to do with direct job creation, one tenth of the figure announced.

A couple of weeks later, he made another $200 million announcement with regard to mining and forestry. When we examined that closely, we found there was only some 50 million new dollars in that package over a two-year period. These are inflated announcements. They are attempts by the government to set up a smokescreen behind which it can hide so that it does not have to face the economic realities which ordinary Canadians have to face in their day to day lives.

But this is not the end of these public relations gimmicks. Yesterday the Minister of Employment and Immigration held a national conference on work-sharing in which he was expressing his enthusiasm and his feelings that work-sharing was a success. That is like saying that unemployment insurance is a success because there are so many people on it. The fact that people need help is a demonstration of the failure of the economic policies of the government, and not of their success.

Some hon. Members: Hear, hear!

Mr. Keeper: The work-sharing, using the minister's own figures, has been able to help 13,600 people to retain their jobs. Well, I am sure that for those 13,600 individuals that is a welcome measure, but for the other real, though not official, two million Canadians who remain unemployed, it is a pitiful response, inadequate and insensitive. It is simply a public relations gesture, it is not an economic response, it is not a compassionate response; it is an attempt to use the media to protect the government from the anger of Canadians at a time when that anger is justified.

Mr. de Jong: Right on.

Mr. Keeper: While we have the Minister of Finance making his philosophical statements and the minister of employment engaging in his public relations exercises, what is going on in the economy, what is happening in Canada? Well, if we look at it closely, Mr. Speaker, we can see quite clearly what is happening. I am going to quote from some objective sources. I will quote from *The Globe and Mail* of Tuesday, April 6, 1982. The picture that we find is that Canada is suffering from the worst economic crisis since 1947. The Conference Board of Canada recently did a survey of the findings of economic forecasters. I quote from *The Globe and Mail*:

> Canada is gripped by what is probably the worst recession since 1947 and unemployment will remain at near record levels for the rest of the year, according to a survey of 18 economic forecasters.

The report in *The Globe and Mail* goes on to say:

> The Conference Board of Canada survey found most forecasters much more pessimistic about 1982's economic rate and unemployment prospects than they were last fall yet no more hopeful about the chances for bringing down inflation.

The significance of that last phrase is that every action by this government is justified in the name of fighting inflation. Clearly, inflation is not going down, their policies are not working, so why do they not re-examine them and why do they not consider the people who need work now?

It is not only the Conference Board of Canada that draws this picture of the economy for us. We go to a government agency, Statistics Canada. They indicate quite clearly that there is no end in sight to the recession in the following statement:

> There is still no end in sight for the current economic recession, according to the government's chief statistical agency. In fact, the few indicators that surfaced in last month's report suggesting that the economy might improve have practically vanished.

I go on to some solutions they suggest:

> One way the government could pull the economy out of the recession is by lowering the value of the dollar hence making exports more competitive on the world markets.

A little further on, report says:

> The Bank of Canada has warned that it will not relent on its tight money policy, that it will not allow the dollar to decline, it has pushed up its lending rate slightly to 15.40 per cent from 15.32 per cent.

They are not willing to accept or consider changes in policy but they are willing to push up the interest rates and thereby up the inflation rate and thereby put more people on the unemployment rolls.

It is not just the members of this party here who are drawing a gloomy picture of the economy. It is objective agencies of the government and the community who point out that we are in an economic crisis. But is this economic crisis one that is as the Minister of Finance described it, an international crisis under which we have no influence or no control? Must it always be and is it an act of God? Is it an act of fate? Is it an historical inevitability? Must we continue in this sea of troubles with no hope for relief?

We probably must, if we share the economic philosophy of the government, if we believe, as the government seems to believe, in an unregulated free market economy.

I believe somewhat differently, Mr. Speaker. I believe in a mixed economy but I also believe that the government can take hold of the economy, can make the economy serve the needs of the people and can provide employment. That is not only a philosophical position that I take in saying that, it is also a philosophical posture that can be translated into practical proposals.

I want to refer to a comprehensive proposal that was made by the leader of our party recently, which is described as "a new employment option for Canada". There are five parts to it. Quite simply, it is a practical, humane suggestion to the government as to how we can get the economy moving again and get Canadians back to work. I will describe it fairly briefly and quickly, but I would like to get the essence of it across to the government so that it can realize that it is possible to do something about the economy and to do something now.

The first point focuses upon the domestic Canadian economy and really says that what we have to do in Canada is be

willing to negotiate production agreements in key economic sectors such as machinery and transportation. We have to negotiate production agreements with multinational corporations. We have to say, "okay, if you want a piece of our market"—and that is why they are here, they want a piece of our market—"then you have to do a fair share of the manufacturing in Canada, you have to provide Canada with a fair share of the jobs."

Mr. de Jong: That would be a good start.

Mr. Keeper: If they are not willing to do that, then we have to be willing to use some lever in order to convince them that we are serious in these negotiations, that we are prepared to look at measures such as emergency surcharges, look at measures including subsidies and various kinds of tax measures in order to convince the multinationals that we are serious about providing employment for Canada and that when we enter into negotiations for jobs for Canadians, we mean it.

Mr. de Jong: And make them for the autoworkers.

Mr. Keeper: Exactly. The second point of this New Employment Option relates to the export market and it points out that countries like France and West Germany provide all sorts of assistance for their export industries and that we need to do a similar kind of thing here in Canada. We have to underwrite the risks faced by our exporters and, we have to provide a comprehensive coverage of production, credit, accident, commercial, exchange rate, inflation and market development risks. In other words, we have to use the government to put our export industries on a competitive footing with the rest of the industrial world. The third point in this new employment option relates to tax cuts. We want to provide an immediate tax cut for low and middle-income Canadians.

• (1650)

The Acting Speaker (Mr. Blaker): Order, please. I understand that the hon. member may wish to continue, but his time has expired. I would have to seek, on his behalf, the unanimous consent of the House to permit him to continue for a moment or two. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Keeper: Thank you, Mr. Speaker. I will wind up very quickly. The third measure in this employment package relates to tax cuts. The fourth measure relates to housing. The fifth relates to interest rates. I will not go into the details of these measures now because my time has run out.

Quite simply, I wanted to point out that rather than adopting these sort of practical proposals and putting them into action, what is happening in Canada is that more and more Canadians are on the welfare rolls. In fact, today there have been estimates that 250,000 of those Canadians on the welfare rolls are, in fact, employable Canadians. What we have in Canada today is a policy of putting workers on welfare. What we need is a policy for putting workers back to work. We must get the government to start working on the economy so Canadians can get back to work and earn a decent living. Thank you, Mr. Speaker.

Mr. John Evans (Ottawa Centre): Mr. Speaker, it was very interesting listening to the hon. member for Winnipeg-St. James (Mr. Keeper) speaking on the economy and what government must do in order to create conditions for a fast growing and highly productive economy. However, I think the hon. member must realize, as all of us must to a great extent, that this does not depend entirely on the government. The government cannot make the economy work by snapping its fingers or by saying that it should work. It requires co-operation from all the players in the economic system. It takes co-operation from labour, from the business community and it certainly takes co-operation from governments.

In some cases in the past, government policies at the federal and provincial level have not been as effective as we would have liked them to be in promoting growth and development. Governments have recognized that fact and have attempted to modify policies in order to try to improve them.

For example, the Minister of State for Science and Technology (Mr. Roberts) indicated earlier that we realize that research and development in Canada is below what we would like to see it, below what other nations have achieved and below where we think it should be. Indeed, the government has brought forward policies to try to improve the situation and increase the amount of research and development. There have been many initiatives taken recently to try to improve research and development.

Since I am from Ottawa I know for a fact that those policies are in place and have been of assistance and are, indeed, creating an environment in which research and development can grow much faster than it has in the past. Although we do not necessarily like the term, people from outside of Ottawa have called it "silicone valley north", referring to the Ottawa Valley with its high technology industry which has grown from virtually nothing. It started out of the Bell Northern research labs and the Bell Canada research labs which were located here. People who worked in those labs spun out of that industry and developed their own companies like Mitel, Gandalf, Nabu and other companies.

Mr. de Jong: What about the west?

Mr. Evans: They have developed in the west. There are Bell Northern labs and there is other high technology research and development and production happening in Saskatoon. It is happening in New Brunswick now with Mitel which has just built a new plant in a high unemployment region. We are seeing growth and development in the high technology industry and government policies are indeed assisting. Telidon is a good example as well as Telesat, the Canadarm, the space program and all kinds of initiatives being taken by the government to build for the industries of the future.

What we are hearing today is a paranoid fear of the future and a fear for the status quo, for the here and now. If all we can do in the House is attempt to find ways to protect the

status quo and not turn our attention to how to build a better future for Canada and how to redistribute the resources we have from the status quo to plan for the future, we will always remain where we are now and not improve. We will not see rising standards of living in Canada. What Canadians want are rising standards of living, and it seems to me that the debate today has not focused on that question. It has not focused on how to change gears and shift ourselves into the new areas for the future and what the future will be.

One of the hon. members opposite who spoke earlier today talked about the automobile industry and Japan. I think one of his comments was very telling. It was that the Japanese consider the automobile industry to be an industry of the past. Where are they going from there? They are going into microprocessors and high technology industries. I believe that comment was made by the hon. member for Cariboo-Chilcotin (Mr. Greenaway) who, I might say, gave a very good speech on high technology. He is quite knowledgeable about research and development. That is the area which the Japanese and French are developing and it is where we should be heading. In fact, we are moving in that direction, but we must move faster.

This means that we will need resources. If we spend all of our resources and the wealth which the government has available to it—that wealth which comes from the pockets of the taxpayers—on protecting the status quo, we will not have that money to inject into the industries of the future in order to build for the future. I can guarantee you that over time the standard of living in this country will go down instead of up.

Mr. de Jong: They have been going down.

Mr. Evans: We heard the hon. member for Halton (Mr. Jelinek) talk about the automobile industry. The impression he gave me was that the plight of the automobile industry is entirely the government's fault and if the government would do something different, do this or that, then the situation of the automobile industry would improve overnight. Obviously, that is nonsense.

The reasons for the plight of the automobile industry are complex. Its costs are out of line. They have not modernized their plant equipment or kept up with world competition. Certainly there are some problems and perhaps there are regulations on the automobile industry which make it unable to adapt as well as it might if some of those regulations were not there. If that is the case, I would like to hear it. However, we have not heard about it today.

Where is the responsibility of the management of those companies and indeed where is the responsibility of the labour unions whose salaries and wages are very high relative to other industrial workers in Canada and certainly to those who work in automobile industries in other countries?

Where is the responsibility of the Canadian unions to respond to the difficulties of the North American auto industry, as their brothers in the United States have responded? Do we not have a responsibility in Canada to look realistically at our problems and try to do something about them? It certainly seems to me that we do have that responsibility. This problem is not being viewed realistically by labour and management. What is being asked for through quotas or tariffs is simply that all Canadians reduce their standard of living a bit in order to protect that industry.

We hear hon. members talk about protection. I believe that the hon. member for Halton indicated that he was not a protectionist, but indeed he is because that is what he was talking about.

One of our great faults is that we do not read our history. It may be due to time pressures that hon. members do not read their history, but if we remember our history and ask why the depression of the 1930s occurred and what kept the fist of depression at the people's throats, you find it was protectionism. That is how the depression of the 1930s started and that is why it took so long to emerge from it. We did not at the time recognize what a terrible effect protectionist policies have on economic development. We are a trading nation. We are one of the greatest trading nations in the world. We of all people should know the detrimental effects of protectionism.

• (1700)

Mr. Manly: What is causing today's depression?

Mr. Evans: The Smoot-Hawley tariff in the United States is an example. The depression of the thirties has been attributed in large measure to the introduction of the Smoot-Hawley tariff, which cut off trade with other countries and caused their economies to fall as a result of not being able to penetrate the U.S. market. Then U.S. manufacturers did not have markets in which to sell their products because of the depressed nature of the other economies. The whole system spiralled downwards.

Now we are hearing the same thing. We are hearing cries from the United States, cries from this chamber and cries from European countries for protectionism. We are being told that that is the way to preserve jobs here in Canada, in the United States or in France. What will happen is that the whole system will spiral downwards.

Mr. Manly: That is what it is doing.

Mr. Evans: If we want a much more serious recession than we have now, we should just keep calling for protection, because that is how to do it. There can be no doubt about that. We are all better off and our standards of living rise when we have openness and trade among nations. "You do what you do best, we do what we do best and we can exchange", and we will all be better off for it. That is totally obvious.

Mr. Manly: And you go downhill.

Mr. Evans: We do not have to go downhill. Members of the New Democratic Party are absolute pessimists about the ability of the Canadian economy to respond to economic reality. We have done exceptionally well over the last 30 or 40 years.

Mr. de Jong: How come we are in the mess we are in?

Mr. Evans: We have done very well in adapting to market realities, and we will continue to do so.

Let us look at Canada in the world context. We are having difficulties. No one denies we are having economic difficulties, but the difficulties we have in Canada in most cases are not as severe as they are in most other nations in the world. That is the fact of the matter. We should not debate our problems in this chamber as if we were isolated in our own shell when in fact 30 per cent of our gross national product is traded with other nations.

I was in Vancouver last month talking to the Council of Forest Industries, senior executives of all the major forest product companies in the west, and the Council of Mining Industries, senior mining executives in the west. I asked them what the government could do in fiscal and monetary policy to make their lives better and what the government could do to obviate lay-offs and shutdowns.

Mr. Parker: Ask the workers.

Mr. Evans: Do hon. members know what their answer was? "Not a thing". There is no action the Canadian government could take right now to prevent lay-offs and shutdowns because the markets we sell into outside this country have closed down. If we cannot sell our forest products in the United States, there will be lay-offs and shutdowns, and there is nothing the Canadian government can do to prevent that.

Mr. Parker: Build some housing in Canada.

Mr. Evans: If we cannot sell our zinc, our copper, our lead or our aluminum into the United States and other markets, there is nothing the Canadian government can do; there will be lay-offs. If we sell 80 per cent of our automobiles into the U.S. market and the Americans are not buying cars, there is nothing the Canadian government can do to prevent lay-offs.

Mr. Keeper: Lay yourself off.

Mr. de Jong: If you can't do anything, resign.

Mr. Evans: These obvious point-blank and blunt facts of life have to be recognized by members of the House, and certainly by members who sit in the corner opposite.

There are some very serious and difficult questions facing this country and other countries, but I suggest in a non-partisan spirit that the main issues facing us are not economic in a monetary and fiscal policy sense. The real underlying and fundamental problems in this country are not interest rates, unemployment or inflation. Contrary to what hon. members opposite believe, I, along with people in the economics profession, business people and political people, know the mechanics of how to come to grips with our problems. Those mechanical solutions would work. We could eradicate inflation overnight and bring interest rates down overnight, but the nub of the issue is distribution costs. The costs, in terms of human lives, associated with getting inflation down fast and with getting interest rates down fast are extraordinarily high, and the gut-wrenching issue with which politicians here and in the legislatures across the country have to come to grips is how to make those distributive decisions. How will we come to grips with the issue of how to distribute the costs of the transition from an economy that is sick to an economy that is healthy and growing fast? There will have to be redistributive decisions. How can we come to grips with the problems we all know we face? We know we have unemployment and labour shortages at the same time.

Mr. Keeper: Elect the NDP.

Mr. Evans: How can we come to grips with the issue of high unemployment in the maritimes and labour shortages in the west without asking people to uproot their lives and move across the country?

Mr. Keeper: Elect the NDP.

Mr. Evans: How can we come to grips with the problems of a person who has worked for 30 years and has certain skills but the industry in which he is working is dying? How should we help that person move from a dying industry into a new trade or a new skill?

Mr. Keeper: Elect the NDP.

Mr. Evans: Those are the gut-wrenching issues with which we have failed to come to grips in the debates we have had on this subject. We have not talked about those issues, and until we do we will not be able to solve our problems. We have to have some way to come to grips with how we are to help people adjust to the future.

Mr. Keeper: Elect the NDP.

Mr. Evans: How are we to put an equitable tax system in place which ensures that all Canadians bear their fair share of the costs of government and the costs of assisting industries to move from where they are now to where they certainly will have to be five or ten years from now? Those are the issues. We can sit here and argue about inflation and interest rates, but we have to come to grips with those distributive issues, and we have to find out how we can help people.

The individual person is the person about whom we are all concerned, and nobody in the House has a corner on compassion. We are all here because we want to do something for our constituents. We want to do something for Canadians. We want to give something of ourselves to make life a little better in this country. If we did not want that, we would not be here. No one has a corner on compassion. The issues with which we must come to grips are the distributive issues. In a debate like this we should be talking about those issues. What is the best way to help people? My friend spoke earlier about Victoriaville. My wife's family is from Victoriaville, Quebec. The amount of unemployment there is enormous. The rate is 60 per cent or 70 per cent. Victoriaville is a town with a textile industry which is going under. It is a town with a furniture industry which has faced great difficulties. I hope hon. members will comment on this issue. I am sure the hon. member for Calgary North (Mr. Wright) will.

Mr. Wright: I am waiting.

Mr. Evans: The answer to the problem is not to protect or to try to protect an industry which will face competitive pressures year after year. Those pressures will become more intense. The question is how we can help the community and the people in it.

Mr. Keeper: Elect the NDP.

Mr. Evans: How can we help them adjust to the new realities and the industries of the future? How can we help people move from low-paying jobs in certain industries, which are fading and dying, into jobs with a future, high pay and better standards of living? Those are the issues that we should be discussing, Mr. Speaker. We can rail at each other about inflation and high interest rates, and say, "You blame us, we blame you", and when the day is over nothing is accomplished, or we can try to come to grips with the real issue, that is people issues, Mr. Speaker. People issues are not solved by throwing more money at them.

• (1710)

I do not want to be unfair to the hon. member for Winnipeg-St. James or to accuse him of saying things that he did not say, but it seemed to me that he was saying that government could solve a problem by throwing more money at it. I can guarantee that will not solve a problem, Mr. Speaker. That would only lead to bigger deficits, higher interest rates, higher inflation and reduce our competitive position. It would mean that we would not be able to trade effectively in the world and would bring about declining standards of living. That is not what he wants, it is not what I want and it is not what any Canadian wants. The government is trying to take a more medium-term outlook at our economic situation and to come to grips with the economic issues.

I beseech hon. members opposite to try to make a positive, useful contribution that will help us with these problems. I ask them to think about these distributive issues and help us develop policies that will result in Canadians becoming better off, not worse off.

Mr. Bill Wright (Calgary North): Mr. Speaker, we all know now how insensitive the Liberals are when a member can actually stand up in the House and tell us that unemployment and high interest rates are not a problem. It makes some of us wonder what we are doing here.

There are no other issues, Mr. Speaker. The hon. member can talk all he wants about adjusting to the future and about fear of the future. The hon. member for Ottawa Centre (Mr. Evans) gave us the typical "on the one hand and on the other hand" approach.

We all recognize the problems that exist across the country, Mr. Speaker. If we go to Newfoundland we find that up to 50 per cent of fishermen are unemployed, but the hon. member for Ottawa Centre says that is not a problem. If we go to New Brunswick we find that 50 per cent of people in the forestry industry are unemployed, but the hon. member for Ottawa Centre says that is not a problem. If we go to Quebec we find that over 30 per cent of the manufacturing industry is unemployed, but the hon. member for Ottawa Centre says that is not important. If we go to Ontario we find that at least 30 per cent of the automobile industry is unemployed, but the hon. member for Ottawa Centre says that is not important. He says that is not the issue, that things are far more complicated than that.

If we go to the prairies we find that the agricultural industry is on its knees because of the policies of the government. We find people in the pork industry going bankrupt and people in the beef industry going bankrupt. That is not important, says the hon. member for Ottawa Centre, the former parliamentary secretary to the Minister of Finance. If we go to B.C.—

Mr. Evans: You are misleading the House.

Mr. Wright: —we find 50 per cent of people in the forest industry unemployed, but the hon. member for Ottawa Centre says that it is not important.

Mr. Evans: That is not true. I said it was important. You are the one who is saying it is not important.

Mr. Wright: The Minister of Employment and Immigration (Mr. Axworthy) is not here this afternoon, Mr. Speaker, but I should like to draw attention to some misleading information that he gave to the House on another occasion. The estimates for 1981-82 showed that $120 million would be spent on summer student programs. Actually, in 1981-82 $100 million was spent. Then the 1982 estimates showed that the government was going to spend $100 million on that program. That is when the minister said he was going to create $20 million worth of summer jobs for students. He claimed that was an increase, but in fact he will not spend as much as he spent last year when there was close to eight per cent unemployment in the country. That is the type of thing we have to put up with, Mr. Speaker.

The Minister of Finance (Mr. MacEachen) is not in the House this afternoon either. I lived in his riding 25 years ago and at that time the unemployment rate was 25 per cent. It is still 25 per cent, Mr. Speaker. Just the other day he told the House that he would let his record stand. Statistics show that the highest number of government grants—and Liberal MPs get most of them—have gone to his riding. He provides grants, subsidies and promises to his constituency, but little else.

I should like to deal with a rather contentious issue now, Mr. Speaker, namely, the life insurance industry. The Minister of Finance stated in the budget that he was going to tax accrued income on life insurance. The industry took him to task and asked him to produce the figures that this proposition was based on. He said it was based on a typical life insurance policy and that he could back up his figures. I wrote to him and asked whether that typical life insurance policy was a participating or a non-participating policy, what insurance company rate book was used, what year it was compiled, if it was a Canadian or a foreign company, and so on. Mr. Speaker, there is no typical life insurance policy and the minister cannot

produce one. The life insurance industry has been trying to get the information for three months, and I have not received a reply to my letter of March 1. The minister cannot produce a typical life insurance policy, and that is only one of the many things that was completely false about the budget.

The area in and around Trenton, Nova Scotia, has approximately 25,000 people, one thousand of whom are unemployed because the Minister of Finance refuses to help. It is not a Liberal riding. The car works at Trenton has been there for 70 or 80 years, but the minister does not understand its importance.

The Minister of Public Works (Mr. Cosgrove) has said that he will help people who have to renew their mortgages. He is not going to help very many but he is going to provide some help. He is going to provide some help to the rental construction industry, but not much help. He is going to provide some help to those who are renovating homes, but not much help. It is interesting that he is not going to provide any help for first time home owners. How can someone who is going to purchase a home for the first time, and perhaps just qualifies for a mortgage at 18 or 19 per cent, also face the uncertainty of a variable interest rate mortgage? Surely the minister understands that the average person cannot face that situation. That is why very few people can purchase a home for the first time. It is a sad fact that the Minister of Public Works never addressed the problems of high interest rates and unemployment.

• (1720)

Turning to the housing industry, the average starts for 1982 will amount to approximately 160,000 units. This is down from 178,000 last year or a decline of 10 per cent, which in terms of jobs represents 35,600 lost jobs. Yet the Minister of Public Works says that he is helping the unemployment situation in Canada. We know that 210,000 housing starts are needed, but it is estimated that only 160,000 units will be built. This difference of 50,000 units translates into 100,000 lost jobs, yet the minister is saying that he is helping the unemployment situation with Bill C-89. Unfortunately those 100,000 lost jobs translate into $2 billion in lost income to the economy, or to put it another way, $400 million of lost government revenues.

The government does not understand what is going on. Productivity in Canada has gone down. Now it takes approximately 286,000 more people to produce the same goods and services which were produced in Canada last year. In 1976 when the government revised its monetary policy, on an annual basis 113,000 less homes were built in Canada, which translated into 223,000 jobs.

Is it any wonder that there is high unemployment? It is because of the insensitiveness of government. We have heard an answer to unemployment and high interest rates from the Minister of Energy, Mines and Resources (Mr. Lalonde). At present 350,000 barrels of oil per day are shut in in western Canada. This translates into tens of thousands of lost jobs or $1 billion worth of equipment which has left the country. The Liberals can laugh at these facts because they do not have any members out west. Approximately 40 cents of every dollar spent on energy in western Canada ends up in Ontario and in Quebec. We are paying the price. Canadians are paying 24 cents more per gallon for gasoline at the pump than they should be paying because of the policies of the Liberal government.

Now I should like to turn to the area of high interest rates. We have high interest rates in the country because of the policies of the Bank of Canada and the fiscal policies of the federal government. We should not let the NDP fool us; the policies of the Bank of Canada are dictated by the government. The deputy minister of the Department of Finance sits on the executive committee which decides the monetary policy. The Bank of Canada is not an independent body. Moreover, the NDP would like us to think that the banks are responsible for interest rates. But we must remember that the banks have no authority to raise or lower interest rates without the approval of the Bank of Canada. If they dare to raise or lower interest rates or lower interest rates without the agreement of the Bank of Canada, the Bank of Canada can step in and withdraw funds from the banking system.

Mr. Evans: Nonsense!

Mr. Wright: I hear the hon. member for Ottawa Centre (Mr. Evans); it is not nonsense.

Mr. Evans: The Bank of Canada does not dictate to chartered banks.

Mr. Wright: The Bank of Canada can sell bonds to the banks, which it does every day, withdraw money out of the system and put it into the Bank of Canada. This is done all the time. It is done to smooth fluctuation in the value of the dollar and in the rate of interest. The Bank of Canada is one of the biggest participants in the Canadian money market. It was a passive investor until 1975. Now it is an active investor in the market and it initiates the market. It no longer responds to bids and offers by investment dealers. It is dictating to the market, and let no one think otherwise.

We have high interest rates in the country because over the last two years there has been a dramatic outflow of long-term capital. In 1981 it approximated $10 billion and in 1980 it was $8 billion. This capital was replaced by short-term foreign capital. In order to attract short-term foreign capital, interest rates must be raised above what they are in other countries. Basically that was the problem. Short-term interest rates are high in Canada. Sometimes they are higher than long-term rates, but the point is that we cannot drop our interest rates because of the policies of government. The government said that it would discourage investment in Canada, and it has. Canadian and American companies have left Canada to go to the United States and to Australia. Unless we change those policies, we cannot lower interest rates.

The Bank of Canada uses money supply, what we call M-1, to indicate whether or not the supply of money in Canada is increasing at a favourable or at an unfavourable rate. Many economists and specialists have said that the bank does not

know what it is doing. As interest rates rise, people tend to transfer funds from demand accounts to interest bearing accounts. Thus, the M-1 no longer qualifies as a good gauge as to whether or not the money supply is accurate. Liberal members have supported the Bank of Canada in the last few years, but most experts agree that they are wrong.

Mr. Evans: Name your experts.

Mr. Wright: Nuala Beck, an economist at Pitfield, MacKay, Ross described the outflow of capital as a hemorrhage and said that it resulted not simply from a search for higher returns but from a fundamental investment decision to move long-term capital out of Canada. Greenshields said in equally strong language that the national energy policy and the investment policy of the government led to a large amount of outflow of money from the country. Numerous experts have said the same thing. Unfortunately I do not have all their names here, but I could easily find two dozen.

I should like to refer to an article in the April 7 edition of *The Globe and Mail* by Ronald Anderson, an economist and consultant, who said that while the political objectives of the national energy policy were attractive, the economic objectives were never really determined. The economic cost to Canadians is considerable. I referred to that in more specific terms earlier.

• (1730)

We have watched the national energy policy cause a deterioration in this country's economic development. As a result of this policy, capital has left the country. It has also contributed to higher interest rates. The situation has to change. We have watched the Minister of Finance and we have seen the similarity between what he does and what the Minister of Energy, Mines and Resources does. They are both afraid to back off policies which are not only unpopular but do not work. Many of us have given the ministers examples of how to correct the economic situation. On the one hand we could encourage investment capital instead of discourage it. I do not think anyone could stand here and say that the Canadian government has been encouraging investment capital. If we could encourage investment capital and if we could encourage the export of commodities, it would be a step in the right direction. We in Alberta are aware of the fact that approximately $2 billion worth of sales in natural gas could be made to the United States. This kind of a sale could contribute dramatically to the support of the Canadian dollar and we would not have to keep interest rates as high. If we did those things, we would be able to reduce interest rates. We would be able to allow the dollar to float and to find its own level. If we did those things, we could even have a fixed bank rate. Because it is a floating rate, it contributes to the instability of Canada's economic situation.

Why do we lend $1 billion to foreign countries? What about the $100 million that was lent to Algeria for the construction of a monument; the $24 million that was lent to Belize for a sewage system which apparently is sinking into the sea; and the $200 million that is being lent to Trinidad and Tobago for an airport? One must wonder about these loans. Foreign aid is up at least 20 per cent this year, but help for employment and immigration is down.

I have listened to the Liberals talk about the economic problems in Canada this afternoon. Quite frankly, I consider them little more than a sanctimonious bunch of windbags. The policies the Liberals have espoused are simply socialist policies, little more. I find it very sad that the New Democratic Party was responsible for putting the Liberals into power. They are partly responsible for the policies that we have now.

Mr. Manly: The people of Canada did it.

Mr. Wright: The New Democratic Party was responsible in no uncertain terms for the policies which the Liberal government has now. I recall about one month ago the Minister of Finance standing in the House saying, "If I did nothing to help unemployment in this country, and if I did nothing to help high interest rates, I would be known as a scoundrel". A scoundrel he is for doing nothing.

We will continue to speak out against the socialist-economic policies of this government that are not working, which we say and which we have said for some time will never work.

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, I have listened with great interest to the debate this afternoon. I will not repeat literally the litany of sadness and figures which have been quoted by any number of speakers here today. Many members have pointed out the unemployment rate and government spending excesses. But those who do not read history are oftentimes doomed to repeat it. I want to talk a little bit about why we are in the situation we are in, and how we got there.

If we go back to the 1950s there are literally hundreds of examples that could be used. I have selected a few that will explain what has happened and why we are in rather tragic and sad circumstances today. We find today aging out of date industrial plants throughout eastern Canada and southern Ontario in particular.

Mr. Baker (Nepean-Carleton): We have an aging government, too.

Mr. Cook: During the 1950s, 1960s and 1970s, the tax policies of this government were such that it did not pay the small company, or the large company for that matter, to carry out research and development, or to replace equipment which in some cases dated from the 1930s, the 1940s, some even from the 1920s. There was no incentive. One could look at the development of almost any Canadian industrial plant for evidence of the situation. A good many have gone out of business because they could not develop or renew their equipment. There was no incentive to do so. The tax policies were such that companies continued to make a dollar and went along on that basis. But we are reaping the whirlwind of that kind of policy today.

We seem to have developed in Canada the kind of businessman who wants a protected market. If you look at the history of a good many of the small manufacturers in Ontario you will find that they were prepared to accept the "Golden Triangle" as a market and, because of favourable freight rates, they shipped their goods, whatever they might be, to the rest of this country. They really had no interest in attempting to do what this country must do to attain the desired standard of living; that is to export goods.

I remember a vice-president of a trading company in Hong Kong telling me that Canadians were the worst traders in the world. When he wanted to buy something for China or for Hong Kong, right away a salesman would be in from Australia and two from Japan. As far as Canada was concerned, six weeks later he might get a letter from a Canadian firm saying, "Send us the airfare and we will think about sending a salesman to talk to you." I am very much afraid the Canadian businessman has developed that kind of a reputation. Why has that taken place? Canadians are not aggressive enough. In many cases they are just not hungry enough.

Over the last twenty years there has been gradual erosion of incentive and motivation. Is it the businessman's fault? In many cases I think not. I do not know how many dozens of businessmen have said to me, "Chuck, why should I work any harder? Why should I build a larger business? Why should I put 12 or 15 hours a day into my business when most of the time from here on in I am working for the government?" That feeling is accurate. Our tax policies have been such that we have not really wanted anyone to expand. We have really not wanted the country to develop. We have allowed our entrepreneurs to go so far and then have cut them off at the pass.

Entrepreneurs are the most productive people in the country. I suspect every member of the House of Commons knows several businessmen who have, shall we say, dropped out of the business world because of our taxation policies and because they have not had a chance to keep a sufficient portion of what they earned. With that kind of a climate, no wonder the industrial plants of Ontario are aging. It is no wonder these companies cannot compete. This situation goes back to what transpired in the 1950s and 1960s when things were a little easier and they could get away with that attitude. No longer is that the case.

Let us take a look at the situation regarding education in Canada. Certainly this is a provincial responsibility. I find it shocking, shameful and sad that in the next year we will be bringing 100,000 tradesmen into this country at a time when we have over one million people unemployed. If this government at any time in the last 15 years had realized what was happening, taken the initiative and worked with, instead of against, provincial governments, an apprenticeship program could have been developed. We would then have those 100,000 trained workers. Instead, we will import skilled labour, and we are still not training our own labour. I honestly do not believe we can blame the unions or all of the provincial governments for this, although part of the blame is theirs. However, we can certainly blame the federal government and a bureaucracy which have provided no leadership in this area, whatsoever.

• (1740)

We talk about technology of the future and where the jobs are to be found. I like what the government has done regarding Telidon. However, that is one small matter. This country could have been a world leader in pay-television. There were a number of companies here who wanted to go ahead, and could have been world leaders. But what happens in Canada? The CRTC just killed them. They studied it, thought about it, could not make up their minds. This went on and on to the point where these companies were not been able to do that well. They will admit that they lost out due to the failure of this government and its commissions to deal with reality.

There is another example of this, Mr. Speaker, in my own part of Canada, and I speak about the Port of Vancouver. In the last ten years the Port of Vancouver has lost a substantial amount of shipping to the Port of Seattle. To be fair, that is partly because, when unloading a lot of material for the U.S., it is better to go to Seattle than Vancouver. However, there is a contrast in business attitudes.

In 1950 Seattle was a very poor port; very little was going on. The people of King County and Seattle decided they wanted to be the major port on the north west coast, so they got the money together, issued bonds, built the port and they now have something like 18 cranes for containerized cargo. In Vancouver we have three. I might add that the container cargo concept originated in Vancouver, so you would think we would be the leader in the area. That is not the case.

To sharpen the contrast, if someone wants to ship a million widgets into Seattle they can call a board of directors meeting and a decision on the rate to be charged can be made in the course of an afternoon. If you go into Vancouver and do the same thing it will take you probably six weeks to get a rate out of Ottawa, 4,000 miles away. Even then the people making the decision will have no concept of what is involved.

However, I think there is one more important issue here, which goes to the root of the problem in our country today. The philosophy in Seattle was: We will build our port and go out and attract the shippers because we have the facilities. The National Harbours Board attitude in Canada is: when the demand develops sufficiently, then we will consider putting the facilities in. That difference in attitude and emphasis is the difference between Canada and some of the great trading countries of the world. It exists today and will probably continue to exist.

I do not want to be totally negative. What do we do to correct this? How do we change attitudes in Canada? How do I convince my colleagues opposite of some of the things they perhaps can do to really get Canada moving again? Let me say, frankly, I find it difficult to blame the Liberal Party for much of the problem—not totally difficult, mind you, but a little bit. The blame does not really, fall entirely on those gentlemen who sit opposite me, but on the bureaucrats. The government has run this country in such a way it has allowed

the deputy ministers to take over and run the departments. There are many examples of this.

What is a first rate senior civil servant? Chances are he is an academic with many years of university. Chances are he has been trained in public administration, grown up and developed in the civil service. If you look at all these pooh-bah civil servants who really run this country you will find very few who have had much experience out in the real world of the marketplace. They do not know what happens to the 50-year old vice-president of a company when it starts to go down the drain and he has to either produce or go. There are an awful lot of those vice-presidents unemployed today—good men, but business has changed. That does not happen to civil servants.

I do not want to deal with all the things wrong with the National Energy Program, but I do want to deal with how it was put together in the Department of Energy, Mines and Resources. Let me give you an example of how the bureaucracy has run the country. They sat there in that department and said; well, there are 480 drilling rigs operating in western Canada. How much profit should we allow them to have? They worked at the figures and did all the academic things, and said; all right, we will allow a rig to make "X" amount of dollars. That is good enough. That became part of the NEP. What they forgot was that the operators had options. They forgot that if the operator did not like the profit he was allowed to make, he could pack up and head south to the Colorado play, or the Montana and Louisiana play. That is exactly what they did, by the hundreds. It never dawned on anyone in the department that that would happen when they tried to almost socialize and cut back on these operators. That is a mere example of the kind of thinking which goes on in the bureaucracy.

Does anyone really believe that the National Harbours Board in Ottawa, 4,280 miles from the west coast, has any concept of the competitive nature of port usage on the west coast? Do they really have any knowledge of what we are trying to do out there, or what are the competitive factors? I doubt it. All we have to do is look at what has happened out there to realize that. I think you could go through many government departments and find the same type of thinking.

When did all this start to happen? I did a little investigation and found that basically it started around the Pearson years. That is when politics became such a big game that ministers spent their time flying about the country making speeches, sitting in cabinet and in this House doing what we can almost call 99 per cent political work.

• (1750)

Prior to that time, in the C. D. Howe era, back in the days of Mackenzie King, when a minister of the Crown was given a department to run, he ran the ruddy department. Most of a minister's time was spent in his office running that department, riding herd over the civil service and making sure the decisions were right and that the department ran properly. If a minister did not do that, he would have caused so much embarrassment he would have been replaced.

However, the amount of time an individual minister of the Crown now spends on departmental activities within his department is not what it once was, and neither is the country. This is the result of allowing senior bureaucrats to take over and totally run departments.

The Minister of Finance (Mr. MacEachen) is a wiley old fox. I will say that as a compliment, and I mean it. He is perhaps one of the shrewdest, most intelligent people who has ever sat in this chamber. If anyone can honestly say to me that he really contemplated and considered the budget of November 12 and knowingly brought it in that way, then we obviously have a difference of opinion. He did not know what was in this budget. He has changed the budget 22 times since then, and he will make more changes. If he had studied the budget, and it had been his budget rather than that of a group of finance civil servants who had no understanding of what it meant in terms of the business world, it would have been a totally different document. It was not.

Let us talk about the future. Hugh MacLennan talked about two solitudes. We do not have two solitudes in this country now. We have the solitude of Newfoundland, we have one in western Canada and we have one in Quebec. I do not believe this particular Liberal government can excuse itself or deny that it must take a tremendous amount of blame for what I would call the solitudes which exists in this country. We have the matter of confrontation and a question of fighting for power, one against the other. I believe that a different attitude on the part of this particular government could bring this country together much more rapidly than can be attained by the type of activities and statements of the Prime Minister (Mr. Trudeau) these days regarding the west, Quebec and Newfoundland. This country can only stay together by consensus. It can only stay together if there are good feelings on all sides. It can only stay together if everyone feels they are being relatively fairly treated. That is not what exists in the country today. I lay the entire blame on the Prime Minister of this country and his excessive statements in all parts of it.

That is really enough of what I would call negative thinking. I do have a dream for this country. Someone said that the twentieth century belongs to Canada. The twentieth century obviously will not belong to Canada. One can go through the litany of sad statistics we have heard today. This motion is one of the most important subjects that has come up in this House for some time. I hope people will start considering what is involved in the motion and will understand why so many of us can speak so vehemently on the issue.

The real answer to our problems lies in a little word called "productivity", much of which we have lost. We are not competitive in this country in a world sense. Our workers are not sufficiently productive. Is that the fault of the labour unions? I do not think it is. Is it the fault of management? I do not think so. I think it is quite properly the fault of the third member of that triangle which operates the country—it is the fault of government.

There have been no incentives, they do not exist now, and I do not see them coming. I do not see why this government

cannot realize that creativity, in terms of products, in terms of giving businessmen the opportunity as well as the incentive to move ahead, would work. Only government can create the environment we need in order to burst from our chains and relieve our tears of today. Only the government can do that. Little programs will not help. This requires a major effort. If the ministers were to get back and run their departments much of the problem could be cured. I have hope for the country. I also have hope in the sense that, perhaps, after the next election we can throw the sad rascals out and begin anew in this country. We have a great country, but, by golly, we are not giving it the proper opportunity of today.

Some hon. Members: Hear, hear!

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, speaking as a rascal, I should like to say that it is a pleasure to participate in the debate this afternoon. One of life's great pleasures is to find oneself suddenly and unexpectedly thrust into the debates of the House. I am pleased to have been thus propelled into a debate of such importance this afternoon.

Almost everyone to whom I have spoken in the last several months has asked me what the government will do about the sad state of affairs of this country. That attitude is not unexpectedly revealed in the debates of the House this afternoon. Almost every hon. member opposite has stood up to ask, pointedly, vigorously, and sometimes passionately, what will the government of this country do to help solve the economic problems that so bedevil us today? My instinctive response to that criticism is to ask, "Why do hon. members automatically assume that the only response which can be made is by the government?"

Mr. Baker (Nepean-Carleton): Because they create the atmosphere.

Mr. Kelly: I would argue that inflation, unemployment, high interest rates, all of the things that none of us like, are in fact a product of the way in which all of us have lived over the last decade.

Mr. Neil: Fostered by the government!

Mr. Kelly: I think that before many citizens ask what the government can do, they should ask themselves what they can do.

Mr. Keeper: Elect a new government!

Mr. Kelly: Since all of us are a part of the problem, surely all of us are a part of the solution. For example, if a family in Oshawa goes out and buys a Toyota or a Volkswagen, they should not be surprised if the breadwinner next door who works in the GM assembly line is laid off. If a family goes out to buy a Sony television set, they should not surprised if the man across the street is out of a job when Admiral closes in Ontario. If a family goes out and buys Italian shoes or Taiwanese shirts or underwear, they should not be surprised if the breadwinner who lives at the corner and works at a textile mill or in a shoe factory is put out of a job.

Mr. Bosley: You have an English sports coat, Norman!

Mr. Kelly: I do not understand how the Canadian consumer can change his buying patterns and then express surprise at the widespread unemployment which results. I cannot understand why that consumer then believes it is the sole privilege and responsibility of the government to right the wrongs induced by those changed consuming patterns. The first advice I would give to anyone in this debate is to tell Canadians as consumers that they could make a very real contribution in the near future to solve many of our problems. They should buy Canadian cars, buy Canadian shoes, buy Canadian television sets. If many of those people bought Canadian, Mr. Speaker, there would be a lot of people put back to work in Canada. I think that the first step in solving our problems is the realization of the degree to which Canadians are part of that problem. Once we do that, Mr. Speaker, I can go on to explain how the government can make its contribution; but I will leave that for a later debate at another time.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): It being six o'clock, it is my duty to inform the House that pursuant to order made on Wednesday, April 7, 1982, proceedings on the motion have expired.

The House stands adjourned until Monday, April 19, 1982, at two o'clock p.m., pursuant to Standing Order 2(1).

May I, on behalf of Madam Speaker, extend to hon. members, and to the staff of the House, best Easter wishes. From myself, I express the wish that the bunnies be kind to all.

At 6 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, April 19, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

CALL FOR NEW GOVERNMENT POLICIES—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the policies of the Liberal government are killing the initiative of Canadians, and scores—perhaps hundreds—are thinking seriously about leaving the country because of high interest rates, the national energy policy, the November 12 budget, the imposition of metric, etc., etc. Therefore I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That this House urges the government to withdraw the budget, stop grabbing every cent it can get its fingers on, and replace its totalitarian concept of imposing policies on Canadians by reflecting the thinking of the people.

The new Constitution will be a hollow mockery if we do not have a Canada to govern.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN BROADCASTING CORPORATION

PRODUCTION OF DOCUMENTARY "THE ROAD TO PATRIATION"—MOTION UNDER S.O. 43

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, last week the CBC presented a documentary called "The Road to Patriation". The program elaborately described the role of the Prime Minister (Mr. Trudeau), the Minister of Justice (Mr. Chrétien), and the news media, while the Leader of the Opposition (Mr. Clark) received perhaps a five-second voice-over. The parliamentary committee was not even mentioned, and Parliament itself was made to appear irrelevant to the process. I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the CBC be requested to document the role of Parliament, the parliamentary committee and the opposition, or else the committee to elect Jean Chrétien as the next leader of the Liberal Party be billed for the production costs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

PROVISION OF RENTAL ACCOMMODATION—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter which is becoming more urgent and more pressing each day. As reported in Saturday's *Le Devoir* Ms. Anne Warren, an economist with CMHC, stated that the program of the government in support of rental accommodation construction is totally insufficient in light of the present policies of the government encouraging high mortgage rates. Therefore I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House agrees with the CMHC economist who says the government is failing in its support of rental accommodation and, in light of the inevitable crisis which will flow from this inadequacy, this House urges the minister responsible for housing to accept the responsibility vested in him and take immediate steps to provide Canadians with affordable rental accommodation which at the same time will stimulate the depressed construction industry and the related forest industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CONSTITUTION

TRIBUTE TO PERSONNEL INVOLVED IN PATRIATION CEREMONIES—MOTION UNDER S.O. 43

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Because of all the basic work, organization, security measures, maintenance, logistic duties, etc. which went into making Saturday, April 17, 1982, a very memorable and successful day in the history

of Canada, which resulted in the final act of the patriation of the Canadian Constitution, which relates to the lives of all Canadians, I move, seconded by the hon. member for Oxford (Mr. Halliday):

That the House of Commons go on record as extending our sincere thanks and deep appreciation for a job well done to the Speaker and Sergeant-at-Arms and their respective staffs, the security staff, the restaurant and cafeteria personnel, those who performed maintenance work, logistic support employees, transportation workers and the traffic division staff, and that the House of Commons also go on record as extending the same sentiments of gratitude and appreciation to the Royal Canadian Mounted Police, members of the Canadian Armed Forces, personnel from the Department of Public Works, Secretary of State personnel, and all others not named but who participated.

Madam Speaker: I am sure the House will want to show its appreciation by applauding.

Some hon. Members: Hear, hear!

* * *

THE CONSTITUTION

SUGGESTED INCLUSION OF PROPERTY RIGHTS—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, Canada's Constitution has come home, and the Prime Minister (Mr. Trudeau) has said that this is just the beginning. One of the cornerstones of a free and democratic society is the right to own and enjoy private property. This right has been left out of the Canadian Charter of Rights and Freedoms. All thinking and freedom-loving Canadians desire to have this right contained in Canada's Constitution. Therefore I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the agenda at the initial meeting of the First Ministers of Canada to discuss amendments to the Constitution contain a recommendation that Section 2, headed "Fundamental Freedoms", be amended by adding after "(d) freedom of association" the following new section: "(e) freedom to own and enjoy property and the right not to be deprived thereof except by due process of law"; and that all Canadians urge the Government of Canada and their provincial governments to accept this amendment to Canada's Constitution.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

PARLIAMENT

NECESSITY FOR REDISTRIBUTION LEGISLATION—MOTION UNDER S.O. 43

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43. The 1981 census figures have been released. These population statistics indicate that there should be an additional five representatives of the people of British Columbia and an additional six representatives of the people of the province of Alberta, not to mention the ten for Ontario. It is hoped there will be a federal election long before the dilatory, time-consuming and lengthy process can be finished under the present compromise legislation. The people of western Canada are likely to be left underrepresented in the next election despite their growth in population. If you are going to do it, get it done fast; if you are not, let it go. Therefore, I move, seconded by the hon. member for Okanagan north (Mr. Dantzer):

That this House urge and instruct the government to bring in immediately a new redistribution bill that will speed up the process and ensure that the next federal election will be fought on a basis giving western Canadians the new seats the west so richly deserves.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

TREATMENT OF DREDGING CONTRACT CONSPIRATORS—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise pursuant to the provisions of Standing Order 43. In 1979 two former dredging executives, Harold McNamara and Sydney Cooper, were convicted of conspiracy in rigging bids on federal government dredging contracts, and sentenced to five-year jail terms. In view of the fact that both businessmen were released after serving only ten months, or one sixth of their sentences, and put on day parole to be served in their own homes, and in view of the fact that Cooper was allowed, while on day parole, to fly down to Florida and the Caribbean for a Christmas holiday, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House condemns the National Parole Board and the Solicitor General for this vivid illustration of the fact that there exists one law for the rich, powerful friends of the Liberal government, and another law for the poor.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

CALL FOR RESIGNATION OF MINISTER—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, the government and the Minister of Energy, Mines and Resources have implemented a national energy policy that

has patently proved to be a disaster for the development of oil and gas recovery in Alberta, British Columbia and Saskatchewan. More recently it compounded this failure by encouraging the importation of foreign oil as a direct result of its import compensation scheme. I therefore move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That this House condemns the government for its negligence in failing to rationalize the import compensation scheme to current energy realities and invites the Minister of Energy, Mines and Resources to resign because he has proved incapable of producing an energy policy which will benefit all Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

PRODUCTION OF WESTERN CRUDE OIL—MOTION UNDER S.O. 43

Mr. Bill Wright (Calgary North): Madam Speaker, the Alberta government recently announced sweeping changes to its royalty system in order to stimulate the conventional oil industry. However, benefits will be restricted until there is full production of shut-in crude oil from western Canadian fields. I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the federal government take measures to ensure the production and sale of this shut-in oil and to encourage the export of such shut-in oil until such time as imports are eliminated or until all shut-in crude oil is being produced.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

CALL FOR RESOLUTION OF CASE OF DONALD MARSHALL—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax West): Madam Speaker, in 1971, Donald Marshall, then 17 years old, was convicted of murder by a jury of his peers in Cape Breton, Nova Scotia, notwithstanding his protestation of innocence. For 11 years this native person languished in prison, but now his guilt has been questioned. The Minister of Justice has the legal power and authority to resolve the case and remedy any injustice. Accordingly, I move, seconded by the hon. member for Prince George-Bulkley Valley (Mr. McCuish):

That this House direct the Minister of Justice, who allegedly advocates civil rights for all Canadians, to consider the civil rights of one real Canadian and resolve forthwith the case of Donald Marshall and remedy any injustice done to him.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

BANKS AND BANKING

CALL FOR REVERSAL OF INTEREST RATE POLICIES—MOTION UNDER S.O. 43

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I rise under the provisions of Standing Order 43. Last week the president of the B.C. Council of Forest Industries predicted "significant additional lay-offs and forest company bankruptcies" in our already hard hit lumber industry unless there is soon a stimulus to housing starts. Meanwhile two major Canadian banks announced last week unjustified one quarter per cent and one half per cent increases in their already high mortgage interest rates, thus killing the desperate hopes of our number one industry. Therefore I move, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

• (1415)

That the Minister of Finance immediately change course, call in the presidents of these chartered banks, together with Mr. Bouey, and demand that these industrial saboteurs cease and desist their fifth column activities, reversing their usurious and destructive high interest rate policies in order that Canadian home builders and woodworkers can get back to work and put our economy back on the road to recovery.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

THE BUDGET—QUERY RESPECTING INTRODUCTION OF LEGISLATION

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of Finance. It is now obvious that the minister's budget of November 12 is proving to be a disaster for the Canadian economy. As far as businessmen, farmers and the average taxpayers are concerned, it is creating nothing but confusion and uncertainty. It is complicating their ability to plan for business and to file federal income tax returns.

The minister has now admitted to yet another mistake by backing down on the application of the sales tax proposal, which, incidentally, now results in some 30 to 40 changes to his

budgetary provisions. The original proposal involved some 163 technical amendments to the Income Tax Act.

What does the minister propose to do to end this continuing uncertainty and confusion? Is the minister planning further changes? Is he planning to proceed with the implementation of the budget as is? If so, can the minister indicate when the necessary legislation will be introduced in the House? Or will the minister show some courage and common sense, withdraw the budget, and bring in a new economic program so that we can get the country working again?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, one would need to be participating in the Address in Reply to the Speech from the Throne in order to cover the waterfront which has been laid out by the hon. member in his question. Just let me deal with one point in the hon. member's question. With respect to the decision to delay the implementation date for the manufacturers' sales tax, that suggestion was made weeks ago by the hon. member for Edmonton West. It has subsequently been made by various business groups who wanted to have more time to examine this major change.

Mr. Clark: Why did you put it in there in the first place?

Mr. MacEachen: It seems reasonable to me that one ought to accommodate that type of reasonable request.

Mr. Huntington: Why was it in there?

Mr. Wilson: Just another blunder.

Mr. MacEachen: I would expect that the hon. member should give some marks for the willingness to take into account representations received from some hon. members and from the business community.

Mr. Nielsen: Why did you put it in there in the first place?

REQUEST FOR MEASURES TO ASSIST OIL AND AGRICULTURAL INDUSTRIES

Hon. Don Mazankowski (Vegreville): Madam Speaker, that in no way alleviates the confusion and uncertainty. That change, as well as the 30 or 40 other changes which the minister has proposed, simply adds to the confusion and uncertainty. Added to that, the combined effects of the minister's budget and the National Energy Program are cirppling the agricultural and energy industries, particularly in western Canada. Oil production in the west is shut in. In the meantime Canada is importing some 500,000 barrels of oil a day, causing layoffs, bankruptcies, and further aggravating our balance of payments. In the agricultural area, the huge increases in the price of fuel and fertilizer caused by the National Energy Program and the minister's budget are crippling that industry.

What positive measures is the minister proposing to take to alleviate these difficulties and to get these two major and very important industries in Canada working again? Will the minister take some positive steps now or in the next few weeks to alleviate the hardships imposed upon those two very important sectors?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member again has covered the waterfront in his question. Let me just take one point and remind him that it is rather common for hon. members in the House to attribute difficulties that are being faced in the oil industry, for example, and the energy industry, either to the National Energy Program or to the budget provisions. He might look around the world, into the United States, for example, and ask how—

• (1420)

Mr. Clark: That is where all the rigs are.

Mr. MacEachen: —the Canadian budget could possibly affect conditions there. Canadian rigs, having gone down there, so it is alleged by hon. members opposite, do not find the amount of work they expected in the United States. Hon. members ought to realize that there are more things at play at the present time in the energy industry, including a rapid fall in world demand for the product, and falling world prices. It seems to me that these are the underlying factors which are influencing the situation, not the National Energy Program.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

CONSUMER CONFIDENCE

Hon. Don Mazankowski (Vegreville): Madam Speaker, it is rather strange that the minister is so short of answers today. During the election campaign of 1979-80, he and his Prime Minister said that they would manage the economy in such a way that interest rates would come down, because the economy would be administered in a sound manner. Where are all the answers now? They had the answers then, but he has not been able to answer one question which I have put to him. I have asked him to bring forth some explanation to alleviate the uncertainty and confusion.

Since increased consumer spending is the key to economic recovery, and since the Conference Board of Canada indicated that consumer confidence in Canada is "incredibly bad", what specific measures will the minister take to restore consumer confidence, something which his current policies have in fact destroyed?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in the last few weeks I have been consulting with a wide variety of private sector organizations. I have not found a single representative of these organizations who did not support the notion that the main cause of uncertainty in the country at the present time, including—

Mr. Nielsen: Is the government—

Mr. MacEachen: —declining confidence, is the high rate of inflation. To fight inflation is the policy which is required in present circumstances to be implemented in order to improve confidence in the country.

TIMING OF INTRODUCTION OF LEGISLATION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is also directed to the Minister of Finance. It is supplementary to a question which the hon. member for Vegreville just put to him. Departmental officials have advised me that draft legislation on tax provisions in the budget will be brought forward in about a month's time, following which there will be consultation with the private sector, and that the final legislation is not expected to be put before the House until autumn. Would the minister confirm whether in fact that is his intention?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I want to bring in the draft legislation, the comprehensive Ways and Means motions, just as soon as the drafting is completed. An all-out effort is being made in the department to produce that legislation as soon as possible. It will be made public just as soon as it is finished. Then I would like, as I indicated earlier, to have an opportunity for the public, for interested groups, to make comments on the draft legislation before it is brought into the House as a formal bill. That will be done as soon as possible. I am not in a position to put any firm time schedule on that process today.

EFFECT ON SENIOR CITIZENS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, departmental officials are advising many people of this. I was giving the minister an opportunity to try to relieve the obvious uncertainty that the rumours emanating from his department are creating. Let me focus on one very clear area of uncertainty, that is, the impact of the budget on pensioners or on senior citizens. There are seven individual items in the budget which can result in increased taxes for senior citizens. Would the minister today relieve the uncertainty of these people on fixed incomes by saying that the bill show some compassion and make some changes in these seven items in the budget in order to avoid these increased taxes on senior citizens when he brings forth the draft legislation?

• (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I dispute the statement of the hon. member. There have been a number of questions raised over the past several months with respect to pension effects.

Mr. Wilson: Read your budget.

Mr. MacEachen: As I recollect, in each case I gave a positive and sympathetic answer, including the questions which were raised by the member for Halifax soon after the budget. I think that the hon. member for Etobicoke Centre is very late in raising these matters which, as far as I am concerned, have already been dealt with in question period.

* * *

THE ECONOMY

REQUEST FOR ACTION TO PATRIATE

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is also for the Minister of Finance. On the weekend, we finally patriated the Constitution and at long last achieved legal independence in this country.

Some hon. Members: Hear, hear!

Mr. Broadbent: Simultaneously, Canadians have noticed a series of advertisements across the country with reference to the Constitution stating that the future belongs to us.

Considering that 53 per cent of our manufacturing and 63 per cent of our mining is foreign controlled, will the minister assure the people of Canada that the Government of Canada will embark on the serious task of patriating the Canadian economy which has much more relevance to the daily lives of most Canadians than does the Constitution?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, here again the proposals of the government with respect to the oil and gas industry were laid out in great detail—

Mr. Waddell: Too little, too late.

Mr. MacEachen: —in the National Energy Program more than a year ago. These still are the valid objectives of the Government of Canada. I would hope that the New Democratic Party could give us some support on the implementation of the National Energy Program.

Mr. Broadbent: Madam Speaker, as usual, the minister is not informed correctly. We voted on the one matter of substance, which was the expansion of Petro-Canada.

* * *

FOREIGN INVESTMENT REVIEW AGENCY

ELECTION CAMPAIGN PROMISE

Mr. Edward Broadbent (Oshawa): Madam Speaker, considering that on the weekend one Canadian out of three expressed the disturbing view that he or she thinks they may lose their job because of a general insecurity about the economy, and considering that government documents produced last fall show the government is aware that foreign-owned firms in Canada are responsible for the loss of thousands of jobs, precisely because they do more sourcing abroad than do Canadian firms, how does the government justify backing

down on its commitment made in the 1980 election campaign to expand the power of FIRA over foreign corporations operating in this country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I must say that I am increasingly surprised at the line of questioning being followed by the leader of the New Democratic Party. He is advocating job creation and greater investment in the country and, at the same time, he is undoubtedly raising questions which would have the very serious effect of adversely influencing much needed investment in this country. I cannot think of a worse contribution to make in present circumstances than to advocate additional interventionist measures in the economy which would have the effect of creating even greater discouragement and disincentive in the country.

Some hon. Members: Hear, hear!

Mr. Broadbent: The minister cannot have it both ways. In his first answer he cannot say to the House that the government is interested in dealing with foreign-owned corporations and say in the second answer that the government is not interested at all. That is the kind of hypocrisy we see too often in the Liberal government.

ACTIONS OF FOREIGN OWNED CORPORATIONS

Mr. Edward Broadbent (Oshawa): Madam Speaker, will the minister deny an assertion made in the government's own documents that we are losing thousands of jobs in Canada because foreign-owned corporations here source more out of our country than do independently Canadian-owned firms? If he does not deny that, why does the government not move ahead and exercise authority over these firms to ensure that they produce more jobs in this country?

• (1430)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, what I said to the hon. member in reply to the second question was that the government does not plan any additional measures at the present time. In the National Energy Program we have laid out a very ambitious series of steps in order to increase Canadian participation and ownership in that important strategic sector of the Canadian economy. That is our policy, and we continue to support it. However, it was also stated in the document tabled at budget time, entitled "Economic Development for Canada in the 1980s", that it is not the present intention to extend that policy to additional sectors of the Canadian economy.

Mr. McDermid: Thank God for small mercies.

Mr. MacEachen: That is not having it both ways; rather, it is moving in a timely way in order to achieve the major objective of the government at the present time, namely, concerning the field of oil and gas in the country.

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF FEDERAL MINISTER OF THE INTERIOR OF AUSTRIA

Madam Speaker: I have the honour of drawing the attention of the House to the presence in our gallery of Mr. Erwin Lanc, the Austrian federal Minister of the Interior.

Some hon. Members: Hear, hear!

* * *

[*English*]

METRIC CONVERSION

BUSINESSMEN'S REFUSAL TO ADOPT SYSTEM

Mr. Bill Domm (Peterborough): Madam Speaker, the Minister of Consumer and Corporate Affairs, the minister responsible for the Metric Commission, and several of his colleagues, are on record as saying that the government does not intend to use heavy-handed tactics of fines, seizure of equipment and even imprisonment to force its mandatory metric conversion orders in several sectors of the Canadian economy.

I have been advised that very shortly names and signatures will arrive in this House, attached to a petition from over 100 businessmen which states:

> We refuse to convert our business operations to metric measurement as long as the compulsory features of the (Weights and Measures) Act are in force.

What does the minister responsible intend to do then? Does he intend to add refusal to go metric to the dozens of government-caused reasons for Canadians going out of business in droves, or does he intend to put Canadians in jail for using Canadian measurement?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): No, Madam Speaker. I think the hon. member should know that the reason that aspect of the program has become compulsory is because of the request of the industry itself. It is the industry which has recommended that it be done in this manner.

Mr. Siddon: Talk to the little guy.

Mr. Ouellet: We have said before that we do not intend to send people to jail. We are very confident that, in fact, a large majority of the population will recognize that this convention is in the best interests of Canada, in terms of our economic situation with regard to sales not only in Canada but also abroad. I have every reason to believe and hope that citizens will follow the law and will not disobey it.

JUSTIFICATION FOR CONVERSION PROGRAM

Mr. Bill Domm (Peterborough): Madam Speaker, if the minister had done his homework he would know that the sector dealing with grocery stores asked the minister not to implement metric at this time since the United States decided not to

move. In that case, the minister will be glad to know that the little group which he deems to be fanatics—those opposed to metric—now includes not only the governments of Nova Scotia and Prince Edward Island, but will shortly also include the new Progressive Conservative government of Saskatchewan.

Some hon. Members: Hear, hear!

Mr. Domm: How can the minister possibly reconcile the costly and needless federal program which is so much at odds with a steadily increasing number of provincial governments, not to mention the dozens of firms and industries which oppose it, and the hundreds of thousands of ordinary Canadians whose appeals so far have apparently fallen on deaf ears, at least on the other side of this House?

Mr. Nielsen: Deaf ears and fat heads.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, from the hon. member's words it is clear that even he is qualifying people who are against metrication as conservatives. The hon. member obviously prefers to live in the past instead of looking ahead. He refuses to acknowledge that metrication is in the best interests of Canada and that the decision to go metric was made not only at the request of Canadian companies but also following a federal-provincial conference where the Government of Canada and the ten provincial governments supported metric conversion. It was a unanimous decision by the 11 governments.

* * *

[*English*]

CRIMINAL CODE

REQUEST THAT SUBJECT OF PROSTITUTION BE REFERRED TO COMMITTEE

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of Justice. I would like to point out to him that we may now have a Constitution and we may now have a Charter of Rights and Freedoms, but in many major Canadian cities, residents cannot go to the corner store or go to church, or take their children to daycare centres, without being hassled by hookers and their customers.

Some hon. Members: Oh, oh!

Miss Carney: The minister has given me a written commitment that he has referred this issue to the Standing Committee on Justice and Legal Affairs. The steering committee has instructed the minister's parliamentary secretary to discuss this issue with him. Since the minister agreed to refer the matter to the justice committee, and since the justice committee is prepared to discuss it as soon as possible, when will the minister present a reference to the House which gives the justice committee the authority to examine this matter and suggest amendments to the Criminal Code to deal with this problem?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, a long time ago I said that I wanted the committee to study the problem at the same time it studies Bill C-53. I do think that we are making our best effort to refer it to the committee and authorize the committee to make some suggestions while studying that bill. However, it is the hon. member in the other party who does not want to make that compromise, who insists on having a—

Mr. Paproski: Svend Robinson.

Mr. Chrétien: No, no. It is the hon. member in your party, Sir and Madam, who is insisting that there be a formal reference. If hon. members do not want to do it in the normal way in the committee while discussing a bill related to that type of problem, I will certainly try to get a formal reference to the committee. However, I thought that the hon. members opposite would offer themselves the opportunity while studying Bill C-53. However, the hon. members of your own party, Madam, are the ones who have become too sticky on procedure and have not wanted to deal with the substance of the matter.

Mr. Paproski: I thought it was Svend Robinson.

Some hon. Members: Oh, oh!

REQUEST THAT MINISTER INTRODUCE AMENDMENTS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is directed to the Minister of Justice, who has made allegations against hon. members of our party who are unfortunately not in the House today. However, I know that it was our justice critic who moved the motion in committee to set up a sub-committee on prostitution. Therefore, since it was our party which moved the motion to ask the committee to deal with this subject, we are hardly in the position of obstructing it.

Some hon. Members: Hear, hear!

Miss Carney: The very simple fact is that in spite of two years of waffling on this matter by the Minister of Justice, he made a commitment to the residents of the West End in Vancouver and to two B.C. cabinet ministers that he would bring in the necessary amendments by the fall of 1980. This is the spring of 1982. Therefore I would ask the minister if he is prepared to deal with this matter in the justice committee. His answer certainly confuses me. It is not at all clear whether he will discuss it in the justice committee. If he is not prepared to deal with it in the House of Commons, will he honour his commitment to bring in amendments to the Criminal Code?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I think that if the hon. member feels so strongly about the matter, she

should take the time to go to the committee to see what is going on there.

Miss Carney: I have been.

Mr. Chrétien: I must say that in January I made an offer in writing to the justice critic in her party. He is the one who has always insisted that there be a formal reference, while the subject matter is already discussed in Bill C-53 in broad terms. However, if he continues to nitpick and insists that there be a formal reference, I will try to organize it. However, the procedures of the committee are the responsibility of the committee, not of the Minister of Justice.

Mr. Clark: Not the reference.

Mr. Chrétien: Of course, if the hon. members want to use this type of tactic, I want the problem to be discussed in the committee. I felt that it would be nice to deal with it through Bill C-53. If hon. members want to have another reference to further delay, I will give them another reference.

Mr. Clark: Good!

Some hon. Members: Hear, hear!

Mr. Chrétien: The Tory party will have once again utilized procedural technique to ensure delay, because if it wanted to deal with the problem in Bill C-53, it could be dealt with right away.

Some hon. Members: Oh, oh!

* * *

• (1440)

[*Translation*]

DISASTERS

INQUIRY WHETHER GOVERNMENT WILL HELP EASTERN TOWNSHIP REGIONS AFFECTED BY FLOODING

Mr. Irénée Pelletier (Sherbrooke): Madam Speaker, my question is directed to the President of the Privy Council, who is also responsible for emergency planning in Canada. In view of the flooding that has affected a number of towns in the Eastern Townships on the weekend, and I would mention especially Sherbrooke, Lennoxville and Richmond, and the considerable damage caused by the flooding, which is estimated at several million dollars according to preliminary estimates, could the minister inform the House whether the areas affected by this disaster will be able to obtain some form of assistance from the Canadian government?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, we are of course quite aware of the situation prevailing in the area described by the hon. member as well as in other areas. I can assure the hon. member that under its program for compensation in case of natural disasters, the federal government will, as soon as the province of Quebec so request, provide compensation and take appropriate action to assist the areas affected.

* * *

[*English*]

NORTHERN AFFAIRS

GOVERNMENT POLICY ON TAXATION OF NORTHERN ALLOWANCES

Mr. Rod Murphy (Churchill): Madam Speaker, my question is to the Minister of Indian Affairs and Northern Development. On March 30 of this year he met with representatives of the Canadian Labour Congress and listened to a request by them that there be an extension of the remission order on the taxation of northern benefits until the government comes up with a policy on what kind of tax benefits people in northern Canada should have. He also promised that he would get back to the representatives of the Canadian Labour Congress once he had met with other cabinet ministers who are on the cabinet committee concerned with the matter. Does the minister have an answer for the millions of workers across Canada who are very concerned about this taxation policy?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): No, Madam Speaker. I do not have an answer to many of the submissions put to me by the Canadian Labour Congress the other day, outside of the initial response I gave, namely, that many of the recommendations were already being seriously considered, that they parallel those in the mining community, that that study would require some considerable time and during that time we would be getting back to them for further refinement of their views and exchanges. That process is going on. The meeting with them was only three or three and one half weeks ago. It is premature to have a decision at this time.

EXPIRATION OF TAX REMISSION ORDER

Mr. Rod Murphy (Churchill): Madam Speaker, my concern and the concern of a number of other people who live in northern areas is that this taxation policy was announced years ago. It was again announced in the budget of last November. The minister just responded that it will take a lot longer before the government has its own policy in place. The remission order on taxation of the benefits expires this year. Those people in the various unions in northern Manitoba have to know what they are going to be negotiating this year. If the government does not come up with the policy soon, how can the workers know what to negotiate when their collective agreements expire? The cost of housing there is high. The cost of transportation there is extremely high. They have to know what the hell the government is going to do.

Some hon. Members: Shame!

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): As the hon. member knows, Madam

Speaker, in the hope of being helpful we have extended this remission order each year pending the finding of a solution that is more equitable, in other words a solution that will assist those northerners who do not have benefits that are non-taxable. Many who do not have collective agreements do not have benefits. The remission order does not help them one iota because they do not receive any benefits. That is obviously inequitable and unfair.

While we are considering submissions from those such as the CLC, the mining companies and others, for the extension of the remission order or some other policy that will help those employees who receive benefits, we are also under an obligation, as a government, to try to help all those northerners who are not even fortunate enough to receive any benefits. That takes some time. We are trying to find an equitable means to do that. May I say that some of those people who receive no benefits do not have the benefit of any organization whatsoever to speak for them. It is a complex matter. I fully realize more notice or as much notice as possible is required for collective agreements. We will try to have a solution as soon as possible.

PRESS CONFERENCE CALLED TO ANNOUNCE MEASURES AFFECTING NORTH

Hon. Erik Nielsen (Yukon): Madam Speaker, I have a supplementary question with respect to the taxation policies of the government in northern Canada. An announcement has been made that the Minister of Energy, Mines and Resources and the Minister of Indian Affairs and Northern Development will be holding a joint press conference this afternoon at 3.30 for the purpose of announcing what they term new energy initiatives in the two northern territories and in other northern parts of Canada. I assume part of that announcement will include the extension of the subsidization program put in place by the previous administration. What other new initiatives are going to be announced at that conference by either the Minister of Energy, Mines and Resources or the Minister of Indian Affairs and Northern Development? I would hope the minister would take Parliament into his confidence and tell us prior to 3.30 this afternoon.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I would advise the hon. member for Yukon that part of the reason for the timing with respect to these announcements is to accommodate the media with respect to disseminating the information—

Some hon. Members: Oh, oh!

Mr. Blenkarn: Parliament does not count any more.

Mr. Munro (Hamilton East): —with respect to accommodating the media as it serves northerners. If the hon. member wishes to be consistent, I think he will be the first to agree that news of this kind, which has such a tremendous impact on the north, should be communicated first to northerners rather than hear it in the south—

Some hon. Members: Oh, oh!

Mr. Munro (Hamilton East): —again putting northerners in the position where they are the last to hear about policies wich affect them. That is something we would like to avoid. I am sure the hon. member for Yukon would agree.

REQUEST THAT MINISTER MAKE POLICY ANNOUNCEMENT IN PARLIAMENT

Hon. Erik Nielsen (Yukon): Madam Speaker, there is a northern member here from Yukon, one from Western Arctic, and one from Nunatsiaq. The media in the north are up. It is now almost 12 noon in Yukon. It is one o'clock in the Northwest Territories; in the eastern Arctic it is two o'clock. I wonder if the minister could answer my question and inform not only the pure northern members but those members on all sides of the House who represent northern ridings in the provinces throughout this country. Will he take the House into his confidence and tell us what he is going to do?

Some hon. Members: Hear, hear!

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I strongly suspect that the hon. member for Yukon may very well know what is in the package, mainly from the point of view that this government has involved itself in a policy where we brought into our confidence the members of the Yukon government and the territorial government in a task force to study the whole energy question. The policies we are announcing now reflect that type of input.

Mr. Nielsen: What about the northern portions of the provinces?

Mr. Munro (Hamilton East): The last I heard, it was a Conservative government in the Yukon. In terms of avoiding unnecessarily offending any of the members of this House, I am sure my colleague, the Minister of Energy, Mines and Resources, would agree we would be more than happy to get the press kits with all the details over to hon. members as quickly as possible before the press conference. I reiterate that I think they are well aware of what is in the press kits.

REASON FOR NOT MAKING ANNOUNCEMENT IN PARLIAMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is to the acting Prime Minister who, I assume, takes responsibility for this determination to hide from Parliament information—

Some hon. Members: Oh, oh!

Mr. Clark: —hide from Parliament information which will be made available to the press outside Parliament, denying the opportunity for questions later this day. A question has been put regarding a policy that has already been set and published. The only question is whether it will be made available to the elected representatives of the people of Canada here in the

House of Commons of Canada, or whether Parliament will again be avoided. Will the acting Prime Minister tell us why this government insists on avoiding the House of Commons on this question?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the government obviously does not avoid the House of Commons. It is on deck every day dealing with questions raised by members of the House. We do it day after day, week after week, and the opposition takes full advantage of that opportunity. A question has been put by an hon. member to the minister, and he has answered fully in accordance with the practice and the rules of the House.

• (1450)

REQUEST FOR DETAILS OF PROPOSED ANNOUNCEMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, may I ask the Minister of Energy, Mines and Resources the detail of what he is going to be announcing to the press and what his colleague refused to announce to Parliament? Will he tell the House of Commons now what he proposes to tell the press at 3.30 p.m.?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, indeed I would be very happy to announce what my colleague, the Minister of Indian Affairs and Northern Development, will announce. It is very significant, a major program for help to remote communities and particularly northern communities. That program involves the expenditure of some $24 million for energy studies and demonstration programs in remote communities. Out of this there will be at least $10 million for the Yukon and Northwest Territories.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, you see, that was not difficult, was it?

Some hon. Members: Hear, hear!

* * *

CANADIAN BROADCASTING CORPORATION

PROPOSED APPOINTMENT OF MR. PIERRE JUNEAU AS PRESIDENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me put another question respecting Parliament to the President of the Privy Council. The President of the Privy Council has spoken about his interest in parliamentary reform and his determination to have this institution play a more prominent role in public business in the country. I wonder if he would agree to take a step in that direction by referring to the Standing Committee on Communications and Culture the proposed appointment of Mr. Pierre Juneau as President of the Canadian Broadcasting Corporation, in order that Parliament can, in this instance, begin the practice of confirmation hearings on important public appointments.

Hon. Yvon Pinard (President of the Privy Council): There are many steps, Madam Speaker, that we are prepared to take, but we would like to take them in the right direction. I can assure the right hon. member that all suggestions relating to improving the functioning of Parliament will be considered very seriously. He knows we are now having discussions at the level of House leader, on the substance of changes that could be brought to parliamentary procedure. It that does not work, we will see what we can do in due time. In the meanwhile, if he has steps to suggest, we will consider whether they are in the right or in the wrong direction. I would hope that he has better suggestions to make than the one he has made now.

PARLIAMENTARY DISCUSSION OF APPOINTMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will the President of the Privy Council explain why the House of Commons, why members of this Parliament, should not be allowed to discuss the appointment of the president of the Canadian Broadcasting Corporation, before that appointment is made?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the Leader of the Opposition has been asking me questions about parliamentary reform and he is now asking a supplementary regarding an appointment by order in council. That is the prerogative of the Prime Minister, who, I am sure, can provide every justification for the appointment of Mr. Pierre Juneau, a person who enjoys considerable respect throughout Canada, and we are in fact delighted with his appointment as President of the Canadian Broadcasting Corporation. As for the procedure to be followed with appointments by order in council, that is the responsibility of the Prime Minister, and it is a matter of government organization, not a parliamentary matter.

* * *

[*English*]

NUCLEAR ENERGY

CANADIAN TECHNICIANS IN ARGENTINA

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is to the Minister of Energy, Mines and Resources. The Government of Canada has applied economic sanctions, for example halting credit for exports, against Argentina during the Falkland Islands crisis. Atomic Energy of Canada has 71 Canadian specialists who now are finishing the Candu reactor in Argentina. Has the government recalled these experts?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Non, madame le Président.

An hon. Member: Why not?

REQUEST THAT TECHNICIANS BE WITHDRAWN

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, the minister is aware that a senior official to the Argentinian president, Dr. Ussher, admitted to the American writer, Amory Lovins, that the Candu reactor was chosen for "military and strategic reasons." Not only that, but Dr. Ussher said that Argentina has two plutonium separation facilities—and not one as we were led to believe—meaning that Argentina will soon have weapons-grade plutonium enabling it to produce its own nuclear weapons. In other words, we will have another big bang from Argentina like the one we got from India. Will the government stop being hypocritical, offering peacekeeping on the one hand, and supplying material for nuclear weapons on the other hand? Will he now order the withdrawal of the 71 technicians from Argentina?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, if the quote from this particular Argentinian is correct, I would advise my hon. friend that Argentina has certainly made the most stupid decision ever made—if they bought a Candu thinking that would help them for military purposes, because it is the most expensive and circuitous way of achieving military purposes. As far as the other point raised by the hon. member is concerned, he is very much in the same category as the Argentinian commentator to whom he has referred.

* * *

FISHERIES

WEST COAST SALMON FISHING REGULATIONS

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is to the Minister of Fisheries and Oceans. As the minister will remember, last week I was able to send to him letters on two matters in British Columbia. The first was the recommendation for a net-buy back provision and compensation for Fraser River fishermen, in view of the fact that they will not be able to fish. I would like the minister to respond on whether that will be accepted by the department.

The second point concerns salmon licence regulations which were passed last year and only referred to last year and do not refer to this year. Yet the department has notified fishermen that if they do not have a licence—which they cannot legally apply for—they will be prosecuted and their equipment seized. Would the minister straighten up these difficulties?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I have received the hon. member's note and I have asked that information be assembled for an answer. On the second point, I am told that there was an error in the draft regulation but that it is being corrected now, if that has not been done already. I know that I have signed the order.

QUERY RESPECTING FUEL SUBSIDIZATION FOR TUNA FISHERMEN

Hon. John A. Fraser (Vancouver South): Madam Speaker, I wonder if the minister could tell us whether as a result of the discussions which were held earlier between the minister's officials and fishermen on the west coast interested in getting into tuna fishing and who have requested that the government consider oil subsidization, fuel subsidization, in order to take these very efficient boats from the badly depleted salmon stocks over to the tuna, any decision has been made by the government with respect to that? That decision, of course, would be primarily a conservation decision and probably would be supported by most Canadians.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, the reaction to the suggestion of fishing for tuna was very positive. We have had discussions with the fishermen's group and we are trying to come up with a solution. If we can move that way, it will be a good conservation measure for the Chinook salmon, which are in rather difficult shape.

* * *

NATIONAL ENERGY PROGRAM

ALBERTA ROYALTY REDUCTIONS

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. The fact that the National Energy Program is more than a disaster is recognized by almost everyone in Canada, with the possible exception of the minister and some of his officials, and apparently the Minister of Finance. In an attempt to mitigate some of the disastrous results, last Tuesday the province of Alberta announced some very important royalty reductions. While most observers feel that the Alberta changes are important and useful, they also feel that it will be necessary for the federal government to match this reduction in royalties by reducing the PGRT and NGGLT in order to enable this industry to get back on its feet. Will the minister act as responsibly as the government of Alberta and make similar arrangements on behalf of the federal government?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to remind my hon. friend that under the National Energy Program we have achieved a rate of conservation of energy and a rate of substitution in favour of natural gas and electricity and other forms of energy, which is as high as had been forecast and we have met with great success. In the area of Canadianization under the National Energy Program we have succeeded in reducing foreign ownership by as much as 6.5 per cent in a space of a year, and in the area of pricing we have achieved an agreement with the government of Alberta which will mean cheaper prices to the consumer than would have been the case under the Conservative government.

Some hon. Members: Hear, hear!

Mr. Lalonde: These, Madam Speaker, have been achieved under the National Energy Program. I would like to remind my hon. friends that a study by the United States Department of Commerce came out in the last few days indicating that the United States affiliates in Canada in the energy field are going to increase their expenditures in 1982 compared to 1981 by 28 per cent, while they are going to increase their expenditures in other countries only by 18 per cent. That is the kind of show of confidence that has arisen out of the National Energy Program and the agreements we have had with the province of Alberta, the province of Saskatchewan, and the province of British Columbia.

• (1500)

I suggest to my hon. friend that he look at reality and at comments in today's press saying that the industry expects a very bullish year and a very, very active year in 1983.

Some hon. Members: Hear, hear!

Mr. Andre: Then I wonder why people in Detroit can buy gasoline cheaper than people in Windsor.

Some hon. Members: Hear, hear!

REQUEST THAT GOVERNMENT TAKE ACTION

Mr. Harvie Andre (Calgary Centre): Madam Speaker, as a result of the National Energy Program half of this country's petroleum drilling industry has left the country. Thousands of people have been laid off. Dozens of companies have gone into bankruptcy and receivership. Three hundred thousand barrels of Canadian production per day are shut in. Seventeen billion dollars of capital has fled the country as the result of the National Energy Program.

The government of Alberta has recognized something is wrong. It has moved to take action. It has taken some important initiatives. Will the federal government act as responsibly? That is the simple question.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the government of Alberta has acted in response to a commitment it gave when we reached an agreement last September. The government of Alberta agreed to review its royalties. Alberta recognized that something had to be done with respect to its royalties, and I expect the government of Saskatchewan and the government of British Columbia will follow soon. What the government of Alberta has done had been to honour the commitment it made under the agreement.

In the meantime, we have gone even further than required under the agreement with regard to taking measures to reduce the amount of shut-in oil in Alberta and Saskatchewan by expanding the price for new oil to categories of oil which were not covered under the agreement. These are things we have done, and they have meant significant benefit to the industry. I invite my hon. friend to look at them.

PETITION

MR. KEEPER—GLOBAL QUOTAS ON LEATHER FOOTWEAR

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred and eighteenth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Winnipeg-St. James (Mr. Keeper) on Thursday, April 8, 1982, and finds that the petition does not meet the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Third report of Standing Committee on Indian Affairs and Northern Development—Mr. Penner.

[*Editor's Note: For text of the above Report see today's Votes and Proceedings.*]

* * *

PETITION

MR. HARGRAVE—NATURAL GAS TAXATION POLICY

Mr. Bert Hargrave (Medicine Hat): Madam Speaker, it is my privilege and, indeed, my duty to present a formal petition on behalf of my constituents. The purpose of this petition, signed by 12,689 citizens of my home city of Medicine Hat and Redcliff, is to indicate to the government the crisis now being experienced by every home owner and resident due to the natural gas taxation policy of the National Energy Program. The nature and purpose of this petition is to demand that the government's budgetary policy respecting these punitive natural gas taxes be reassessed in view of the ensuing hardships and illegality of these natural gas taxes.

My constituency petitioners hope and pray, Madam Speaker, that you will find their petition in order and that you will note the urgency and desperation of their plea due to more than a 100 per cent increase in their utility bills, and that you will allow discussion and referral to committee at the earliest possible date.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,259, 3,621 and 4,100.

[*Text*]

LOTO CANADA

Question No. 3,259—**Mr. Heap:**

1. Does Loto Canada have an office in Toronto?

2. Does Loto Canada have four directors and, if so, in each case (a) what is his/her name and the amount of remuneration (b) what are his/her duties?

3. What are Loto Canada's present debits and credits?

Hon. Gerald Regan (Secretary of State): 1. No.

2. Loto Canada has four directors at this time. A per diem amount of $250 is paid to all board members to attend Loto Canada board meetings, with the exception of Mr. Gordon Kritsch who is a public servant and does not receive that remuneration. The names of the directors are as follows:

(a) Miss Danielle Desbiens, Montreal, Quebec, Mr. André Gauthier, Chicoutimi, Quebec, Mrs. Dorothy Pratt, Ottawa, Ontario, Mr. Gordon Kritsch.

(b) The duties of the board members consist of overseeing the affairs of Loto Canada in the winding down of the corporation and are in accordance with the provisions of the Canada Business Corporations Act.

3. Loto Canada's present debits and credits are as shown in the following balance sheet as at March 31, 1980.

Loto Canada Inc.
(Incorporated under the Canada Business Corporations Act)

Balance Sheet
as at March 31, 1980

Assets

	1980	1979
Cash and deposit certificates		
Funds reserved in prize account	$ 3,129,869	$ 26,739,285
Funds available for general purposes	15,540,732	11,098,581
	18,670,601	37,837,866
Accounts receivable and advances		
Due from Receiver General for Canada	—	2,108,543
Other	56,412	1,004,324
	56,412	3,112,867
Deferred expenses	—	463,522
	$ 18,727,013	$ 41,414,255

Liabilities

Unclaimed prizes—completed draws	$ 3,129,869	$ 20,727,986
Accounts payable and accrued liabilities	2,698,964	14,674,528
Provision for prizes—future draws	—	3,237,990
Deferred revenue	—	2,773,750
Receiver General for Canada account	12,898,179	—
	18,727,012	41,414,254

Shareholder's Equity

Capital stock—1 common share authorized issued and outstanding	1	1
	$ 18,727,013	$ 41,414,255

Order Paper Questions

OLD AGE SECURITY

Question No. 3,621—**Mr. Herbert:**

1. What is the maximum amount that a person receiving old age security pension may receive in earned income and still be eligible for the full guaranteed income supplement?

2. At what level of earnings does this person lose all payment under guaranteed income supplement?

3. What is the maximum if the income is from investments?

4. What are the comparable figures for a married couple who both receive the old age security?

5. What would be the estimated cost if the basis for reducing the guaranteed income supplement payments were changed to one dollar deducted for three received?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): 1. For a single pensioner, the maximum guaranteed income supplement is payable as long as yearly income is less than $2,400. This means any income apart from old age security benefits, whether the income is from earnings or other sources. For a married old age security recipient whose spouse is not eligible for either the old age security or spouse's allowance benefit, the maximum guaranteed income supplement benefit is payable (in the quarter January to March 1982) as long as the combined yearly income of the couple is less than $2,780.76. This amount increases quarterly in line with increases in the old age security pension.

2. For a single pensioner, eligibility for a guaranteed income supplement, in the quarter January to March 1982, would cease when yearly income reaches $5,496. In the case of a married old age security beneficiary whose spouse is not eligible to receive either the old age security benefit or spouse's allowance, the guaranteed income supplement would no longer be paid when the combined yearly income of the couple is $13,724.76 or more. The income level at which entitlement ceases rises every quarter in line with increases in the maximum supplement.

3. Same as 1 and 2 above.

4. For a married couple who both receive the old age security pension, the maximum guaranteed income supplement would be paid to each spouse if their combined yearly income was less than $4,800. A married couple, in the quarter January to March, 1982, would continue to receive at least some guaranteed income supplement until their combined yearly income reached $8,496.

5. If the basis for reducing the guaranteed income supplement were changed to one dollar deducted for three received, it is estimated that program expenditures would increase in the order of at least three-quarters of a billion dollars per year.

OFFICIAL LANGUAGES

Question No. 4,100—**Mr. Herbert:**

With reference to the answer to question No. 3,721, are there offices in the province of Quebec with large numbers of employees that might distort the figures on the percentage of English and, if so (a) at what locations and how many English and French language employees are engaged at the locations (b) what would be the percentage of public servants working in the Department of

Energy, Mines and Resources in Quebec who indicated English as their first official language, if such locations were excluded?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: Yes.

(a) At the Technical Field Support Services Division of EM and R in Hull, Quebec, there are 22 employees who indicate their first official language as English and 18 employees who indicate French as their first official language.

(b) It is 18.5 per cent.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

* * *

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,769 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 3,769 shall be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

PRIVATE FIRMS OR PERSONS RECEIVING GOVERNMENT CONTRACTS

Question No. 3,769—**Mr. Beatty:**

With reference to the answer to question No. 3,522, what was the purpose of each contract?

Return tabled.

[*English*]

Mr. Smith: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

ENERGY MONITORING ACT

MEASURE TO ESTABLISH PETROLEUM MONITORING AGENCY AND TO AMEND CERTAIN ACTS

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved that Bill C-106, respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act, be read the second time and referred to the Standing Committee on Energy Legislation.

He said: Mr. Speaker, as I rise today to speak about the legislation before us, I want to take a moment to reflect on the historic steps this Parliament is taking.

We have just received our Constitution from Great Britain. The Canada Act, which is ultimately a modern expression of the commitment to nationhood we made more than a century ago, now rests where it belongs. It does, in a legal sense, provide a certain formality to the independence we have enjoyed for many years. But, more importantly, it signals to all Canadians that we are truly, and in all ways, a sovereign and independent country. I look forward to seeing a heightened pride among all our citizens, and a new era of national enthusiasm.

Historians will undoubtedly decide that the Constitution was the major achievement of this Parliament. But they will also surely decide that the National Energy Program marked a significant step forward for Canada as a strong and rigorously independent nation. A significant portion of this program is now before us as proposed law.

Much of the legislation on our parliamentary agenda this spring, including this monitoring bill, was tabled last June as draft legislation. The revised version is the result of extensive consultation with the industry and its associations, provincial governments and major financial institutions. Their advice has been seriously considered and taken into account.

The legislation follows a commitment made by the leader of our party, the current Prime Minister (Mr. Trudeau), in a speech in Halifax during the last election campaign. It was during that speech that he unveiled the National Energy Program, including the promise of a petroleum pricing and auditing agency. The agency was to keep a watch on industry costs, profits and operations. We followed that by referring to the agency again in the last Speech from the Throne as a device not only to monitor industry revenues and expenditures but the levels of Canadian ownership as well.

[*Translation*]

Let us now consider for a moment the raison d'être of energy enterprise monitoring. Once again I would refer hon. members to the goals of the National Energy Program. We want at least 50 per cent Canadian ownership of oil and gas production by 1990, because the oil and gas sector is vital to this country's economy. To achieve this goal, we must obtain information on the industry and on the manner in which it is developing our oil and gas resources. We want to be sure that there is a real increase in the number of Canadian participants and not merely concentration of power in the hands of a few large companies operating in Canada. Canadian ownership through Petro-Canada, for instance, will balance the range of ownership in the industry.

The Petroleum Monitoring Agency was established in August, 1980, for the purpose of collecting this information. In the National Energy Program, its role is defined as follows, and I quote:

—to monitor and report on the activities and financial performance of the petroleum industry in Canada ... It can ... carry out its duties and provide advice to the Minister of Energy, Mines and Resources. It will also provide independent comment on information that is essential to the Government's energy strategy and to the public's understanding of energy issues ... The Agency will receive information secured under the Petroleum Corporations Monitaring Act concerning costs of production, profitability, research and development efforts, and reinvestment behaviour. It will also monitor and report on ownership and control in the industry. The Agency will issue reports on a regular basis that will permit the Government and the Canadian public to be assured that the revenues resulting from higher oil and gas prices are being used in ways that enhance Canada's energy security".

Before bringing in the National Energy Program, the government had already realized that it needed timely and accurate information on the industry, an information requirement emphasized in a document called "Energy Strategy for Canada", published in 1976. How else could Canadians judge whether government policies on management of Canadian oil and gas resources had positive results? Clearly, a monitoring agency is of vital importance. The agency in question has the authority to monitor about 120 major oil and gas companies.

Indeed, our country and Parliament need to be informed and must have all the data on activities being carried out in this major sector of our economy, the oil and gas industry. The energy monitoring bill now before the House is aimed at expanding and further developing the role of the Petroleum Monitoring Agency. The agency advises and reports to the minister, but may also publish its own reports.

Only enterprises with gross oil and gas revenues or assets in excess of $10 million must file a report. Previously, companies with assets of $5 million came under the jurisdiction of the agency. This amount has been increased to avoid burdening smaller companies with the administrative work involved in filing returns.

Companies will have to provide information on their revenues and exploration expenditures according to the type of petroleum or gas being produced. Data will have to be provided not only on ownership and control but also on subsidies obtained from the government, oil-derived funds leaving the country, research and development projects in the industry and production levels. The companies will also have to provide accurate tax data which will be used to evaluate the impact of future tax changes on the industry's operations and their cost.

• (1510)

[*English*]

The agency will also monitor the oil and gas activities of individuals, trusts and partnerships that meet the financial thresholds of $10 million per year in revenues or $10 million in assets. As well, public sector participation in the industry will come under scrutiny. The structure of the industry is changing and for a complete picture to unfold through the Petroleum Monitoring Agency, these additional players in the industry had to be added.

The government is anxious to minimize the reporting burden faced by the industry. It is sensitive to the costs that can be involved in supplying all of the information governments seek to collect. It is for that reason that information supplied to the monitoring agency will be made available to the Department of Finance and to Statistics Canada. The Department of Finance will get information solely to formulate or evaluate energy taxation policy. By judiciously sharing this information, we can make it possible for companies to report only once and still meet the data collection requirements of a number of government departments and agencies.

The industry, of course, is anxious that some of this information be treated confidentially—and it will be. To ensure the confidentiality of this information, restrictions against disclosure will also apply to the two other departments along with the Department of Energy, Mines and Resources that can receive the information.

Should the need ever arise, we want the government to be in a position to monitor other sources of energy, namely coal, uranium and thorium. It is impossible to know today what quantities of these three commodities will be needed to supply energy in the future. We cannot predict with certainty the structure of energy supplies in the decades ahead. But we can plan for the future, and so we have included these three potential candidates for monitoring down the road, depending on the use we make of them and the nature of ownership and control patterns within each. We would be shortsighted indeed if we did all of the work we are doing to increase Canadian ownership and control in the petroleum industry but ignored those factors in other resource areas which some day could be far more important.

This legislation includes two lesser groups of amendments. The first concerns the Energy Supplies Emergency Act. A number of housekeeping changes are being made, covering everything from definitions to the board's authority to delegate its workload. Second, we are amending the Oil Substitution and Conservation Act, largely to enable us to meet our obligations under last November's agreement with Alberta to expand natural gas markets. The agreement includes incentives to undertake sales and promotional activities and we have to broaden the authority of the legislation to do that.

I will not take the time of the House now, Mr. Speaker, to describe the legislation before us in any more detail. We still have a great deal of work to do before it can be finally approved and members will want detailed information at the appropriate stage of legislative consideration. But I do not want to take my seat without emphasizing the importance of the principles involved here. The National Energy Program will create the conditions that will enable Canada to achieve energy self-sufficiency and security. Canadians have shown their strong support for this goal. In Parliament, we took an important first step with the Canada Oil and Gas Act, which established the ground rules for petroleum development in our

exciting frontier areas. We are now about to continue that work. The energy monitoring act will give us the tools, through the already established Petroleum Monitoring Agency, to gather the information we need.

The act has been drafted in such a way as to avoid imposing reporting requirements on small firms; but in the interest of gathering the complete story, reporting requirements must be extended to the large new players in the game and must draw out facts and figures on a wide variety of subjects.

The energy monitoring bill is an important part of the legislative package before us. It will enable us carefully to monitor progress toward the major goals of the National Energy Program.

With these words, Mr. Speaker, I conclude by hoping that the legislation before the House can be disposed of efficiently and expeditiously.

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I should like to begin by saying that I am sure members on all sides of the House share the minister's hopes for a happy future in Canada and would like to mark the milestone that was achieved on Saturday with that thought. I should add very quickly, though, that on this side of the House in particular, we hope that the kind of future we see for Canada is not the one which the minister and the government would give us with the sort of legislation presented today and the economic and energy planning we have had over the past two years. I do not think Canada can stand much more of that kind of planning if we are to have a future. I hope the government's successes will not be along the lines of the kind of legislation which has been passed to date over the last several years.

• (1520)

Bill C-106 is before us now. It is an interesting sequester from Bill C-94, the omnibus bill with which we were presented first. We might call this bill a "minibus" because it is really the bottom of the barrel. It has three different, separate and distinct parts to it, any of which in their own way could have a significant impact on the energy scene. I think each needs to be dealt with individually and looked at reasonably closely.

With each day the number of Canadians without jobs rises, with continued high interest rates and an increasing number of bankruptcies, all of which points to the lack of competence on the part of the Liberal government. The National Energy Program which should be called the Liberal energy program because the real question is whether national interests are being served by the program as it stands now.

Many difficulties have been created and not solved by this program in different regions and provinces. Most Canadians, if they had a chance to get an insight into the consequences of this whole program, would have serious reservations about it. Reservations about the oil industry have been there over the years with consumers feeling ripped off, etc. The main activator in the oil and gas industry has been the amount of exploration and development that has taken place and is a reason why western Canada has flourished. But this industry is feeling the first impact of the National Energy Program and is now being presented with yet another piece of legislation which will influence directly the amount of control the federal government has over its day-to-day activities.

The first part of the program is the energy monitoring act. This bill as described by the minister will ostensibly allow the government to look at what is happening in the industry. But through a number of devices, it goes much further than that. I think there can be no argument that the federal government should know what is happening as far as energy related activity in the country is concerned. The real question is how much control will fall into the hands of the federal government. What is the government going to do with the information it receives? What will Bill C-106 accomplish?

What we have seen so far up to 1981 in terms of government involvement is the loss of 8,000 jobs in the energy exploration area in Alberta. I do not know if we have figures for the last several months but we can assume that trend will continue, at least for a while. That not only affects the people of Alberta but the economy of Canada as a whole. All this has been a direct result of the legislation thus far brought in—legislation which has also had a severe impact on consumers across Canada.

The National Energy Program has resulted in energy prices arrived at by the federal government, including large increases in federal taxation, that have caused a substantial increase in costs to consumers. These costs will continue in the years to come under the provisions of the bill so far described.

Let us look at the effect this monitoring agency will have. What has happened since the first part of the energy program came into being? The most recent figures show that oil well completions have dropped 25 per cent, exploration drilling has dropped 19 per cent and development drilling has dropped 28 per cent. All of these things have occurred because of increased government involvement in, and influence on, the oil and gas industry.

The minister spoke about the government not wanting to do anything but look at what was happening in the industry. But two specific things will happen. First, this bill requires any energy related industry in Canada—specifically oil and gas, although the minister has indicated that coal, uranium and thorium are also included—to give full disclosure of all activity, including financial statements, etc.

The amount of regulatory and other control which might come out of this process is of very great concern. There is provision in the bill for some smaller industries to be excluded, but that is not written in stone. The suggestion is that any industry could be required to conform. The amount of extra paper burden and work required by the industry in order to live up to the regulations provided by this type of bill are of serious concern to the industry. They are yet another blow to the ability of the smaller enterprises to continue. They are a very real concern to businessmen who would like to carry on business activity in Canada and be able to do it relatively free from the kind of government involvement implied by this bill if it goes through.

In looking at this bill there is another concern; that is, the definition of Canada for the interpretation of the bill. It includes a definition of Canada, the federal government, with a 200-mile control area beyond our coasts. I wonder whether it is really appropriate for that definition to be included in a bill like this in view of the lack of co-operation between the federal government and provincial government of Newfoundland and the fact that the matter is before the courts right now. Obviously the 200-mile limit is a contentious point with the government of Newfoundland. It is a point, I think, which should be reconsidered by the minister.

Not only are the producers, the so-called bad men in the oil industry, being affected by this bill but also the dealers and distributors. These are the local people, many of whom are friends and neighbours who are involved in carrying on economic activity in towns or villages. These people too are susceptible to this type of regulatory control. They can be required to provide the kind of documentation the minister says he needs in order to maintain control. This is another serious imposition on the conduct of free business activity in a favourable environment in Canada. For the above reasons my party has very grave doubts about this bill, and I do not think we can see ourselves supporting it without some significant restriction on the amount of actual power and control which the minister may have if this bill is passed in its present form.

• (1530)

Another point is that the minister again provided himself with many discretionary powers. Of course, this is one thing about which we have grave concerns. Many things are possible through ministerial discretion and orders in council which individual Members of Parliament will not have an opportunity to scrutinize. These matters are of continuous concern. There are many examples in the bill of how that power will be implemented and used. Questions should be asked of the minister as to how far he will go in carrying out these discretionary powers. How many more orders in council can we expect in trying to implement this control?

The second part of Bill C-106 attempts to amend the Energy Supplies Emergency Act, 1979. It is interesting to note that there is not much difference in the present amending process, but the act itself should be considered to find out whether or not other amendments are appropriate and whether the act will actually provide the security about which the minister spoke so fondly a few moments ago. With or without the amendments, the act itself is of little benefit to the security of Canadians who will be faced with energy shortages, especially those east of the Ottawa Valley, if there is an international crisis or difficulty in securing energy supplies from other countries.

It was not until the 1970s that the government seriously considered the situation. It was increasingly clear to most people in the country that the situation in the Middle East was very volatile and that we could be facing difficulties in terms of supply sources from the area at almost any moment. Discussions took place and arguments continued. Finally in 1978 a government document was prepared, which was followed in 1979 by the Energy Supplies Emergency Act. The act provided definitions as to how energy would be allocated, what was of prime importance and what was of secondary importance. Also it provided a rough distribution system in the event of a crisis and a shortage of supply. Now we have just an explanation of the allocation process wherein the Canada Post Corporation is defined as the system which will distribute the rationing coupons and wherein the government is described as being able to affix whatever price is necessary to the actual coupons.

The question is whether we have moved any closer to security of supply in the event of an emergency. The minister made reference to the National Energy Program, but if we take a look at it and at what has happened to date, we will realize that there is no better day than today to look at what is happening in the western and eastern parts of the country. In the west today at least 80,000 barrels of oil are locked in. By this summer there will probably be 200,000 barrels locked in because they cannot be distributed. In reality we have not gone any farther toward providing security of supply for eastern Canada. In fact we have taken a giant step backward in that we have the production capability but are not able to distribute in a reasonable manner to the eastern part of the country.

This is costing Canadians a lot every day. It is costing them about 16 cents per gallon for unleaded gasoline at the pumps. It is costing the country because we are spending $18 per barrel in compensation charges and giving this money to other countries. We are still very vulnerable, almost totally vulnerable, on the eastern coast to international situations. We have a distribution coupon system through the revisions to the Energy Supplies Emergency Act in order to distribute resources that we have either not developed or that are locked in. We cannot distribute supplies reasonably to the eastern part of the country.

Interestingly this holds true for natural gas as well. We have talked a long time about extending the pipelines to the east coast so that we can distribute natural gas, which is very plentiful in western Canada, into markets that we know exist in Quebec, New Brunswick, Nova Scotia and Prince Edward Island. The difficulties have been partially created by the federal government and its energy program. We are just as vulnerable today as we were ten or 12 years ago. It will be a long time into the future before we are in better shape.

Another question is why we have been paying compensation charges and going through the whole energy program. Do we really have anything to show for it? Do we have the security we should have? In 1981, compensation charges cost about $4.5 billion. The government collected over $5 billion in compensation charges, but we still do not have security or the reservoir of 140 million barrels of oil which the Americans have put away for use in the event of a crisis. Where is ours? We have talked about caverns and storagability, but what have we done about them? Not much. We are dedicating ourselves to maintaining good relations with companies and countries with which we are bargaining for imported oil supplies. When

a crisis comes about or there is an emergency, we know we will be vulnerable to allocations through the International Energy Agency. For what are we paying? Is it really to our benefit to maintain such relationships or to continue such activities? I think not.

The amendments to the Oil Substitution and Conservation Act are contained in the final part of the bill. The act has two major sections. There is conversion from oil or the oil substitution program, and the so-called DSEP, which is an extension of the services for taking laterals and distributing natural gas or other supply lines into smaller communities.

There is no question that the first part of the program has been successful, probably more successful than the government could have hoped for in the first instance, but it has created problems. One reason for its success has been the fact that the management of the conversion program is left to the utilities when it involves electricity and natural gas. Much of the administrative work has been carried out efficiently and effectively. This is all well and good. On the other hand, there has been great difficulty with conversions other than to electricity or to natural gas. These have fallen within the purview of the federal government.

It has taken the government a long time to get its act together. It is lagging behind, and there are many difficulties in the program. We all hope that many of those administrative problems will be worked out, but there is a real question as to whether or not in terms of improving the balances the objectives are being achieved so far as renewables and other alternatives from electricity and natural gas are concerned. I think that is a debatable question. I believe there can be much more effort applied in that area to improve those balances and to provide as many conversions as possible in those areas which are indigenous either to a region or a province. This should be done in a manner which is equitable to all Canadians.

• (1540)

Alberta is an excellent example. In many cases, people cannot take advantage of programs such as this because there is not the necessity for energy sources other than gas. Therefore, they do not benefit from this program which was meant to benefit all Canadians.

Since the Northwest Territories do not have natural gas or electricity, this program will not benefit them. While I appreciate that they have additional opportunities, many more steps could be taken to improve conversions in that area.

The DSEP program which was announced in March of this year has two main problems, which were created, partially due to delays, and also by the limitations which were placed on the program when it was introduced. The program as it now exists will likely serve only urban interests. The rural parts of Canada which were unable to be supplied with natural gas will still probably not be serviced by gas companies and public utilities. The reason is that the amount of the contribution to these companies to put these laterals out and extend services into smaller communities is so limited that they will only be able to service areas within a mile of their trunk lines or the areas they now service. Obviously, that is a severe restriction and will result in very few rural areas in either Quebec or Ontario obtaining service. Although this program marks a beginning and steps have been initiated, these deficiencies must be considered. The program will have to be improved in order to accommodate the needs of many people in rural parts of Canada.

Another problem concerns the lead times which were given to the companies to submit their programs and suggestions. The time is so short that many companies may not be able to comply within the time period which has been set by the government. Both these areas should be improved, but at least we have a beginning. Both programs are supported by this side of the House.

One of the main questions when studying the amendments to the Oil Substitution and Conservation Act is whether or not the emphasis has been changed. If the minister reads Section 4 on page 16 of the bill, a question which he might answer concerns the way in which it has been defined. While on one hand it might be argued as being very beneficial, the question is whether indeed there has been a change in the emphasis of the whole program. The way in which the amendment reads, it stipulates in most cases "other than oil". In many cases it has excluded electricity and gas but has not defined or stipulated any other energy source or activity. The question is whether, by exclusion, the minister is suggesting that he will not consider other alternatives to the same extent as gas and electricity. I believe that is a reasonable question to ask the minister. I can see some advantages in how this definition is worded, but at the same time there are some reasonable doubts which warrant a more detailed description.

Another question to be considered is: How does a piece of equipment, such as a heat pump, fit into this program? The heat pump is becoming an increasingly viable and valuable option in terms of energy, and when one reviews this description, I am not sure whether it can be included or whether it is meant to be included under "other energy sources" or other types of energy transmission. One of the main concerns we have when reviewing the whole energy program is that there never has been a basic understanding of the need to define what alternatives or options would be in the best interests of Canadians in the long term. This concern is not only raised by Bill C-106 but is seen as a common thread throughout the whole legislation, whether in research and development, or in specific energy activities we see within the Department of Energy, Mines and Resources, or in the Department of Finance when making its revisions to the taxation regime.

For example, in terms of conservation, if we look at the measures in this bill to convert away from oil, if we convert massively to electricity—which has happened in many areas of Canada, such as in Quebec and Ontario—and create another set of problems for ourselves, we would have given ourselves a short-term solution but an increasingly long-term problem. These areas have never been defined accurately or considered

intelligently. The entire question of efficiency, which is important and necessary in the relationship of different energy activities, has not been described.

The minister will know that the special committee that reported to the House as well as to him made many recommendations on how to deal with the meaning of conservation in a comprehensive way. Apart from the negative implications created in the minds of people when we talk about conservation, the fact is that conservation is an efficiency which could benefit not only the lifestyle of Canadians but Canada as a whole. These facts are continually overlooked when individual departments do separate studies in isolated and unco-ordinated ways.

I would strongly urge the minister to undertake to study some of these basic questions and deal with them in a comprehensive way so that we may look forward to a future which would not be left with a crisis such as we have now as we attempt to deal with our energy needs in Canada.

In conclusion, the basic question we have concerns the direction in which we will head in managing energy affairs in Canada. The course the government is obviously following with this measure, which was initially included in the omnibus Bill C-94, is a course which means an increasing and continuous government involvement in all levels of the energy sphere. While this may be reasonable and debatable in some areas, in other areas, particularly where business activity is involved, the government has proven, through its daily demonstration of its management of its own affairs and that of the country, that it cannot and should not have the confidence of Canadians and should withdraw from many of these areas to allow those individuals who are knowledgeable and capable of making their own choice to become involved in the sort of activities which will generate economic wealth for all of Canada.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I rise to speak on an act respecting energy monitoring which will also amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act. I wish to put that on the record so that the minister will be sure I am speaking to the right bill.

One thing that I think I have learned—some members may suggest it is the only thing—during the last two and a half years I have been in the House is that the Liberal Party will never do anything by halves which can be done by quarters. This act is an outstanding example. I would not give it such an exalted title. I would call it the "Powder Puff Act". When the Liberals have a problem, they want to study it. If it is a bigger problem, they will monitor it. As long as one can continue to study and monitor it, one just kind of hopes that the problem will go away. It is called the Mackenzie King theory of government, and it is ably practised by the party across the aisle.

• (1550)

This agency is like the chicken monitoring a den of foxes. It is really kind of useless. It reminds me that in many speeches in this House, in Saskatchewan and elsewhere, Tommy Douglas used the line about everything being equal. It is capitalism, every man for himself. He said it is similar to what the elephant said when he was dancing among the chickens. This bill is like having one lone chicken dancing among the elephants. I want to tell the minister why. I hear the minister yelling across from me. I want the minister to look—

Mr. Lewis: Tell us about oil.

Mr. Waddell: If the hon. members to my right would just listen for a moment, I might show them something they may be very interested in.

Mr. Lewis: Doubtful.

Mr. Waddell: I have in my hand an excerpt from a Liberal campaign ad. I know how much the Liberals like these ads. In *The Globe and Mail* of February 2, the ad stated:

> To ensure fair costing, there will be a petroleum pricing and auditing agency.

Does the minister remember that? It continued:

> A new permanent petroleum pricing and auditing agency would be established to investigate and report on industry costs, profits and operation.

Mr. Lalonde: Right.

Mr. Waddell: It continued:

> This will also see to it that money earned in Canada will be reinvested in Canada to find new sources of energy.

It seems to me that in this bill the Liberals are downgrading the concept of a strong, independent monitoring agency. In fact, the ad of the Liberal Party gave the impression during the campaign that this would be a pricing agency to ensure fair costing. It is far from that. It merely gives a statistical survey of the industry. That is what it does. It is a toothless tiger. It is a powder puff. That is why I called it the powder puff bill.

Therefore, what I am saying to the minister is that during the 1980 election campaign he and his party gave the impression that they would do something about industry rip-offs. Had not the Bertrand commission at least alleged that the industry had ripped off something like $12 billion in price-fixing over a period? It is an example of the government pretending it would do something with a tough monitoring agency. It really did not do anything.

The gist of my opposition and the crux of our party's objection to this legislation is that it is really a toothless monitoring agency. If we had the chance, which we may hopefully have in the future, we would set up a commission on oil prices and profits. We would call it "COPP", because it would act like a good cop and it would have the power to investigate prices and profits. It would have the power to roll back unjustified prices.

Nowhere in this bill is there power given to the Petroleum Monitoring Agency to do what I suspect people would really like it to do, that is, to examine oil prices and, if there were rip-offs, to roll them back. My friend the hon. member for Comox-Powell River (Mr. Skelly) will speak a little later for our party on that aspect of the Bertrand commission and the

present rather farcical hearings into oil price fixing which are now being held across the country.

Once again, the Liberals study a matter, monitor a matter or hold hearings. I see that the Minister of Consumer and Corporate Affairs (Mr. Ouellet) is present. After he deflected Mr. Bertrand, he deflected the Bertrand report into these hearings going on across the country. I appeared before the commission in Vancouver and advocated that it recommend a petroleum monitoring agency which would have some real powers, unlike the one in this bill. That commission has just announced that it will not consider the rip-offs that have occurred in the past; they will look only into the present circumstances. So we can just forget about all of the past rip-offs. It is a perfect example of the minister getting out from under the tough duty of rolling back prices. That is really the gist of our criticisms with regard to this bill.

I want to deal with some of the background notes in the bill and make some comments about some proposed amendments. When we come to parts of the bill which I think are good, I will say so. Never let it be said that we do not congratulate the government when it brings in something good. It is simply that we are prepared to criticize the government when it brings in something which is as Mickey Mouse as this, something which is a powder puff or a toothless tiger, when there is really a job to be done out there.

According to the notes put out by the government, the new Energy Monitoring Act will replace the Petroleum Corporations Monitoring Act. It will enable the federal government to obtain, on a regular basis, complete information on the activities and financial performance of enterprises which have more than $10 million in oil and gas revenues or $10 million in assets. The new legislation will require enterprises above the threshold size to file additional information, as I understand it, such as the following: first, revenues and operating costs of producers by type of oil and gas, by method of production and by geographical location; second, ownership and control of companies; third, petroleum incentive payments and tax-related benefits to the industry; fourth, research and development activity of the oil and gas industry; fifth, value and volume of production statistics; and, finally, the flow of funds between Canada and other countries.

I have no objection to the government requiring this information provided it obtains it by the least bureaucratic method possible. Presumably, this information will enable the federal government to monitor and assess the impact of the various components of the National Energy Program. It will apparently also give the government the means to formulate ongoing energy policy. I understand that the information collected will be confidential, subject to certain exemptions. Perhaps more could be said about this in committee with respect to how the freedom of information legislation would fit in, if we ever get that legislation.

I understand the minister will make the information available to the department for policy formulation and to the Petroleum Monitoring Agency for analysis, and that the regular publications of the Petroleum Monitoring Agency will provide Canadians generally with an overview of the activities and financial performance of the petroleum industry in Canada. That is fine. I think we do need an overview of the activities and financial performance of this industry because it is a strategic industry. It is a strategic industry which, as Your Honour knows, is, by and large, controlled and owned by foreigners. No other industrial country like ours would permit such a strategic industry to be so controlled by forces outside the country. Certainly, Norway did not do that when it opened up the North Sea. Certainly, the United Kingdom would not go for that. Indeed, the person who originally advocated a government window and some government direction to a strategic industry like oil was Sir Winston Churchill. I do not hear my friends to the right heckling me when I say that. It was Churchill who advocated a role for the British government in petroleum after the First World War. That is why that country became involved in British Petroleum.

The Petroleum Monitoring Agency was established under the Inquiries Act on August 1, 1980. We have this agency and now the act is bringing it in. It is sort of *ex post facto*. The original agency is going to be continued in name under the Energy Monitoring Act. The agency will consist of a chairman appointed by the government and two members appointed by the minister. It will monitor the industry, advise the minister upon request, publish reports, conduct special studies and inform the general public on industry related matters.

• (1600)

That is fine as far as it goes. It does not do anything about rolling back unjustified price increases and so on. The Canadian people are not interested in monitoring; they are interested in action if there has been some wrongful pricing.

There have been some changes from the draft bill which preceded Bill C-94 and this bill. The government has been more lenient in its requirement of what companies have to report to the Petroleum Monitoring Agency. Originally companies with $5 million in assets were required to report. Under this bill, the ceiling has been raised to $10 million. This obviously means that fewer industries will be scrutinized by the Petroleum Monitoring Agency. We intend to move an amendment to restore the $5 million ceiling. If you are going to monitor, you might as well monitor completely.

Also, the size at the Petroleum Monitoring Agency has been reduced. In the draft bill, the agency consisted of a chairman and up to six members. We must undestand that there was a draft bill last year. Then there was bill C-94, the Energy Security Act, the omnibus bill. Then the bills were split into eight bills. This is the sixth, C-106. Under this bill, the size of the Petroleum Monitoring Agency has been reduced to two members besides the chairman. Is the government downgrading the concept of a strong, independent monitoring agency by reducing the number of members on it? We can examine that in committee, presumably when the chairman of the agency is there.

I made reference to the Liberal campaign ad. The campaign ad gave the impression that there was going to be a rather

toothy agency that would do something with pricing rather than just monitor. The ad also said that money earned in Canada will be reinvested in Canada to find new sources of energy.

That ad was published February 2, 1980. It is interesting to note in the latest petroleum monitoring agency report that for the first six months of 1981, capital expenditures by the oil industry increased by 55 per cent, from $429 million to $663 million. In 1980 investment abroad increased by 63 per cent. So much for the promise that money earned in Canada would be reinvested in Canada. It is nothing new for the country or this House when the Liberal Party does not keep campaign promises. However, it is our duty to keep pointing out the list of broken campaign promises. I would like to reiterate our objections to the Petroleum Monitoring Agency, how it has been operationg and how it highlights the profitability of the industry by emphasizing the net income after tax, which includes deferred tax which will never be paid.

The PMA is underestimating the true profit picture of the industry. A more accurate estimation of profit is profit after income tax only, as was done by Energy, Mines and Resources prior to establishing the Petroleum Monitoring Agency. It seems to me that the PMA underestimated the profit picture of the industry in 1980 by $1.5 billion.

That is a serious matter because if we cannot get a toothy agency with a little power to roll back prices if need be, at least we can get a monitoring agency that will monitor properly. I say that the Petroleum Monitoring Agency is not monitoring properly. That is another aspect that has to be examined in committee.

My friends to my right talk about the difficulty the energy industry is going through in terms of profit picture and so on. I agree that small Canadian companies are having difficulty. We have to look back over the past three or four years at the profitability of the industry. We must do that properly. It is very instructive when you do that. For example, I learned from looking at those figures that one of the central problems the industry now has is this: the industry was making so much profit in 1980-81, and perhaps 1979-80, that it was unlike other industries in Canada. This can be seen if you read carefully the National Energy Program. A building block or basic premise of the National Energy Program was that the industry was doing so well that it could take all its cash flow and reinvest it. That is where its investment came from. Other industries such as manufacturing were not so lucky; they had to go to the bank to borrow and raise capital when they wanted to reinvest. They could not take it entirely from their cash flow.

What happened was that under the National Energy Program taxes were being put on the industry. That had to be because windfall profits were being made. The industry kept right on trying to invest from its cash flow. When it did not have the cash flow, it went to the bank.

The industry in the west is in the same position today as many small businessmen and ordinary people in Canada. They have real problems borrowing money from the banks. They are in hock to the banks. Members might want to look at this pattern of investment in the oil industry in order to really understand what is going on.

The point I raised with respect to the Petroleum Monitoring Agency looking at the industry's accounting method is important. I wish to put on record a letter I wrote to the Minister of Energy, Mines and Resources (Mr. Lalonde) on September 10, 1981, regarding this problem. I wish to put it on record so that when this bill gets to committee Mr. Renouf, the chairman, or whoever appears for the agency, will have an opportunity to read it and comment. I quote from the letter:

Dear Mr. Lalonde:

I want to draw to your attention an underestimation of the true profit situation of the petroleum industry as described in the Petroleum Monitoring Agency's report for 1980. This is the first annual report by the new agency and it has chosen to change how it reports the industry's profits. In 1979 when the monitoring survey was conducted by the financial and fiscal analysis branch of your department, the profitability of the industry was stated in terms of cash flow and profits after current income tax. In the PMA report of 1980, profits are defined as net income after tax which includes deferred taxes. Consequently the PMA underestimates the profitability of the petroleum industry by $1.5 billion had the same methodology been used as before.

The Canadian Petroleum Industry Monitoring Survey 1979, under the title "Highlights—Profitability and Sources of Finance" stated that profits after current income tax rose 53.8 per cent to $4.7 billion in 1979 . . . " Net income is not highlighted as it is in the 1980 PMA report.

The 1979 report states under the heading "Profitability" on page 17 that:

"This section endeavours to estimate rates of return for the petroleum industry. However, this is difficult because the resource industries in Canada enjoy certain tax advantages and follow accounting practices which are different from those in other industries. As a result of certain tax advantages, the petroleum industry has a higher proportion of deferred income taxes to total income taxes than other industries.

● (1610)

Moreover, many petroleum companies expend some of their exploration and development investments. Both of these factors have the effect of depressing 'book' net profits, even though the cash associated with these items is available for investment and, to an extent, for distribution purposes. A more accurate picture of profitability requires that they be taken into account."

And again the 1979 report states on page 4 that

"due to the nature of petroleum operations and associated accounting methods used, it is customary and more meaningful, in analysing the industry's performance, to use internal cash flow rather than net income."

The 1980 PMA report portrays deferred taxes as a liability thereby reducing income after income tax. In reality these taxes are interest free loans which will never be collected. Hence a more accurate reflection of profits is the income after income tax has been deducted, but before deferred taxes have been deducted.

Therefore using the more realistic 1979 report's methodology instead of the PMA's, the 1980 assessment of the industry's profitability should have stated that profits (income after income tax) rose 30 per cent to over $6.2 billion, not 31 per cent ot over $4.7 billion.

I would also like to object to the decision by the Chairman of the PMA, Mr. Harold Renouf, to delay the release of the 1980 report until after the federal government and Alberta energy negotiations had been completed. I consider this deliberate obstruction of the Government's and public's right to know the facts. The decision to withhold publication raises serious doubt about the independence and impartiality of this agency.

In view of the above I ask you to instruct Mr. Renouf to use the previous methodology of your department as in the 1979 report in stating the industry's true profits, and that he not again delay publication of his agency's reports.

I never got a satisfactory answer to that letter and I propose to press on until I do get a satisfactory answer. If I can translate that into English, Mr. Speaker, it means this, that in 1979 the department had a way of looking at industry profitability which was different from what the monitoring industry did in 1980. If it had used the 1979 way of looking at it, the industry profits would have been $1.59 billion greater. Why is that important? It is important because if we are going to have a monitoring industry it might as well work and it might as well have an accurate picture of the industry. I set that out, Mr. Speaker, for more argument in committee.

This bill also deals with amendments to the Energy Supplies Emergency Act; and the hon. member who last spoke dealt with this matter. I note the report states that:

The technical amendments to the Energy Supplies Emergency Act have been made to ensure that there is clear authority for the steps necessary under that act in the event of an emergency that would warrant use of this legislation.

For example, the present act enables the Energy Supplies Allocation Board (ESAB) to make regulations to authorize banks to perform functions relating to the issuance of rationing coupons.

This must be one of the only requirements that this government has ever brought out about getting tough with the banks. If there is some energy emergency, it may force the banks to issue rationing coupons. I note that this report continues:

With the amendments, this responsibility now is extended to apply to trust companies as well.

As far as we are concerned, Mr. Speaker, these amendments are non-controversial and can be supported.

The third act, Mr. Speaker, which is amended by this bill is the Oil Substitution and Conservation Act, which was enacted in 1981. That act provides the government with the means to implement a number of oil substitution and conservation measures proposed under the National Energy Program.

We heard the minister, in answer to a question from the hon. member for Calgary Centre (Mr. Andre) today, say that he felt that there had been some success in Canada in terms of substitution. Now, there had been success, but I wonder whether it is because the government has run the economy into a recession that we are having conservation, or is it really because the government has brought in wise measures that have forced Canadians to conserve? I am not sure. I think it may be the former rather than the latter.

In any case, as a result of the Canada-Alberta energy agreement in September, 1981, the Alberta government agreed to pay moneys to the federal government in order to assist programs for expanding markets for natural gas in the provinces east of Alberta. The amendments to the Oil Substitution and Conservation Act provide clarification of the necessary authority in respect of such programs.

We generally support the substitution away from oil, Mr. Speaker, but it seems to me that the government program is incomplete here in two ways. One is that there is incredible pressure on the government, and there will be soon again, to export natural gas. I sometimes feel I am the only one in the country who seems to be noting that there is this great pressure all over the country to export our natural gas. I draw the government's attention to this problem. If we pass a bill like this, it will encourage substitution of natural gas—which we are supposed to have in abundance—for oil, which we sold out shamelessly in the late 1960s and in the 1970s when we were at one point exporting one-half of our daily production. Let us not do the same thing with gas. Let us not build a series of pipelines and connections to people's homes for natural gas and then turn around in 15 years and say there is a natural gas shortage. That would be a real tragedy. That is what we did with oil. People have said that it cannot happen again. It happened with oil and it could happen again with natural gas. It is important that this be pointed out.

This was one of the bases, Mr. Speaker, of our trust in the pre-build of the Alaska pipeline. We said "Do not pre-build a section of this line and export a lot of natural gas forever through it; hold out for the whole line to be built up to Alaska and be careful with natural gas exports." There are other ways in which this problem can be handled of shut-in natural gas and the demand for cash flow from small companies that have found natural gas. Let me suggest two. One is a natural gas vent, a suggestion of mine which I think was taken up in the National Energy Program. I have not seen much happen to it since it was announced, until now.

Mr. Lalonde: A suggestion about the National Energy Program. It was too late.

Mr. Waddell: The second suggestion was that they might consider a proration system of gas in Alberta so that the small gasoline companies can share in some of that market with the big boys. That might alleviate their cash flow problems and therefore perhaps fine down a little bit their demands for the export of our gas.

This bill will make reference to COSP, which is a substitution program that pays people to substitute. In committee, it might be useful if we examined this program. I know that we do not have time for very many questions in the House of Commons, and if we ask them we are liable to get insulting answers anyway. There need to be more questions put and answers obtained in committee as to why it is taking so long for the government to get applications from people for conversion to natural gas and so on. Why is it taking so long for these applications to be processed and why is it taking so long for the government to get cheques out to people? I think we can pursue this in committee.

The government released what they call a DSEP background in which they talked about the Canada oil substitution program and the conversion assistance program and the distribution system expansion program. In Ottawa one has to be an expert in all these terms—COR, PIP, DSEP, COSP and so on. One has to be careful about what they all mean!

I noticed on the DSEP background, page 2, something which I find rather interesting:

• (1620)

In addition to contributing to the off-oil goal of the NEP, DSEP expenditures this year will generate new jobs and economic spin-off benefits as expansion projects proceed. Economists predict that direct employment, primarily in construction, will reach 2,000 person years. It is estimated that total employment, including indirect and induced will reach 7,500 person years. This includes

the spinoffs that will come from the purchase by utilities and their suppliers of required raw and refined material.

We have been trying to make the point throughout this grand debate on energy security that the government should emphasize conservation and alternate energy much more than it has. For example, the government is spending $6.5 billion on PIP grants to private industry. It is spending $35 million to upgrade its alternate energy corporation, Canertech. There is a tremendous gap between what the government is prepared to pay on the supply side and what it is prepared to do on the demand side to reduce the demand for this resource. What the passage I quoted made me realize is that there are many more jobs—and this is an issue we really must debate further in the House of Commons—in connection with conversion from oil to gas and other alternate methods of heating, the insulation of people's houses, the provision of rapid transit, conservation and so forth.

Instead, what we have talked about almost every day in this House when we—and the press as well—have talked about energy is that Alsands should go ahead at a cost of $13 billion, Cold Lake should go ahead at a cost of $10 billion and the Alaska highway pipeline should go ahead at a cost of $40 billion. We talk about these megaprojects and jobs on these megaprojects, but if we really analyse the situation, we see that there are many more jobs in projects of smaller scale, including conservation and alternatives. That is something which has never really been debated enough in this House.

The hon. member who spoke previously mentioned the report of the all-party committee on energy alternatives. It was a fine report but it was simply ignored by the government. I think we will have to debate that in the committee.

I want to state again very briefly our position on this matter. The monitoring agency which is the heart of this bill is really a paper tiger. It monitors, collects statistics and looks around, but it has no teeth when it comes to being able to roll back prices if there are rip-offs. The hon. member for Comox-Powell River will speak about what is happening in relation to combines legislation and in relation to prices.

This monitoring agency is like a person wearing a blindfold. It hears no evil and speaks no evil; it just reports. That is not good enough. We want a monitoring agency we would call COPP, a commission on oil pricing and profits. We felt the name "COPP" would convey to people what it would do; it would have some real teeth and real power not only to monitor but also to take decisive action if decisive action was required.

I will conclude by saying what I said in opening my speech. I have learned that the motto of the Liberal government is quite clear: do not do anything by halves if you can do it by quarters. If you can give an agency teeth, do not do it. If you have a Bertrand report, just shuffle it off. If you have problems with oil company profits, just set up a monitoring agency. If you have problems with northern energy, just study it, monitor it, look at it, shuffle it and put it off, but never act. That is the position of this government, and that is why we in the New Democratic Party oppose this bill.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Halifax West (Mr. Crosby)—Energy—Nova Scotia offshore development. (b) Measures to assist development; the hon. member for Fraser Valley West (Mr. Wenman)—External Affairs—Plight of Nicaraguan refugees in Honduras. (b) Request for human rights investigation; the hon. member for Madawaska-Victoria (Mr. Corbin)—Energy—Inquiry whether representations will be made to Quebec to reduce impact of gasoline retailers' strike.

GOVERNMENT ORDERS

[*English*]

ENERGY MONITORING ACT

MEASURE TO ESTABLISH PETROLEUM MONITORING AGENCY AND TO AMEND CERTAIN ACTS

The House resumed consideration of the motion of Mr. Lalonde that Bill C-106, respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act, be read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Howard Crosby (Halifax West): Mr. Speaker, my purpose in participating in this debate at second reading of Bill C-106, which relates to energy monitoring, supply and conservation, is to underline the special interest and concern of Atlantic Canada and those areas of eastern Quebec which do not now have access to Canadian oil and gas supplies.

It is quite obvious to residents and governments in Newfoundland, the maritimes and Quebec that we have both a special problem and a clear vulnerability with respect to energy supplies. This special status is reflected in the cost, in Nova Scotia and Prince Edward Island, of electrical energy. The consumers in those provinces pay the highest electric energy costs in Canada. It is the hope and aim of the government of the province of Nova Scotia, for example, that energy costs can be kept at a level equal to the average across Canada and, in trying to carry out that aim, the government of Nova Scotia has experienced cost-deficits in the area of $100 million just to maintain electric energy supplies to consumers at a cost equal to the average enjoyed by other Canadians. It is a very difficult and very serious problem on the east coast of Canada and in the province of Quebec, brought on by the lack of access to Canadian supplies. We view the matter of energy

monitoring, mergency supply of energy and conservation from a very special base.

Let me review very briefly the history which has given rise to this special problem. First, in the 1960s the far-sighted government of the Right Hon. John G. Diefenbaker wanted to develop the Canadian petroleum industry and, in order to do that, Mr. Diefenbaker's government had to encourage Canadians to make use of Canadian oil supplies. In order to bring about that situation, industrial and other consumers in effect had to be forced to use Canadian supplies in the sense of having been cut off from cheap foreign sources of energy in the form of Middle East oil and other sources of foreign crude oil. In those early 1960s there was established a line across Canada known as the Ottawa Valley line beyond which Canadian oil supplies had to be used. This system worked very well and had the effect of developing the Canadian petroleum industry in the face of the unfair competition of foreign oil supplies which were available at much less production cost.

This policy worked well until the early 1970s when the OPEC cartel was formed and the price of foreign oil was artificially raised to a point where it was much greater than the cost of Canadian oil. At that point it was too late to take any immediate action to make Canadian oil available beyond the Ottawa Valley line and particularly to the maritime provinces and eastern Canada. The only position the government could take to equalize the situation across Canada was to embark upon a program of subsidization. Over the years, since the early 1970s that has imposed on the Government of Canada and the taxpayers of Canada a tremendous dollar burden which has, in turn, affected the whole financial well-being of Canada in the sense that it adds on an annual basis to the already overburdening deficit we have in Canada.

Just to put the matter in clear and more up-to-date terms, in 1978, when the revolution occurred in Iran and overnight, there were two million or three million barrels of oil a day lost to the world market. The price of energy rose even more dramatically so that the world price for oil greatly exceeded the Canadian price, to the point were it imposed a great hardship on those Canadians who were forced to utilize foreign supplies of oil at world prices. The statistics I have indicated show that in the late 1970s and early 1980s the price differential between world oil and Canadian oil was in the area of $43 a barrel for foreign oil and $17.75 for Canadian oil. The burden on the government, in order to subsidize that difference so that all Canadians would have oil supplies available at relatively equal cost, was close to $5 billion annually. Consumption at that point in those areas where there was no Canadian oil available amounted to 450,000 barrels a day.

When we look at statistics like that, we realize what a serious problem there is, not only for consumers and those who do not have Canadian oil supplies available, but also for the treasury of the national government, which must take steps to alleviate this difficulty. It is in the context of our knowledge of the dangers of exposure to foreign oil prices, bearing in mind the OPEC cartel, and in the context of being assured of a continuing supply of energy at reasonable prices, that we on the east coast view legislation relating to energy.

• (1630)

The program that was announced by the government in 1980, the National Energy Program, had as its aim and goal self-sufficiency in energy for Canadians. In simple terms, self-sufficiency involves two important aspects: the first is security of supply; the second is price. Once the supply is secure it must be available to all Canadians at a fair price. To the extent that the National Energy Program had the rightful goal of sufficiency in energy with security of supply and a fair price, it could be endorsed by all Canadians. We have come to question whether that is really the goal and aim of the National Energy Program, however.

It included another concept which has caused a great deal of difficulty on the east coast, and that is the concept of Canadianization. Who in this House or anywhere in Canada would find fault with the concept of Canadianization of our industries, particularly such a vital industry as energy and petroleum? But is that really what the government intended? Has the Canadianization process taken place in the sense that we are turning control of our energy industry over to Canadians as individuals and as investors, or are we turning it over to the Government of Canada? In my view, that would not be Canadianization but would be nationalization; that is to say, making our energy industry a simple department, branch or agency of government.

I do not believe, and I am sure most members of the Progressive Conservative Party and indeed most Canadians do not believe, in the government's policy. This country embraces the principle of free enterprise. It was built on the principle of free enterprise, and if it is to succeed it will be on the basis of that principle of free enterprise. I want to highlight that point in my remarks because we have to consider the basic principles of our Canadian system if we are to assess Bill C-106.

There is a principle that is new to the Canadian government, and that is the principle embodied in the Constitution Act which was adopted at the weekend with much fanfare at an event which was graced by the presence of Her Majesty the Queen. Such events appeal not only to our sense of nationality but to our sense of tradition, which is based on our British ties and our involvement with the monarchy. The principle in the Constitution Act and in the Canadian Charter of Rights and Freedoms is that of equalization and the removal of regional disparities. The Government of Canada, through the Constitution Act, embraces that concept of equalization across Canada and accepts the removal of regional disparities as a challenge and a goal to be achieved.

How can the government do that unless it has the goal and aim of establishing fair energy prices for all Canadians? If it is going to sacrifice that goal of fair energy prices for all Canadians on the altar of a concept it has created and which is known as Canadianization, then it is not going to work to the benefit of people in eastern Canada. I want to warn Canadians about that.

What is Canadianization, Mr. Speaker? Basically it involves the specific goal of 50 per cent ownership of the Canadian energy industry as announced in the National Energy Program. According to an article which appeared in *The Globe and Mail* of Thursday, May 28, 1981, Professor Donald Daly of York University believes that, in the decade which began in 1980, Canadianization could cost Canadians $56 billion. At a time when Canada cannot muster the resources to launch the Alberta tar sands project or to explore the Atlantic offshore for the energy supplies we know are there, how is it going to muster $56 billion to buy into the Canadian petroleum industry? What does the government do in order to achieve this objective? It buys a private concern at a cost of $1.4 billion. And where is the money for the purchase to come from? It will come from Canadians through the price they pay for gasoline.

On the east coast and in the maritimes the problem is that the price of energy is too high, whether it be in the form of gasoline for transportation fuels or oil for home heating. That is the problem, but will that problem be solved by adding to the price of energy supplies at the consumer level in order to buy back the industry and get control of it? There is no real evidence that such control will benefit the people of Canada and there is no real evidence that the present practice is against the interests of Canadians. All we are going to do is buy back an industry that is now available to all Canadians—make Canadians pay for it and then force them to subsidize the industry because our resources have been exhausted through buying it back.

I know I am going around in circles, Mr. Speaker, but so is the Government of Canada. What gives it the right to do this? It was elected on a platform of keeping the price of energy, and particularly of gasoline, to the consumer at a lower level than that proposed by the Progressive Conservative Party. In fact, I have here an election campaign folder issued by the Liberal Party of Canada in which it made the promise that, if elected, it would keep the price of gasoline at the consumer level below the level proposed by the Progressive Conservative government. That promise was made at a time when the price of gasoline was less than $1 per gallon, but today, Mr. Speaker, no Canadian on the east coast can buy even the cheapest kind of gasoline at less then $2 per gallon. That is how the Liberal Party keeps its promises on energy. Now it asks us to approve new energy legislation to monitor energy companies and to provide for security of supply.

The fact is that the people of Canada have lost faith in the government delivering on its promises. They are not really interested in monitoring the petroleum industry and they are not really interested any more in the Canadianization of the oil industry because they know it is going to cost them more money. Who is going to pay for monitoring the oil industry? How is it going to be paid for? Where are the funds going to come from to pay for the inspectors, the boards, the commissioners, the inquiries? The money is going to come from the Canadian people, through the price they pay for gasoline, home heating oil and other energy supplies. It is as simple as that, Mr. Speaker. There is no way around it. All the costs of carrying on the business, all the costs of monitoring the business, all the costs of government intervention in private industry have to be borne by the Canadian consumer, who is going to fork it over in the form of a tax on gasoline and energy supplies at the retail level. We would be failing the Canadian public and this House if we did not make that very clear when we talk about monitoring the petroleum industry.

The minister spoke of making plans for emergency energy supplies, but this too will be paid for by Canadians, Mr. Speaker. The price of Canadianization is great and it is unfair that the government wraps its aims in a nationalistic spirit which we all want to embrace. Every Canadian certainly wants the nation to grow, to advance, and wants the economy to become perfected. But at what price and for what purpose? In this respect the government is trying to fool the Canadian people by masking its mistakes in new programs, new concepts, new ways of doing things. These approaches are not new at all but are simply revisions of past policies. Each time the government runs through this exercise the cost to the consumer is increased, yet Canadians on the east coast and in eastern Quebec still do not have access to Canadian oil supplies and so are forced into the world market to obtain energy. As a result, they have to go begging to the Government of Canada for help.

I can say with some pride, Mr. Speaker, that I rose in this House at a time when the consumer price of gasoline in my constituency of Halifax West, Nova Scotia, was in the area of 75 cents per gallon. I said on that occasion, February 15, 1979—and hon. members can find my remarks in *Hansard* for that day—that if the government did not take prompt and effective action it would not be long before Canadians would be paying $2 a gallon for gasoline. How right I was. Today, Canadians are paying $2 a gallon for gasoline and more. The unfortunate part is there is no hope for any reduction in price in the future. At the same time, however, our neighbours to the south in the United States of America who had exactly the same problem we had moved to correct their problem. They are now paying less for gas in the State of Maine than we are in the maritime provinces.

• (1640)

That is the kind of effective action the Americans have taken. I have an article here before me which indicates the Americans have their problem well in hand and are winning the energy battle. That is the difference. The Americans are using the free enterprise system. They are using the resources of the people of the United States to win the energy battle. On the other hand, we are using the resources of the federal bureaucracy and the Government of Canada in a nationalization program which is causing us to lose the energy battle. That is why we have to resort to this kind of flim-flam legislation and all this nonsense about monitoring and alleged security of supply.

We are losing the battle and I can give one example. Through the National Energy Program, the Minister of Energy, Mines and Resources (Mr. Lalonde), backed by the

Government of Canada, told the maritimes people that they would have natural gas in 1983. The year 1983 is only a few months away and we do not even have natural gas in eastern Quebec. How will natural gas be delivered to the maritimes by 1983? Natural gas will not be there by 1983, 1984 or 1985. I doubt that this government will ever be able to deliver natural gas to the maritimes. Again, this is just a charade; going through this exercise of trying to fool the people because this government will not face up to the facts. This government will not face up to the fact that in Canada you have to rely on the resources of the people. You have to rely on private industry to get things done. If you do not, Mr. Speaker, you are in a great deal of trouble.

I just wanted to put those few remarks on the record. I want to warn the Government of Canada again that it should become realistic about its approach to resolving problems in Canada. It should not rely on myths but on substance. It should not rely on theories such as Canadianization. It should be relying on the capability and capacity of Canadians to resolve the problem. If it does not do that, then the government is leading us down that long road which the Right Hon. Mr. Diefenbaker said has no ash cans. That is the road we are on today with Bill C-106 that is before us; we are going down a long road that has no ash cans. That is no solution to this problem.

The solution to the problem is the capacity and capability of Canadians. That is what we have to rely on. We should not rely on a bunch of government bureaucrats who claim through the purchase of Petro-Canada and the reversal of policies on offshore development that we can lighten the energy problem. We cannot. There is all kinds of evidence to show that this government does not know what it is doing. What about the oil rigs that are leaving the east coast exploration grounds and returning to the shore and not going back? Just this week in Halifax a most important energy exploration program to be carried out under the auspices of Shell Oil involving $200 million was delayed for four months because the government's Department of Energy, Mines and Resources did not sit down with the officers and engineers of Shell Oil and come to some sensible arrangement and agreement on how the exploration is to be carried out.

That is illustrative of the burden Canadians will have to bear under this kind of legislation and government interference, which goes against the principles of the free enterprise system and the principles of Canadian industry. It will have no good result.

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, one of the rare treats in the House of Commons is to hear a Tory member speak. What is said is generally anything but informative. The previous speaker has probably given one of the best examples that I have heard in a long time. The report entitled "The State of Competition in the Canadian Petroleum Industry" does not exist for the Tories.

It is interesting to note that in that report there are a number of factors which stress the benefits of the free enterprise system, the unregulated free enterprise system. I want it clearly placed on the record that the previous speaker has come out in support of one of our primary movers and shakers in this country, namely Imperial Oil. This report brands Imperial Oil as one of the prime movers in restricting and stifling competition in this country and failing to give a fair break to consumers.

The hon. member suggests that we should provide more deregulation of that industry. There is Shell Oil, Texaco—

Mr. Crosby: What about the State of Maine?

Mr. Skelly: —and there is Gulf Oil, the group that has been criticized for involvement in an uranium cartel in other areas. So there again is the question of competition legislation. I am convinced, after listening to the previous speaker, that unregulated free enterprise under a Tory government would perpetuate the kind of rip-off that resulted between 1958 and 1972 in the removal of $12 billion from the Canadian consumers' pockets. That is the kind of policy the Tories and the gophers of the oil companies are advocating in this House of Commons.

Second, the Liberal government, literally their partners in crime, have always recognized the problems but never had the jam to come forward and really meet the needs of Canadians.

It is unfortunate that the Minister of Consumer and Corporate Affairs (Mr. Ouellet) is not here any more. We are talking about protecting the Canadian consumer which, in the final analysis, is everyone's goal. But there are a few items here in which the minister of consumer affairs would be interested. He is the minister charged with protecting the interests of consumers and trying to maintain in the pockets of working Canadians, senior citizens and those on fixed incomes some reasonably fair share of the income they struggle to make in this high interest, heavy inflation period.

One interesting feature of the costs we are looking at is the dramatic increase in the price of gasoline and home heating fuel. Hon. members to my right are quite correct in saying that here is a government, during this very serious economic crisis, removing more money almost in an incongruous way from the pockets of consumers while we see prices dropping in other areas of the world.

Mr. Waddell: That is exactly what the Tories plan to do.

Mr. McDermid: Are you promising lower gas prices?

Mr. Skelly: Let us go back for a moment and look at what should be happening. As a result of a number of individuals coming forward and indicating they were suffering at the hands of what appeared to be monopolistic practices in the oil industry, a report was issued. A number of points were dealt with in this report. The first covered the importation of oil in which the parent company transferring oil from multinational companies in Canada was found to be ripping off Canadians on the transfer price. A recommendation ensued which stated that legislation be enacted to prohibit the payment of artificially high transfer prices and that legislation be enacted to grant the appropriate authorities the necessary power to obtain

information that is stored abroad by the parent or affiliated company of a Canadian company. Another recommendation in the report pointed out that one third of the domestic crude oil supply in Canada was held by the same gang of four that had concentrated control over Canadian energy supplies. Also, the control of the pipelines by the same group blocked access of new entrants into the field, those which the Tories would see us bring onstream and which may be of great assistance.

But what is advocated in that report is action. Again we find recommendations that all petroleum pipelines under federal jurisdiction be actively regulated to ensure that anyone seeking to ship special or batched streams of crude oil receives non-discriminatory access to pipelines in a fashion that ensures that communications between crude oil shippers regarding pipeline operations are reduced to a minimum. Also the report recommended that legislation be enacted requiring all major integrated oil companies to divest their holdings in existing pipelines which are subject to federal jurisdiction, and that no major oil company be permitted to acquire a controlling interest in any such new pipeline.

• (1650)

The Alberta petroleum marketing commission modified its limitation on the number of eligible purchases to Alberta crude oil. Then it dealt with the area of refining. Recommendations developed from there that legislation be enacted requiring that all refiners operating in Canada obtain the approval of the National Energy Board for all refinery supply agreements affecting interprovincial and international trade and exchange. Before approving such agreements, the board must consult with the Minister of Consumer and Corporate Affairs as to the likely effect of the agreement upon competition. We have a minister in charge of energy, mines and resources who is governing energy aspects in Canada, we have four major oil companies which seem to be controlling the entire industry, and we have a Minister of Consumer and Corporate Affairs who has done absolutely nothing to protect Canadian consumers.

Perhaps 1971 would be the starting point. At that time there was an attempt in the country to introduce a competition policy. Of course, the onslaught from the business community, the Canadian Chamber of Commerce and the oil companies ensured that the competition was buried very deep, along with the minister of consumer and corporate affairs of the day. There were several more attempts to bring forward effective competition legislation to govern the activities of oil companies and ensure that they did not destroy competition or other enterprises coming into the field with their market power. Those pieces of legislation went down under the juggernaut of Canadian business—the Canadian Chamber of Commerce, banks and major oil companies—and of course the support of the Conservative Party went with them. This put away forever an opportunity for competition legislation.

In 1979 when the Right Hon. Leader of the Opposition (Mr. Clark) was interviewed in *Business Week* magazine, he said that the business community should have no fear because competition, as far as the Conservative Party was concerned, was a backburner issue. I guess that was the last statement of the Conservative Party on the issue. Perhaps it would still see the concentrated efforts of major oil companies controlling Canadian business and exploiting Canadian consumers in the manner outlined inn the report on the state of competition in the petroleum industry.

Today we have the situation where we are looking for competition legislation in the House. For the last two years the Minister of Consumer and Corporate Affairs has been suggesting that he is interested in protecting the Canadian consumer. At one point he said in the House that if there were agreement on bringing forward the legislation, he would have it in the House within two weeks. The minister is nothing but talk. Canadian consumers will be left out to dry, because essentially the Liberal Party has no more intention to control the big four than the Conservative Party has.

As far as the interest of the government in protecting consumers is concerned, it is interesting to note that the report "The State of Competition in the Canadian Petroleum Industry," was dragged out until Bill C-48 was placed before the House. The report was ready for delivery months before it was presented. By presenting or even making that information public there is a certain amount of restraint placed upon the blatant activities of the companies. A certain courage has developed within those who have been exploited to come forward, to complain and to demand action. Presumably the minister, with the support of Cabinet, decided to delay it. We watched week after week as the Conservative Party went insane in the House, screaming and hollering about inequities of Bill C-48, and then suddenly defending oil companies from one week to the next. Then we saw the Minister of Consumer and Corporate Affairs dropping this little jewel, the report on the state of competition in the oil industry, square on the Tory program of supporting the oil companies. Of course, it dropped them to their knees for several days.

This group of people in the House of Commons supported and advocated the benefits of more freedom of activity for a group of companies which essentially ripped $12 billion out of the pockets of Canadians consumers between 1958 and 1973, but only for two days. They managed to cover their tracks, tear the report to pieces and quickly move on. Rather than do anything constructive about the report, looking seriously at taking Imperial Oil into the Petro-Canada group and making it the strongest and most dominant oil company in the country, the Minister of Consumer and Corporate Affairs did nothing. Before doing anything serious about implementing any of the recommendations, the great jellyfish, the Minister of Consumer and Corporate Affairs, turned around and handed the report to a travelling road show to lose somewhere in the backwoods of Canada. This is exactly what happened. The Restrictive Trade Practices Commission has been touring the country, thumping the drum and having a whale of a time. There is no one in the House who seriously believes, when the report comes back from the commission that anything will be

done. The minister used it as a hammer to flatten the Tories, and then got rid of it before it ricocheted and flattened them.

In spite of the lack of resolve on the part of the government, an effective competition policy should be placed before Canadians. It is incredible that the government could watch concentration coming into the energy industry which it no longer controls. We listen to stories about control of our resources which indicate that we have enough for 900 years; then we hear stories which indicate that we are running out of oil quickly and that the prices should be jacked up. If the government had an ounce of resolve to protect Canadians, both those in business and consumers who depend heavily upon that material, we would have had competition legislation in the House long before now. I think the government knows for whom it dances—the banks and the oil companies. Literally we have seen examples of this in the Thirty-second Parliament. This is probably one of the most serious failures of the government. Also we had the Kent commission on concentration in the newspaper industry, and we lost that report. Rather than turning the petroleum inquiry out to the public, it was lost. This is an extremely serious problem.

There are a number of general policy goals in the energy monitoring act. One is to increase Canadian ownership. Another is to increase control in the oil and gas industry. The government should look at a method of increasing benefits to Canadians and ensuring that our resources maximize benefits to Canadians. This is the purpose of monitoring the activities of these companies and the industry; this is the purpose of Petro-Canada.

I have heard the Conservative Party criticize Petro-Canada by saying what a poor job it is doing and that it cannot be trusted. Can we trust the Liberals to run anything? A good job could be done.

An hon. Member: That is the point.

Mr. Skelly: My hon. colleague has conceded the point. What we are basically looking for is an assurance of Canadian benefits through this legislation.

• (1700)

We have heard many discussions in the House about major projects, megaprojects and the tar sands and how this area will be the one which will bail us out, employ Canadians and start the economy moving again. There are opportunities in offshore development. A subject we have talked about many times in the House is the need to monitor the activities of energy companies in Canada with respect to offshore development. There has been no attempt in Canada to develop a marine industrial strategy which would utilize the development of those resources to guarantee benefits, jobs and additional income for Canadians. We have seen companies like Dome Petroleum in the oil resource sector turn around and sell access to the oil in the Beaufort Sea to the Japanese. We have seen one quarter of that oil given over. We have watched the Japanese, in anticipation of obtaining that oil, build one of the world's largest icebreaking oil tankers. We are seeing opportunities going to the Europeans and the Japanese for sourcing the equipment required for projects such as the LNG, the Arctic pilot projects and the Rim gas project. Of course, jobs flow out in that direction as well.

With respect to coal, Federal Commerce and Navigation are building their ships in Europe and the Orient. This is all free enterprise in action. Where are Canadians? Are the Conservatives standing up in the House demanding that they stop doing this? Where is the monitoring of the activities of the energy companies involved in coal, gas and oil while the benefits seem to be going abroad?

Whenever we ask the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray) what he is doing about jobs for Canadians shipbuilders, he stands up and tells us to look at the Burrard dry dock which cost $50 million. Mind you, Mr. Speaker, it was built in Japan. What about the floating dry dock that went into the Beaufort Sea for Dome Petroleum? Of course, that was built in Japan too. We are literally paying, through incentives and subsidies in this country, to send jobs for shipbuilders offshore. We are failing to develop one of the most advanced marine industries in the world by not capturing those benefits.

We are failing to do this through the energy monitoring act, monitoring the activities of those energy corporations and their organizations, monitoring the financial transactions to ensure that we capture the benefits and ensure that Canadians maximize those benefits. When we talk about maximizing benefits, we mean ensuring that the environment is preserved and enhanced and that social benefits accrue to Canadians—not just to central Canada and the major centres but to those traditional smaller and rural communities as well. That is vitally important. The hon. member from Atlantic Canada who just spoke I am sure would agree that there are many communities there which would want to share in that last bang at the resource and be left with a permanent and positive legacy.

The monitoring agency, the Canadian Oil and Gaslands Administration, has virtually left a vacuum in attempting to ensure that social and economic benefits are captured, retained and enhanced in Canada. With respect to the industrial benefits office, we listened to the Minister of Industry, Trade and Commerce and Regional Economic Expansion and the Minister of Energy, Mines and Resources swear up and down before the committee to trust them. What a joke. "Trust me, I am from the government and I am here to help you", he said. That is the call of the Minister of Energy, Mines and Resources.

Throughout Bill C-48 we found nothing but ministerial discretion and nothing in the history of that government since its inception on which any trust could be built. Nevertheless, the majority rammed it through. We were promised an office of industrial benefit comparable to the British offshore supply office which helped to ensure effective monitoring of what those energy corporations were doing and that there were transactions between the British free enterprise companies and

those multinational oil companies. It helped to ensure that those products which were developed were British in origin and were effectively exported. There are thousands of people in that office who are specialists and engineers.

Our agency is a joke. It is not the fault of the people involved who are working hard and with commitment; it is a result of the absolute lack of commitment by this government, in terms of person years and financial commitment to that office, to make sure that Canadians capture the benefits to be derived from a marine industrial strategy. It is an extremely sad situation. I do not know who in the government can take responsibility for its monitoring policies but there is nothing but inter-departmental chaos. It is an extremely sad situation where one department fights with another, with Transport, Finance, Industry, Trade and Commerce and National Revenue all working at cross purposes to each other.

It is vitally important that Canadians capture a full measure of benefits from this last bang at a major resource. I am sure all members of the House want to maximize those benefits for our children and future generations. The very clear message at the bottom of this is that it cannot be done at the destruction of the environment of many traditional communities, whether it be the east coast, north coast or west coast of this country. Those benefits must remain in Canada and the traditional communities must receive an enhancement.

Another question which must be resolved is where we must proceed with our monitoring policy and protection of Canadian consumers. If the government is going to proceed with this series of energy bills, it must bring forward companioned and coherent legislation. We must look at maximizing benefits and developing effective requirements, even if they are regulatory, and dictate how companies should deal with our resources. Basically, the theme should be the capturing of benefits and maximizing those benefits for Canadians. As well, we should have companioned or coherent legislation which would see effective competition policies in this country which would stop the combination activities of companies like Imperial Oil, Shell, Texaco and other multinationals such as we have seen between 1958 and 1973, and even continuing from then to the present. There are some officials in the government who say that those activities are still occurring today. We need the companion activities which go with this legislation and we need a strong commitment by both the government and the opposition to ensure those benefits come to Canadians and that we do not sell out this opportunity.

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Yea.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on the motion (Mr. Lalonde), which was agreed to on the following division:

(*Division No. 166*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chrétien
Collenette
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
de Corneille
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Duclos
Dupont
Erola (Mrs.)
Evans
Ferguson
Fisher
Foster
Frith
Gourde (Lévis)
Henderson
Herbert
Hopkins
Hudecki
Irwin
Isabelle
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lalonde
Lamontagne
Landers
Lang
Lapierre
LeBlanc
Leduc
Lefebvre
Lumley
MacBain
MacEachen
MacGuigan
MacLellan
Maltais
Marceau
Massé
Masters
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ouellet
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Regan
Reid (Kenora-Rainy River)
Roberts
Rooney
Rossi
Schroder
Simmons
Smith
Tobin
Turner
Watson
Weatherhead
Whelan—95.

NAYS

Messrs.

Andre
Baker (Nepean-Carleton)
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cooper
Crosby (Halifax West)
Dantzer
Domm
Fretz
Fulton
Greenaway
Gurbin
Halliday
Hargrave
Hawkes
Howie
Huntington
Jarvis
Kempling
King
Kristiansen
La Salle
Lewis
Mazankowski
McCain
McCuish
McDermid
McKenzie
McKinnon
McMillan
Miller
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Oberle
Ogle

Energy Monitoring Act

Messrs.

Orlikow	Sargeant	Siddon
Paproski	Schellenberger	Skelly
Parker	Scott (Hamilton-Wentworth)	Taylor
Patterson	Scott (Victoria-Haliburton)	Waddell
Reid (St. Catharines)		Wenman
Robinson (Burnaby)		Wright—62.

● (1810)

The Acting Speaker (Mr. Ethier): I declare the motion carried. Accordingly, this bill stands referred to the Standing Committee on Energy Legislation.

Motion agreed to, bill read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Waddell: Mr. Speaker, I rise on a point of order. There is no bill before the House. I do not believe this situation is covered by any particular procedure; it is covered by House agreement. Therefore, I suggest that the House adjourn until eight o'clock and that we take the regular dinner hour, following which we can continue the debate.

As I understand it, the agreement covers only bills before the House. There is no bill before the House under the energy umbrella. Therefore, we should take our regular adjournment until eight o'clock.

[*Translation*]

Mr. Pinard: Mr. Speaker, if the hon. member would read the agreement, he would realize that he is entirely mistaken. We have an obligation to sit through dinner time, but in the heat of the debate, it was agreed by the House leaders present that we would be guided by both the letter and the spirit of the agreement, and it was indeed agreed to use the time at our disposal to maximum advantage.

[*English*]

Mr. Nielsen: Mr. Speaker, I think we may be caught by technical circumstances here. Certainly as the government House leader has said, the spirit of the agreement was as he stated it. But my understanding of the House order is, from a technical point of view perhaps, more in accord with the hon. member who raised the question in the first place. Certainly the vote was not called until after six o'clock, nor was it completed until after six o'clock and no energy legislation was before the House at that time.

Without having the House order before me, my recollection of it was that the extended sittings between 6 p.m. and 8 p.m. were to apply when energy legislation was before the House. It is a matter in the hands of the Chair, but I think, in the strict interpretation of that House order, the Chair might find itself bound by the technicalities of the situation and be required to adjourn until eight o'clock.

The Acting Speaker (Mr. Ethier): For the benefit of hon. members I might point out that there was a House order on March 22. It set out that if energy legislation was before the House, the House would forgo the six o'clock to eight o'clock adjournment. We have forgone that adjournment now and it is my understanding and my interpretation of the agreement that we have energy legislation before us and we should proceed with it.

An hon. Member: Where is the bill?

Mr. Nielsen: Mr. Speaker, may I ask what energy legislation was before the House at the conclusion of the vote after six o'clock?

[*Translation*]

Mr. Pinard: Mr. Speaker, we accept your ruling and we are prepared to proceed. I would also draw the attention of my hon. colleagues to a paragraph in the agreement that says that all parties should endeavour to ensure that the eight bills are disposed of as soon as possible. According to the spirit of the agreement there is certainly no doubt that you are absolutely right in ruling as you did.

[*English*]

Mr. Nielsen: Mr. Speaker, I have no quarrel with what the government House leader says. But I would put the question to the Chair for clarification. What legislation was in fact before the House at the conclusion of the vote after six o'clock?

The Acting Speaker (Mr. Ethier): I do not believe I said that there was energy legislation before the House after the vote. There was when we cancelled the adjournment at six o'clock. Therefore, it is the understanding of the Chair that we are now sitting until 10.30 p.m. tonight. That is the Chair's understanding and interpretation of the House order. I am in the hands of the House if hon. members want to debate this point, but that is my interpretation.

* * *

● (1820)

PETROLEUM INCENTIVES PROGRAM ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved that Bill C-104, respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act, be read the second time and referred to the Standing Committee on Energy Legislation.

He said: Mr. Speaker, it gives me great pleasure to open debate on this very important piece of legislation, Bill C-104, respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act.

One of my hon. friends on the Conservative side this afternoon asked what we would do to help the industry with some of its difficulties. One of the best answers to his question is contained in the bill which is before the House for consideration at the present time. Indeed, it is estimated that once the bill is passed and has received assent by Parliament, it will provide for payments to the oil and gas industry of close to $1

billion in grants during the course of the current year. This will significantly help the cash flow of the industry which at the present time is facing short-term financing difficulties.

I truly regret the amount of time lost by the House over the past few weeks. It could have been better spent studying proposals for energy security rather than ringing the bells. The delay created nothing but continued uncertainty for the industry. I think the uncertainty was best described last month by a leading member of the oil and gas industry from Alberta, Mr. John G. McDonald, chairman of Ranchmen's Resources (1976) Ltd., an Alberta-based independent oil and gas company. In a telex to members of Parliament dated March 16, 1982, Mr. McDonald said:

> It is my duty to advise you on behalf of our shareholders that I consider the Tory boycott of debate on a motion of adjournment of the House of Commons that they introduced irresponsible. Our company is largely owned by Alberta investors, but a substantial number of our shareholders reside in Ontario and Quebec, and over 100,000 of them are workers represented by 25 Canadian pension trusts which have supported our collective effort to increase Canadian investment in Canada's petroleum industry.

He addressed the following to members of the Conservative Party:

> Your caucus action is now costing our shareholders $5,000 a day in interest charges on unpaid petroleum incentive payments receivable for exploration drilling costs paid out in 1981. The longer you play political games, the less support you will receive from our shareholders. I am astounded that Tory Members of Parliament from Alberta, including your leader, are supporting this charade in the House.

This was just one of the messages I received from people in the petroleum industry who were angry and concerned about the Tory boycott of Parliament. They were angry and concerned that the millions of dollars we promised the industry in petroleum incentives would be delayed indefinitely, creating untold and irreparable harm to their businesses. The actions of the party opposite were inexcusable and very damaging, not only to Parliament but to the Canadian oil and gas industry. Fortunately, as events turned out, we now have assurances by the House that all legislative proposals contained in Bill C-94, the former energy security bill, will be approved by the end of June. We must now put that regrettable incident behind us and get on with the task of providing energy security for all Canadians.

Since last June when we first released the energy security bill in draft form, we have undertaken extensive consultation with the oil and gas industry, with financial institutions, with Members of Parliament on both sides of the House, and with provincial governments. As a result of the consultative process, I believe we now have an improved energy security package, of which this bill concerning petroleum incentives and Canadian ownership legislation is one of the most important elements.

[*Translation*]

Mr. Speaker, this Canadianization bill can be seen as the climax of all the measures taken by this government to establish a strong oil and gas industry, Canadian-owned and Canadian-controlled. It is another in a series of steps toward establishing a permanent framework for achieving the goals defined in the National Energy Program, which are: energy security, opportunities for Canadians to share in the development of their energy resources and the establishment of a fair system for all Canadians. In addition to helping Canadians become masters of their own energy future, this legislation will also enable the government to meet a formal commitment made to this country two years ago, namely to provide it with a comprehensive energy program that would enable it to meet all its energy requirements.

Mr. Speaker, we have taken steps to meet this commitment, starting on the day we introduced the National Energy Program. We have made encouraging progress towards achieving each of our energy goals, and Canadians have shown very clearly that they want these goals to be achieved in the fullest sense of the word. We firmly intend to do so with the help of this legislation, which is essential to the success of our plans. In addition to generous subsidies for Canadianization, the bill also contains provisions for Canadian ownership and control determination. The aim of these provisions is to ensure that the subsidies benefit Canadian-controlled companies, other Canadian investors and foreign companies who wish to collaborate by allowing increased Canadian ownership of their enterprises. According to the provisions of the bill, certificates will be issued establishing the Canadian ownership rate or control status of applicants wishing to obtain subsidies. The certificates will also enable holders to benefit from other advantages provided under the National Energy Program. There are, of course, strict rules for determining ownership rate and control status. However, the subsidy program will be effective only if it succeeds in benefiting the Canadian investor. We must do everything within reason to ensure that eligibility is determined on the basis of real ownership and actual control. In the case of control status, the criteria are based on definitions taken from the Foreign Investment Review Act. However, we have realized that, especially in the case of smaller enterprises, it is desirable to simplify administrative procedures, which may be a considerable burden.

Regarding the Canadianization legislation, it should also be pointed out that we are introducing two amendments to two sections of the Foreign Investment Review Act. I wish to stress most emphatically that the amendments are in no way aimed at granting additional powers to the Foreign Investment Review Agency. The changes are minor and technical, and are aimed at clarifying the interpretation of relevant provisions of the act, the agency has implemented since it was established in 1974.

[*English*]

Let us look at the problem we found with respect to foreign ownership. In 1979 nearly 72 per cent of the upstream revenues of the oil and gas industry went to foreign-owned companies. The percentage was even higher when measured on the basis of foreign control; it was 80 per cent. Much has been made of the fact that Canadian ownership was increasing during the 1970s, but that progress was slow and might well have been reversed in the 1980s. This was because of the

dominance of foreign-owned and foreign-controlled companies in the frontier regions of Canada. The percentage of Canadian ownership was destined to drop as conventional oil and gas from the western provinces accounted for less and less of industry revenues. That represented a totally unacceptable prospect for Canadians and for the government of Canada.

• (1830)

We designed the petroleum incentives program to encourage exploration and development and, at the same time, help meet our objective of gaining a higher proportion of Canadian ownership of our energy resources.

Rather than relying solely on takeovers by private and public corporations of foreign holdings in the Canadian energy industry, the Canadian government has chosen to encourage the growth of a significant Canadian component in the energy industry through exploration and non-conventional oil development.

We could encourage this growth in two ways. First, we could have continued to fund exploration and development solely through tax incentives. However, the previous tax incentive system, including the super-depletion allowance for frontier exploration, favoured large and usually foreign-owned firms which could write off incentives against their existing taxable income. Thus, we had a system which unintentionally discriminated against small Canadian-owned firms and newcomers to this attractive sector.

To solve this problem, in tandem with an already generous fiscal system, we offer special incentives to stimulate investment by Canadians in their own energy future.

The petroleum incentives program provides direct incentives for oil and gas exploration and development, and tertiary recovery projects for Canadian-controlled companies with at least 50 per cent Canadian ownership. For oil and gas exploration in the Canada lands, where the tax incentives of the former system had their heaviest impact, the Canadian government will pay for 25 per cent of all approved expenses for all companies, whether they are Canadian or foreign owned. Depending on Canadian ownership rates, however, payments to Canadian-controlled firms can go as high as 80 per cent of exploration costs in the Canada lands.

Foreign-owned companies continue to be welcome in Canada to explore for oil and gas and produce what they find. Thanks to the pricing and fiscal regime established in agreement with the producing provinces and our attractive resource potential, they can anticipate prospective returns which are competitive with those available in the United States, for instance. This point was a central issue in the debate on the Canada Oil and Gas Act. It is important for members to be assured on this point. We make available to all investors on the Canada lands a regime comparable or superior even to that available in oil producing nations such as Norway, The United Kingdom or the United States.

We continue to offer an excellent pricing and fiscal regime on provincial lands also. For example, let us consider the case of an established foreign-owned producer in Alberta. Taking into account both federal and provincial incentives, that company's net costs per dollar of exploration would be as little as 28 cents. Suppose, instead, the company were to explore in Texas. Its net costs there would be 54 cents on the dollar. Clearly, we need to make no apologies for our commitment to increase our oil supply and, at the same time, to make the oil and gas business in Canada more Canadian.

The return we offer for successful exploration is generous in that essentially world level prices are provided for new oil. Certainly, we have in place a combined tax and royalty regime that in the provinces is more onerous than that applied in the United States—the basis for most comparisons. However, as most analysts have pointed out, Alberta offers a five-year royalty holiday for a considerable proportion of its new oil, and that province recently announced royalty deductions for conventional oil and gas. I hope that the governments of other provinces will follow the Alberta example.

The result is that in the crucial early years of production when the company is looking for the payback of its investment, the fiscal burden is light. The after tax netback in Alberta in these years is well above that available elsewhere. Thus, the economics of new oil in that province are highly competitive. In the Canada lands, both the incentives available to oil explorers and the fiscal regime for production are at least as good as elsewhere. This fact, which has not been refuted by the industry, is critical to our deliberations of the new incentives available to Canadians to help them enter the petroleum arena.

We do not deny the preference that we have built into the petroleum incentives program for Canadian-owned and controlled firms. Despite some charges that the petroleum incentives program is too generous to the petroleum companies, we think it is necessary in order to achieve energy security for Canadians.

The basic issue is whether, having provided attractive incentives to all explorers, it is reasonable for us to provide special additional incentives aimed specifically at Canadians. I believe it is. We are correcting and making up for the distortions of the previous system and stimulating Canadian private investors to help us achieve our modest goal of 50 per cent domestic ownership of the oil and gas industry by 1990.

Canada is certainly not the sole country to adopt policies which favour its national firms in some special sectors. Many OECD countries have found it necessary to introduce measures at variance with the concept of "national treatment" in order to achieve essential domestic social and economic goals. There is, to my knowledge, not a single OECD country that has allowed its key sectors to be dominated as heavily by foreigners as our oil industry is.

In pursuing our energy security and Canadianization objectives, we intend to implement our programs, including the petroleum incentives program and the Canadian ownership rating, in a fashion which is in keeping with our international obligations. We have repeatedly emphasized that this is a strategic sector for Canadians, with priorities and needs not

characteristic of other sectors. It is special to us and there is a national consensus that we must Canadianize the industry.

[*Translation*]

Briefly, Mr. Speaker, the Petroleum Incentives Program is the key factor in the success of the National Energy Program. It stimulates new Canadian investment in the industry and makes it attractive for new partners to work together with foreign companies on the cost-intensive development of Canada's oil and gas potential. This new program has already led a num=r of foreign companies, owning substantial amounts of land with excellent prospects, to conclude agreements with Canadian-owned and Canadian-controlled companies wishing to invest their money and that of Canadian taxpayers in the development of oil exploration projects.

The National Energy Program is a viable solution, not only because it has taken an effective and timely approach to the country's energy problems but also because its goals are supported by the Canadian people. In all provinces, Canadians want the industry to become more Canadian. For instance, the Alberta government will implement and finance the Petroleum Incentives Program in the case of expenditures made by the industry in that province. Since the eligibility criteria for the subsidies are to be laid down in the bill, this is clearly a matter of some urgency to the oil industry in Alberta.

Increased Canadian ownership, which will enable us to achieve our energy security and ownership goals, will also ensure that the benefits of industrial expansion are distributed more fairly. In fact, there is a fundamental consideration that we often tend to forget, namely that a fair share of the revenues and a fair-pricing system are essential in view of the massive contributions Canadians will be required to make as consumers, investors and taxpayers in order to ensure the development of this essential sector of the Canadian economy in the years to come.

In short, Mr. Speaker, the Canadianization bill now before the House will enable us to deal with and resolve many of the problems Canada is facing in the energy field. It will help this country become self-sufficient in energy by the end of this decade. It will help Canadians to achieve control of the industry. The legislation is a key element in the government's series of measures on energy security, and it is extremely important as it provides for the payment of substantial financial incentives that are needed by the Canadian oil and gas industry. There is an urgent need for this measure. The bill will enable us to meet our commitment to those Canadian companies, institutions and private individuals who are dynamic and forward-looking and are taking very seriously the National Energy Program's goal to increase Canadian ownership in the oil and gas industry. They have made plans and, in many cases, have made investment decisions based on the immiment availability of subsidies under the Petroleum Incentives Program.

We must meet our commitments as soon as possible. We already have tangible proof of the desire of Canadians to use our incentives to play a more decisive role in the oil and gas industry. In less than a year, Canadian ownership has increased by more than 6 per cent, and the prospects are very good for realizing our goal, which is to achieve 50 per cent Canadian ownership in the industry by 1990, if not sooner.

• (1840)

[*English*]

This bill keeps another promise, a promise to the producing provinces, particularly Alberta, with which we signed those vital energy agreements last autumn. Incentives for developing petroleum supplies and Canadian participation and fairness in pricing and revenue-sharing are all there in those agreements, and they are here before us in this important legislation. Furthermore, with this bill we are keeping a promise to Parliament, a promise implicit in the passage of the Canada Oil and Gas Act last December. We told Your Honour that frontier exploration and development would be stimulated by a powerful new incentives system to complement the provisions of that act. We are now delivering the bill which will establish that system. Of course, there is no promise greater than that of Canada's rich and diverse energy resources. It is the promise of a secure energy future with a wide range of economic benefits for all regions of this country. Our petroleum incentives program will play a vital role in keeping the promise of our energy future.

Some hon. Members: Hear, hear!

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I welcome this opportunity to put some facts on the record concerning this piece of legislation, the National Energy Program which gave birth to it, and the real objectives of the government in its pursuit of what is widely recognized across this country as an absolutely disastrous program. Indeed, I was watching a television program last night in which a reporter from *Le Devoir* said that a high official in the Government of Canada described the November 12 budget as a disaster. The adjectives that the official used to describe the National Energy Program could not be repeated because it was a public television program. Therefore, if the November 12 budget is a disaster, the National Energy Program is far, far worse.

The minister has cried for the third or fourth time about the battle of the bells and the fact that he had to break up his highly desired, large package, Bill C-94, into eight bite-sized chunks. Well, I certainly have no apologies to make for moving the adjournment. I have no apologies to make for that battle. The fact is that we were right on the principle and we were right on the issue. We enjoyed the support of the public. It was pathetic to hear the minister read out one telegram in support of his position. I certainly think that my colleagues and I could easily bring forward 30, 40, 50 or 60 telegrams supporting our position.

The minister could have seen this bill passed through all stages by now if he had responded positively to my letter to

him dated December 21, 1981. In that letter I specifically stated that the PIP program and the COR program were the only parts of the National Energy Program which had any time urgency and that if he would separate them, I would recommend to my caucus that the bill containing those programs be given expeditious treatment in the House of Commons. I made that offer in writing on December 21, 1981. His reply was a flat no.

The reason I made that offer to the minister was not that there was any political advantage to me or my party in assisting the government with its legislative program—far from it. However, I was aware that various officials in the government had promised the PIP and COR programs as long ago as April, 1981, a year ago. I was aware of some junior Canadian-owned companies which, on the basis of the assurances from officials in the Department of Energy, Mines and Resources, had gone out and expended considerable sums of money through loans from the banks to undertake exploration programs. They did this because they were promised by the Government of Canada that the PIP program would be in place and that they would be reimbursed for their expenditures. When they were not reimbursed, and when interest rates went up to 18 per cent, 20 per cent and 22 per cent, they started hurting. Their bankers started knocking on their doors and they started to consider bankruptcy as an alternative. They were concerned. They got precious little sympathy from the Minister of Energy, Mines and Resources (Mr. Lalonde). They got some sympathy from me. That is why I made that offer to the minister. But his reply was a big, fat no. He was not interested. He would take it in his fashion; we would have one big bill, and that was it.

Mr. Lalonde: Be honest. Be honest, Harvie.

Mr. Andre: The minister says, "Be honest". That is exactly what happened. I wrote and made this offer, and he said, "No".

Mr. Lalonde: Read your own quote in *Hansard*.

Mr. Andre: You should read my quote in *Hansard*.

Mr. Lalonde: You will see that what you are telling me is not correct.

Mr. Andre: The fact is that I had a discussion with Mr. MacLaren. He thought it was a good idea and said he would recommend it to you, but you told Mr. MacLaren, "No".

Mr. Lalonde: No, you read what you said in *Hansard*. You said that I had agreed to having the whole bill treated with dispatch.

Mr. Andre: I am sorry, but you misread *Hansard*. I never said that. I said that I talked to MacLaren.

Mr. Lalonde: Well, read *Hansard*.

The Acting Speaker (Mr. Ethier): Order, please. Remarks should be addressed to the Chair, not to other hon. members.

Mr. Andre: The minister would not recognize the truth if he saw it. His letter of January, 1982 states, quite specifically, "No". If he had, in fact, thought differently, why did he not put it in the letter?

The National Energy Program, when announced, made three great promises. It promised self-sufficiency, fair revenue sharing and Canadianization. Who could disagree with that? Who could disagree with those three noble goals? It would certainly not be this party.

• (1850)

Since the OPEC crisis, the Middle East war of 1973 and the resulting shortage, we have been solidly in favour of Canada becoming self-sufficient so that we are not held hostage to political events in other parts of the world over which we have no control.

Certainly we agree with fair revenue-sharing. How could anyone oppose that? Governments need funds to operate and to do so-called good works. Industry needs enough money to justify carrying on, to reinvest, provide jobs and so on. Obviously fair treatment is required. I must add that the consumer should expect to receive fair treatment when purchasing the products of the energy industry. No one is opposed to that.

I really wonder whether fair revenue-sharing is what we have. The great election promise said, "Vote Liberal and we will keep gasoline prices down". Prices in Canada are supposed to be less than the world price. That is what the minister says. Anyone who crosses the United States border and fills up his tank will find that it is cheaper to buy gasoline in the United States than in Canada, and the United States is at world prices.

How can that be? It is very simple. In Canada, in addition to the crude oil tax at the wellhead, when the consumer fills up he must pay the petroleum compensation charge, the Canadian-ownership charge, the petroleum and gas revenue charge, the natural gas and gas liquid tax, federal sales tax and federal excise tax. I believe I have forgotten one.

By the time the federal government has laid on all of its taxes, when a consumer buys a dollar's worth of gasoline, two-thirds, and more in the case of Quebec, is in the form of tax. This is from a political party which said that an 18-cent tax would be an outrage, that it would not do such a thing. We were told that if we vote for them, we will pay $1.35.

Mr. Ferguson: You are way off. In Ontario it is not two thirds.

Mr. Andre: It is 66.2 per cent. The hon. member has been reading the minister's press releases again. He should look at the truth. In Ontario, 66.2 per cent of the petroleum dollar goes to governments.

Mr. Ferguson: You are thinking of Saskatchewan and the insurance tax.

Mr. Andre: I am thinking of Ontario. That is not fair taxation. It is not fair revenue-sharing. It is a rip-off, a broken

election promise from a political party that cannot be trusted, and certainly a minister who cannot be trusted based on his record.

The National Energy Program called for increased Canadianization. The goal was to be 50 per cent Canadian ownership of the oil and gas industry by 1990. That is a worthy goal. It is a modest goal. In fact, it should be a higher percentage of Canadian ownership.

It is dishonest not to examine how we got to the stage we are at now. We should consider undoing some of the things that brought us to this point of such a high level of foreign ownership and see if in fact the Canadian-ownership percentage could be increased by undoing a few things.

In 1971, before I became a candidate in the 1972 election, I attended the founding meeting of and joined the Committee for an Independent Canada in Calgary. I joined because I was outraged about the fact that over 90 per cent of the oil and gas industry, the major industry in my city, was foreign-owned. I was particularly outraged because it was foreign-owned as a result of federal government policy. At that time an American could invest in Canada what amounted to pre-tax dollars. A Canadian could not. At that time an American could borrow money to make an investment in Canada and deduct the cost of interest on his loan against his income in the United States. A Canadian could not do the same in Canada.

The reality was that an oilman in Calgary, wanting to put together some funds to explore for oil and gas, was faced with the situation of finding investors in Canada who would invest with after-tax dollars or going to the United States to find somebody who would invest with pre-tax dollars. That was the situation that existed. Obviously someone in Calgary wanting to raise money would fly to Toronto and change planes for New York, Zurich or somewhere else. There was no use talking to Canadians.

This infuriated and outraged the people in the oil and gas industry. They came to Ottawa and pounded on the doors of Liberal ministers and the Liberal government. They said it was absurd that they could not compete with Americans in their own country for investment in this country. The Liberal government said it did not care who owned the industry as long as they could tax it. That was the reply from the great Canadian nationals, the Liberals. They did not care about the oil and gas industry. It was an insignificant industry in western Canada. Who cared? It did not count for anything compared to the important industries in the rest of the country.

Successive groups of Canadians from Calgary and other parts of the west came and petitioned the federal government for some equity. In return, all they got was a big, fat no. Colonials should stay in their place. What right did they have to come knocking on the doors of the great masters in Ottawa asking for treatment similar to the treatment the United States gave its citizens? As a result of that, by 1975 the industry was over 90 per cent foreign-owned, totally because of that reason.

The pressure continued and, to give credit where credit is due, finally the Hon. Donald Macdonald was able to convince those idiots who frequented the bureaucracy of the Department of Finance that maybe the tax should be changed. They were not willing to make a permanent change. As a temporary measure, however, they did introduce that change. In the next four years, the degree of Canadian ownership went from less than 10 per cent to well over 20 per cent.

In the next five years, it was the Canadian companies that provided the growth. They provided the impetus that resulted in most of the wells being drilled. Canadianization was going on full blast from 1975 until October 22, 1980, when the National Energy Program was brought in. That program, more than anything else, has put an end to the Canadianization. The sad fact is that the National Energy Program, supposedly introduced to Canadianize the gas and oil industry, has in fact helped to de-Canadianize it. The National Energy Program with its horrendous new taxes—$8 billion brand new taxes from this one industry this year alone, an incredible tax load—while hitting all of the petroleum sector, is in fact hitting hardest the Canadian-owned independent oil and gas companies. It is the Canadian-owned oil and gas companies that paid the biggest price. The proof for that is available in the monitoring survey of 1981 for six months in the Petroleum Monitoring Agency. This monitoring agency, to which we voted earlier to give more power, showed that in the first six months of 1981 foreign-oil companies suffered a 28.5 per cent income drop in their Canadian operations compared to the first six months of 1980, while Canadian companies suffered a 52 per cent income drop for their Canadian operations, that is to say, foreign-oil companies, 28 per cent; Canadian-oil companies, 52 per cent. The reality is that the National Energy Program, in the name of Canadianization, has devastated the Canadian-owned oil and gas companies.

• (1900)

The consequences are that many of these companies are in deep trouble and most of those that are not have transferred most of their activities to the United States, to Australia or to other countries.

The Petroleum Monitoring Agency again indicates that comparing the first six months of 1981 with the first six months of 1980, Canadian controlled—these are Canadian-owned and controlled companies—increased their foreign exploration budgets by 247 per cent. So the National Energy Program caused the Canadian-owned oil and gas companies to leave Canada, to increase their foreign exploration by 247 per cent. And furthermore, the trend continued to accelerate.

That is just one example. Another is Ocelot Industries, a Canadian-owned company with a spectacular growth rate, one of those companies that was able to earn money as a result of the tax change in the fall of 1975, a spectacular growth in those five years, a real performer, a company that Canada should be proud of. In 1982, they are planning to spend 82.5 per cent of their exploratory funds outside of Canada. This is a Canadian-owned and controlled company, planning to spend 82.5 per cent of its budget outside of Canada this year as a result of the National Energy Program brought in by the

minister because he said he wanted to Canadianize the oil and gas industry.

The fact of the matter is that the nationalizing program is Canadianizing Williston, North Dakota; Denver, Colorado; Dallas, Texas; and a host of other cities. There are more Canadian-oil companies with offices in Denver, Colorado—that is, Canadian owned—than there were Canadian owned companies with offices in Calgary ten years ago. That is what we have done. We have Canadianized Denver with this marvelous Canadian-ownership program. That is the absurd thing we have done with this program.

The National Energy Program was based on the premise that the oil and gas industry was the big, fat cat that needed to be taxed. Well, this Petroleum Monitoring Agency shows that for the first six months of 1981 the petroleum industry earned 9.4 per cent on capital employed, in comparison with the manufacturing industry, which we all know is hard hit because it is located here in central Canada, an industry that earned 11 per cent on its capital employed. The petroleum industry earned 9.4 per cent; manufacturing, 11 per cent; and yet the petroleum industry is supposed to be the big, fat cat that can afford to pay the $8 billion worth of taxes that are being extracted from that industry this year.

It is simply too much, Mr. Speaker, for one industry to cope with. As a consequence of that, we find 400 people laid off at Gulf; 600 laid off at Turbo; 150 so far from Dome—scads of companies which depend on the large companies, which service them, which depend on them, which are now out of business. Three quarters of the businesses in Nisko Industrial Park south of Calgary, which service the oil and gas industry, have gone out of business.

The busiest people in these communities are the trustees in bankruptcies. There is carnage as a result of the National Energy Program. But it is "out there", it is miles away from those geniuses sitting over there in Tunney's Pasture saying, "We know what is good for the oil industry, we know what is good."

Because it happens in Brooks, in Drayton Valley, in Red Deer, little towns like that do not mean a whole lot to these super-intelligent gurus in their palace at Tunney's Pasture. It does not get attention, and the minister can do as he did earlier, stand up and claim what a wonderful thing he is doing. Well, I wonder how many of those 150 who got their lay-off notices from Dome Petroleum think he is doing a wonderful job. And how about those 170 young engineers, geologists and geophysicists who had job offers from Dome that they expected to take up in about two weeks when they finished their examinations, only to find they were withdrawn at the last minute? I wonder how many of those young Canadians are going to say: "Gee, you are right, Mr. Minister, you are doing such a great job for us and for Canada." How many of those are for Canadianization?

The minister read his telegram, Mr. Speaker. Let me read a letter. It is not a letter addressed to me, actually, but to Mr. Norman MacLeod, President of the Liberal Party of Canada. A copy was sent to me. A copy was sent to the Minister of Energy, Mines and Resources as well. Gane Petroleum Corporation Ltd. is the name of this company. The president is Dr. Norman Fischbuck. He says in his letter:

> Your Party has had ample opportunity . . . to Canadianize our oil industry as was demonstrated by concerned citizens in 1973-1976 when the Committee for an Independent Canada submitted a petition of over 700,000 names for Mr. Trudeau to take action before oil prices rose. What was done? Nothing. Now when oil prices are astronomical the taxpayer has to foot the bill for Canadianization through nationalization.
>
> As our Company scrambles around to stave off bankruptcy by drilling in the U.S. we see our Alberta reserves, that are shut-in of course, shrivelling in value daily. On the one hand we see . . . Petro-Canada receive concession after concession and on the other hand big government takes a bigger and bigger slice of our meager earnings. The ultimate result is obvious—our oil industry will soon consist of:
>
> (a) one or two large Canadian companies,
>
> (b) the multinationals (they always survive because of lobby-power and by shifting money from one country to another),
>
> (c) Petro-Canada, and
>
> (d) even more direct intervention by the Government itself.

The president of this company, Mr. Speaker, Dr. Norman Fischbuck, was chairman of the Calgary section of the Committee for an Independent Canada. His credentials as a Canadian nationalist are as good as those of anyone in the House. He believes in Canada, he believes in Canadian ownership, he proved it by getting involved in an organization ten years ago that tried to do something. He feels offended, enraged, to find this Minister of Energy, Mines and Resources standing up, destroying his company, in the name of Canadianization. Canadianization has become a swear word to a man who considers himself a Canadian nationalist and who wanted to see something done about the high degree of foreign ownership. He has been abused, he feels abused by this country. The minister says: "Ah, we are doing great things for Canadianization."

Let me read you this little story, from *The Calgary Herald* of April 3, 1982:

> A Canadian oil company which has operated almost exclusively in Alberta for 11 years is moving its entire operation to the United States—and government energy policies are the main reason for its decision.
>
> "We don't see the economic and political climate here to be conducive to our investing money in Canada," Larry Krause, vice-president of Seaward Resources Ltd., said Friday.

• (1910)

> Even though Seaward is 80-per-cent Canadian-owned and qualifies for maximum government incentives in Canadian drilling programs, Krause said, the U.S. is still a more attractive place to do business.
>
> "The thrust of Canadian policies is in the frontier . . . areas . . . It doesn't do anything for an independent company."
>
> "We feel at least we can market natural gas in the U.S. and there is a spirit of co-operation between the government and the industry."
>
> Seaward was prompted to shut down its Canadian operations after operating a U.S. subsidiary, Seaward Resources Inc., for three years.

The program the minister is touting as a great panacea to help Canadians and to Canadianize our oil and gas industries has driven these Canadians out of Canada. How does that benefit Canada? How do we benefit from this small oil company's being driven out of Canada? Would somebody please explain how a Liberal can stand up and say we are

Canadianizing the oil and gas industry when the evidence is overwhelming that we are de-Canadianizing it? Hon. members opposite are chasing Canadians out of Canada—out of western Canada, albeit, and maybe that is the difference. There is just plain, bloody ignorance about what is happening.

However, it is not just western Canada that is hurting through losing its companies and through losing some of its brightest and best. They are going to places where there is opportunity and where the government says they are welcome. From coast to coast we are all paying the price, and it is a very big price indeed.

In an article in a magazine dated October 2, 1981, William Mackness of Pitfield MacKay Ross said that the Canadianization program has set off an unprecedented exodus of Canadian capital, and that it is questionable that the Canadian economy can stand it. He said the method of calculating capital flow is not perfect and is subject to error but, nevertheless, he said, there is overwhelming evidence that the outflow of capital from Canada amounted to $17 billion in the last 12 months. In other words, from the date the National Energy Program was announced until a year later $17 billion of Canadian capital left this country. And this is supposed to Canadianize the oil and gas industry! Chasing out $17 billion is supposed to Canadianize the oil and gas industry. If that $17 billion had stayed here, it would have been used to buy pipe from Algoma Steel in Sault Ste. Marie and trucks from the truck plant in Ste-Thérèse, Quebec. A few weeks ago the Minister of Communications (Mr. Fox) was abused in Ste-Thérèse by unemployed auto workers because the truck plant there has laid off its employees since it can no longer sell trucks. If that $17 billion had not gone south, some of those auto workers in Ste-Thérèse would be at work. That $17 billion would have kept a valve plant in Orillia going. It would have kept untold suppliers and manufacturers right across this country working rather than being unemployed at this point in time.

We are told this is all great because it is part of Canadianization. We are told we are Canadianizing the oil and gas industry, that that is marvellous and that we should applaud the minister for what he is doing. Mr. Roger Hubley of the Conference Board of Canada estimates that by 1990 the minister's version of the Canadianization program will cost Canada $56 billion, $2,300 for every man, woman and child in Canada. That is an incredible cost. What kind of immoral, irresponsible government would permit that to happen? What kind of mentality allows backbenchers of the minister's party to say, "Aye, sir, aye, we agree?" What prevents them, for goodness' sake, from standing up and saying, "No more, we are not going to hurt this country any more by going along with these stupid policies?" What needs to happen to have common sense prevail?

Unfortunately, some people are saying that the Western Canada Concept is the only alternative. Unfortunately, some people are saying they have no alternative but to look at separatism. They are saying they have no alternative but to break off from these knuckle-heads here in Ottawa who would perpetrate this atrocity in this country we love which is being destroyed and ruined by that kind of behaviour. In desperation and frustration people are turning to the very negative and mean alternative of separation. They do not want to, but they feel they have no alternative.

Last year the minister reported with great pride that his Canadianization program was working. I saw several of the householders produced for Liberal backbenchers proudly announcing that Canadianization was working. Those householders listed a number of foreign-owned companies which had been bought out. There were little flags to show companies which formerly were American but now were Canadian. Those householders were beautiful pieces of propaganda produced by those Orwellian bureaucrats at Tunney's Pasture. They listed such marvellous things as Sulpetro taking over Candel, Dome Petroleum taking over Hudson's Bay Oil and Gas, Husky Oil taking over Uno-Tex, Drummond Petroleum taking over Union Texas of Canada, CDC taking over Aquitaine, Turbo taking over Merland and before that Merland taking over Consolidated Natural Gas. Hon. members opposite have great pride in their Canadianization program, but the interesting thing is that almost every one of those companies is in deep trouble today. Almost every one of the companies I just named is in deep financial trouble. The minister and his officials telephoned those companies and telephoned the banks and said, "We want you to take over some foreign companies. We want to show the people of Canada that our Canadianization program is working." Unfortunately for many of those companies, they said, "If the Government of Canada wants us to do it and the bankers want to lend us the money, why not?" Now they are wondering if they can survive. We read about Dome Petroleum in the newspapers. How many hundred people do not now have jobs because Dome Petroleum accepted the blandishments of the minister? We read in the newspapers about the problems of Sulpetro, Drummond Petroleum and Turbo Resources.

We saw the height of hypocrisy when CDC took over Elf Aquitaine. That happened in June of 1981. The minister announced with great pride that the Canadianization program was working. CDC had taken over Elf Aquitaine, a 75 per cent French-owned company. Then in January of this year the Minister of Energy, Mines and Resources, speaking to the Canada-France Chamber of Commerce in Paris, said, "We welcome French investment, particularly in energy projects in Canada." The behaviour of the minister boggles the mind, and he does not even blush. I wonder what it takes. Perhaps pride gets in the way of the minister admitting that the National Energy Program is a disaster. I plead with hon. members opposite to lobby the minister and to lobby other cabinet ministers and get him to swallow his pride and make those accommodations for the sake of Canada. The program is not working and the country is paying dearly. Surely at some point members of the government have to say that the country matters more than one man's pride and that we all have to take our responsibility to this country seriously and demand changes.

• (1920)

This Canadian ownership rate program and the petroleum incentives program are ways in which the government goes about promoting Canadianization. It will provide grants to companies based on the degree of Canadian ownership, but the real motive of the programs is to put the bureaucrats from Tunney's Pasture in direct "hands on" control of what is going on.

If someone has to come to an official with an application form and ask for approval in order to get some money so that he can stay in business, then he is someone whose political behaviour can be predicted and controlled. Once people have to go to Mr. Edmund Clark or Mr. Mickey Cohen and beg for grants so that they can proceed, we know darn well that they can no longer publicly criticize the policies written by Mr. Ed Clark and Mr. Mickey Cohen. That is a nice state of affairs if you do not believe in democracy and it is a nice state of affairs if you do believe in Big Brother and in manipulation. The government that spends $70 million on advertising obviously believes in all that.

If that sounds unfair in terms of characterization, Mr. Speaker, I should like to remind the House of a speech made by the Minister of Energy, Mines and Resources in Sherbrooke, Quebec, on October 22, 1981, when he said that a greater threat to Canadian unity than nationalism is the growing wealth in Alberta; that the threat is real and that it is necessary that we show our teeth. That is what the minister said, and it is an incredible statement. With his chosen few, the pointy headed bureaucrats in charge of that industry and that wealth, perhaps he can prevent the threat from harming the country.

What has been produced, Mr. Speaker? The result is absolutely incredible. There are 27 clauses in the bill which deal with Canadian ownership and determination, and they are all very complicated. Then there are guidelines about how the act is to be interpreted. There are guidelines respecting the effect of informal equity in the measurement of Canadian ownership rights. There are nine pages and 14 clauses of these guidelines. Clause 13 provides that the review requirement and measurement responsibilities of an applicant for the purposes of the consideration of informal equity will be subject to the general audit provisions of the proposed COCD act. You would need to be a Philadelphia lawyer to understand this, Mr. Speaker. Then there is the Canadian ownership and control determination regulations which consist of 53 pages and 44 clauses. Clause 43 provides as follows:

—for purposes of the first application or an amended application filed in substantial compliance with the act and regulations in the first year after the act comes into force, a trust that is a primary investor that does not own a large block of any publicly traded class of formal equity or does not own half of one per cent or greater of any other class of formal equity may elect that its Canadian ownership rate shall be—

A Philadelphia lawyer might be able to help with that one.

Then there are the interpretation notes for the Canadian ownership and control determination act, and the meaning of Canadian control status for partnerships, consisting of eight pages and 17 clauses. Then there are the interpretation notes for the Canadian ownership and control determination act, and the meaning of Canadian control status for corporations, consisting of eight pages and 21 clauses. Then there is the Canadian ownership and control determination act guide to application forms, which consists of 68 pages and 65 clauses. Then there are the Canadian ownership control and determination act forms. There are only 26 different forms to be filled out. Then there are assorted other minor documents that have to be filled out in order to get a Canadian ownership rating.

I would remind you, Mr. Speaker, that this material is produced by a government that actually has among its agencies an office for the reduction of the paperwork burden. It actually claims that it is in favour of reducing the paper work burden. It actually claims that it is in favour of deregulation. The President of the Treasury Board (Mr. Johnston) has an agency which every month or so sends me a newsletter about the wonderful things the deregulation agency is doing for us. What was it doing when these yahoos produced this mess? To try to help people through this mess, the government has been holding seminars throughout the country and has invited lawyers, accountants, geologists, engineers and others to appear.

I spoke to an oilman who attended one of these seminars. He sat for two days then walked out saying, "There ain't no way! I will move my operations to the United States. There is absolutely no way I am going to get tangled up with this lousy mess. What would happen is that instead of looking for oil and gas, which is the business of the oil and gas industry, I would be filling out forms." He said that if he had wanted to be a lawyer or an accountant rather than an oilman, he would have been a lawyer or an accountant, but that he wanted to find oil and gas. What did the Minister of Energy, Mines and Resources give him to help him do that? He gave him forms to fill out. Of course the minister is a lawyer, so his own profession has done very well out of this.

That is only the half of it, Mr. Speaker. You have to comply with the Canadian ownership regulations by filling out 26 forms and going through the incredible array of regulations, clauses and so on. Then, if you want to apply for a PIPs grant, you read the 34 clauses, 16 pages of the petroleum incentives programs act and the regulations that flow from it. Like all legislation it has clauses which say "and the minister shall do whatever he wants" by way of regulation. There are 44 clauses and 71 pages with how many schedules and how many forms attached at the end? I cannot count them all. It takes 21 different forms to get a PIP grant. If you are confused about how to fill out the forms, they have a handy-dandy guide which makes the income tax guide look like child's play. This from a government which says it believes in reducing the paperwork burden, to simplify things. I sincerely hope the program works, Mr. Speaker, but in all honesty you have to conclude it is going to collapse as a result of the paperwork. This program is one of those marvelous academic schemes dreamed up by those brilliant people over at Tunney's Pasture, but unfortunately it is just not going to work. I have talked to a

lot of people who have gone to these seminars, and you are going to have to pay $200 an hour for legal and accounting help with these forms. By the time you finish, there will be no money left to drill for oil and gas.

• (1930)

Another thing this government is doing that is unconscionable, immoral and indicative of the mentality of the minister is that the financing for PIP, at least as announced in the National Energy Program, was going to come from the petroleum and gas revenue tax. They said they would let companies net the PIP grants against the petroleum and gas revenue taxes. The only problem, Mr. Speaker, is that they are on different parts of the balance sheet. The tax comes off revenue, leaving net income; the PIP grant applies to capital, it has nothing to do with the revenue stream. The Canadian Institute of Chartered Accountants said it was not permissible to net PIP grants against the petroleum and gas revenue tax. To use that magic phrase which appears in audited financial statements, that would not be in accordance with accepted accounting principles. Well, you know what this great democratic minister said? He did not care what the Canadian Institute of Chartered Accountants said was right or wrong; he intends to change the regulations by order in council to permit this type of accounting in violation of the considered opinion of the Canadian Institute of Chartered Accountants. You have to wonder, Mr. Speaker, what kind of jackboot, brownshirt mentality would induce one to say: "I don't care if the accounting profession says this is the way it is supposed to be done; we are government and we are doing it this way. To heck with you guys and your professional standards, to heck with accepted accounting principles, we are doing it this way." I hope, Mr. Speaker, the accountants can stop that kind of mad behaviour. Someone has to prevent them from cooking the books that way.

This legislation, Mr. Speaker, is long overdue. But as I indicated in my letter of December 21, 1981, if this is the way the government wants to proceed, then they should bring the legislation forward and let us get on with it, although it is certainly not the way we would proceed. This party is 100 per cent behind the goal of increased Canadian ownership. We believe that in fact Canadianization was occurring at a dramatic rate, but the effect of the NEP is in fact to abort what was a tremendous growth in small Canadian companies, which companies have in the last ten years drilled 75 per cent of the exploratory wells. These companies were providing the creativity, the ingenuity, and they were discovering those new fields which brought excitement to the industry. They were making things happen, and they were clobbered by this minister and this program. Perhaps the PIP grants will help revive some of them, perhaps they will help some of them keep part of their operations in Canada rather than deserting the country totally. Perhaps it will prevent more people from joining the unemployment line. I sincerely hope so, Mr. Speaker, but I have serious doubts. I hear mutterings over there from the socialist who stands up and says that government is outrageous, therefore what we need is more government. I have never been able to understand that logic, if it is logic.

We will be voting against this legislation, Mr. Speaker, because of the way they have approached it. We think it is a bad precedent and a mistake to put bureaucrats in control the way they are here. We think the country is going to pay a tremendous price for that. Our concern is that the program is going to be unmanageable due to its complexity, and certainly the accountants and lawyers are going tc get rich implementing it. If the government is going to go this way, they have a right to be wrong and we will permit them to do it.

Mrs. Appolloni: Mr. Speaker, there are times in this House when we all get carried away by our own rhetoric. However, I am sure the hon. member would like to keep the record straight. Am I correct that he referred to the actions of the minister as immoral and accused him of cooking the books?

Mr. Blenkarn: Absolutely.

Mrs. Appolloni: As I was trying to say despite the rude interruptions from across the way, if my contention is correct, Mr. Speaker, that the hon. member did use those phrases, I submit to you that they are at least unparliamentary, undemocratic and absolutely baseless.

Mr. Andre: I would just add that they are the truth.

Mr. Taylor: It is even worse when they are the truth.

Mrs. Appolloni: Mr. Speaker, on the same point of order, I would have the record show that the minister was not in the House to defend himself. Perhaps you would be good enough, Mr. Speaker, if the minister finds it necessary, to allow the minister to defend himself at the first available opportunity against those absolutely abominable charges.

• (1940)

Mr. Taylor: Mr. Speaker, since when can one member start raising a point of order for another member? If the hon. member's conscience is hurting her, fine, but she cannot raise a point of order for another member.

Mr. Blais: The hon. member raises a point of order.

The Acting Speaker (Mr. Blaker): The hon. member for Vancouver-Kingsway (Mr. Waddell) on a point of order. Is the hon. member rising to speak?

Mr. Waddell: Yes, Mr. Speaker.

The Acting Speaker (Mr. Blaker): There is a suggestion before the Chair that has not been put into those words by the hon. member for York South-Weston (Mrs. Appolloni). It deals with a formal notification being given to the Chair that the Minister of Energy, Mines and Resources (Mr. Lalonde) may find cause to seek the attention of the Chair by way of a question of privilege concerning certain language used. I will deal with the objection raised by the hon. member for Bow River (Mr. Taylor) in that regard. If there is indeed a question

of privilege with respect to the remarks made by the hon. member for Calgary Centre (Mr. Andre), the tradition is that the hon. member or minister who seeks redress against such vocabulary or expression has the right to raise the matter as soon as he returns to the House. Until such time as he does arrive in the House wishing to seek some redress for the remarks, his right to bring a matter of privilege to the attention of the Chair remains untouched and is in no way lessened by the fact that he is not present at the moment.

The Chair was about to recognize the hon. member for Vancouver-Kingsway (Mr. Waddell) to continue the debate. Is there another hon. member wishing to rise on a point of order? If the matter is in order and we are prepared to go ahead with the debate, I will now recognize the hon. member for Vancouver-Kingsway.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I rise to speak on behalf of the New Democratic Party on this important part of energy security. I listened very closely to what the minister said. It is too bad the minister did not stay to listen to what some other members had to say.

I will continue when I have some quiet, Mr. Speaker. As I said, I listened very carefully to what the minister had to say. We could summarize what he said into two parts. Simply, the petroleum incentives program is not too generous. The minister said it was necessary to provide energy security for Canadians. PIP gives $6.5 billion to the oil industry over five years. I ask you, Mr. Speaker, and I ask Canadians who are listening and watching this debate and who are paying some attention to the substance rather than to the clowning, the hijinks, the ringing of the bells and the reactions, is this really the way to have energy security in Canada? The minister said "PIP is necessary to provide energy security for Canadians." He is saying that more money should be given to oil companies, to be precise $6.5 billion, of taxpayers and consumers money is necessary for Canadian energy security. I do not believe that. I do not think that very many people in Canada believe that. The minister also said that not a single OECD country, that is the more industrialized developed countries, would permit an energy industry to be foreign controlled. But let me ask, who permitted that in the first place? It was the Liberal Party and government who for years have had it as a matter of policy. The same people who brought the tragedy and the situation are trying to take us out of it. Another point made by the minister was about Canadianizing the industry. How are we going to Canadianize it? We all want to Canadianize. But the minister wants to Canadianize the oil industry by giving $6.5 billion to the oil companies.

Mr. Blenkarn: Some oil companies.

Mr. Waddell: I am concerned the minister is not here. I am concerned that this debate is not being paid the attention it should be by the press and the public, if it is not served by the press. I am concerned that there are so few members in the House. Accordingly, I call a quorum, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The hon. member for Vancouver-Kingsway has called a quorum, somewhat to the surprise of the Chair. I shall indicate to hon. members what the rules are with respect to a quorum.

Some hon. Members: Just count.

The Acting Speaker (Mr. Blaker): Then we will follow those procedures. There are no points of order and no other points whatever can be accepted during the call for a quorum. I will ask the officer at the Table to count the members present. Any member who is in the House will be counted regardless of what seat he is occupying. Any member may enter the chamber during the count. Any member may leave the chamber during the count. The Chair will make a count. At the conclusion both the officer at the Table and the Chair will check the figures to make sure they are accurate. If there are 20 or more members in the House, including the occupant of the Chair, there will be deemed to be a quorum. There can be no points of order. There can be no questions of privilege. There can be no points of any kind raised once the call for a quorum is made.

I will ask the officer at the Table, the assistant deputy clerk, to count the members present.

And the count having been taken:

The Acting Speaker (Mr. Blaker): There being 25 members present in the chamber, not including the occupant of the Chair, accordingly, there is a quorum present and debate will continue.

There is another matter of concern to the Chair. It is whether or not the hon. member who called for a quorum would ordinarily again be recognized to continue debate.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): The Chair will recognize the Minister of Supply and Services (Mr. Blais). While the minister speaks the Chair will take counsel as to whether or not the hon. member for Vancouver-Kingsway should continue his comments in the debate.

Mr. Blais: Mr. Speaker, I simply wish to rise on a point of order to indicate to you that the hon. member for Vancouver-Kingsway (Mr. Waddell) did in effect leave the House when the count was being taken for a quorum. Under those circumstances, having relinquished your sight, he can not now be recognized once more to continue the debate. As Mr. Speaker well knows, an hon. member cannot get the floor unless he or she is recognized by Your Honour. While the Clerk was counting the number of members in the House, Mr. Speaker could not recognize a member who, for any purpose, was not in the House. If Your Honour could not recognize him for the quorum count, how could you now recognize him to resume debate? Under the circumstances I suggest that the next hon. member to be recognized should catch Mr. Speaker's eye and

be recognized. I understand the hon. member of the official opposition who rushed into the chamber has now recovered his breath and is ready to rise as soon as I have concluded.

• (1950)

Mr. Blenkarn: I have been here all the time.

Mr. Blais: The hon. member for Mississauga South (Mr. Blenkarn) is always full of breath and of course is able to receive the recognition Your Honour will grant him at any time. Whether he will advance anything of worth is the question which must be determined.

Some hon. Members: Hear, hear!

Mr. Waddell: Mr. Speaker, I rise on a point of order in reply. Of course the minister does not have to tell the hon. member what he is; he is full of hot air and bafflegab. If he checks the rules he will find under Citation 210 that a member need not remain in the House after giving notice that there is no quorum.

Some hon. Members: Oh, oh!

Mr. Waddell: Hon. members should listen. There is a difference between recognizing myself as a member on a quorum vote and recognizing myself to speak. I submit that I do not lose my right to speak and that I can continue since I was recognized previously.

Mr. Blenkarn: Mr. Speaker, when an hon. member calls a quorum in the process of speaking and leaves the House, clearly he has terminated his remarks. This is what happened with the hon. member for Vancouver-Kingsway (Mr. Waddell). He cannot have it both ways. He could have remained in the House and suggested to Your Honour that there was lack of a quorum, but he would have had to remain in the House in order to retain his turn as a participant in the debate. I have no quarrel with an hon. member who was not speaking rising to call for a quorum. If any hon. member who did not have the floor had stood and called for a quorum, it would have been a different matter; but the hon. member who was in the process of addressing the House called for a quorum and then left the chamber.

When an hon. member sits down in a debate or leaves the chamber in a debate, he has indicated to the House and to Mr. Speaker that he has finished his remarks. I see no conceivable way that the hon. member for Vancouver-Kingsway could now continue his participation in second reading debate. He has had his opportunity. He relinquished his position in the debate. Of course he will have an opportunity at further stages in the debate.

Some hon. Members: Hear, hear!

Mr. Kempling: Mr. Speaker, I rise on the same point of order. I think Your Honour should bear in mind in coming to your judgment that when the hon. member for Vancouver-Kingsway (Mr. Waddell) left the chamber, he took his fellow partymen with him. In other words, his manoeuvre was to try to close down the House. I find that deplorable. In fact the last time this happened was when the then hon. member for Regina-Lake Centre some time ago during private members' hour brought the House to a standstill because there was not a quorum. I do not think the hon. member should be allowed to continue his remarks. Having left the House, he has no right to continue to speak.

Mr. Skelly: Mr. Speaker, I rise on the same point of order.

Mr. Blenkarn: You were not in the House.

Mr. Skelly: The hon. member for Vancouver-Kingsway (Mr. Waddell) was certainly in the process of addressing the House of Commons on an extremely important issue. The number of participants dropped to nine, two from the official opposition and an equivalent number from the government. This is unwarranted attendance in a debate on an extremely important piece of legislation such as this.

On the other side of the coin, when the hon. member called a quorum I noticed that Your Honour responded by rising and the proceedings were suspended. When they were suspended while the Chair took count of the members so that the House and the hon. member could continue speaking, he resumed his seat. Until the Chair completed the procedural function of taking the count, the hon. member's obligations were terminated for a temporary period.

Some hon. Members: Oh, oh!

Mr. Skelly: He left the House, and it strikes me that there should be an opportunity once the procedural function is complete for him to resume. He is now in his seat looking for recognition. It strikes me that the fair thing to do would be to allow him to proceed now that we have a quorum.

Mr. Waddell: Surely the principle of a quorum is that we demand attendance and interest in the House. That is why we have a quorum rule.

Mr. LeBlanc: But you left.

Mr. Waddell: If we drop below a quorum in numbers, in legal terms we lose the jurisdiction of the House. Any hon. member is entitled to call for a count. If the House is able to respond, as it was in this instance when hon. members came running in from the corridor and became involved in the debate, the hon. member is quite justified in doing so. That is the principle of a quorum. I am clearly permitted under the rules to leave the House. That is why the rule is there. The rule on the quorum is there so that the hon. member who is speaking, or any other member of the House, can demand that the House give him the minimal level of attention and jurisdiction he should have. None of the hon. members have raised any substantial rulings indicating that I should not get the floor. They just want to punish me; they do not want to give any real logic.

Mr. Taylor: Mr. Speaker, I do not know whether leaving the House in the middle of a speech is any worse than finishing a

speech and disappearing as does the minister every time he makes a speech. Perhaps we should bar him as well.

Mr. McCain: Mr. Speaker, I draw to your attention the fact that if any member of any party were allowed to call for a quorum and then have his party vacate the House, it would certainly be possible to call for a quorum virtually any day of the week. Having vacated the House after calling for a quorum, it seems to me that he could thereby create no quorum, as did the hon. member—

Mr. Waddell: No, no!

Mr. McCain: If that is permissible, the chaos which would result in the House as a result of this procedure would be absolutely unbearable and intolerable for his or any other party in the House.

Mr. Blais: It is nearly as bad as not showing up for your own vote.

The Acting Speaker (Mr. Blaker): The Chair has sought any and all assistance from hon. members. All members present will recognize that no hon. member rising on this point of order quoted any precedent which might be of assistance to the Chair. I would like to think that the essence of the problem faced by hon. members and by the Chair is that when the hon. member for Vancouver-Kingsway (Mr. Waddell) has the floor and chooses to call a quorum, he has every right under the Standing Orders to do so. I would think once the motion for quorum has been called and the Chair has followed proper procedures that we would return to the hon. member for Vancouver-Kingsway who had the floor. My problem, and this is why I made reference to that immediately, is that I think normally when an hon. member calls the quorum, his concern for the presence of members in the House would indicate that he himself would also remain to contribute to the quorum. The difficulty the Chair faces is that the Chair did observe that the hon. member first called the quorum and then left the chamber. Once the hon. member left the chamber the Chair is in a difficult position to decide whether or not his return constitutes an unbroken right to continue with the debate.

• (2000)

A proceeding intervened, a motion for a quorum, and during that proceeding the hon. member was not present. I have sought consultation and I have yet to find a precedent that covers the matter.

Some hon. Members: Make one.

Mr. Kempling: The House is with you.

The Acting Speaker (Mr. Blaker): The inclination of the Chair is to say that the motion for the Chair is to see whether or not there is a quorum is a right of any hon. member at any time, and whether he may or may not be present during the quorum call, I think, should leave matters undisturbed. At the end of that intervening proceeding, which is a very special proceeding, the Chair would return to wherever matters were previously. I am not content with the idea that there can be a call for a quorum, that the hon. member can leave and then can come back and take the floor again. However, to me, the logic is that if we are going to return to the state of proceedings where we were prior to the motion for a quorum, then I have no choice but to recognize the hon. member for Vancouver-Kingsway.

Mr. Waddell: Mr. Speaker, without prolonging the debate, I think that your ruling is very just. I hesitate to apologize that I put Your Honor in a difficult position but I did. I do think that perhaps the onus was on my hon. friends who took the other view to bring the proper precedent, and no doubt they may do that next time. Before I continue I would point out that there are many more members in the House and there is even someone in the press gallery.

I would like to continue and discuss the matter of the petroleum incentives program.

[*Translation*]

Some hon. Members: Hypocrite! Hypocrite, with a capital H!

Mr. Waddell: All right, just a few words in French.

[*English*]

I would like to deal with the petroleum incentives aspect of the energy bill because this is the most crucial part of the Liberal Canadianization program. This is what consumers are being asked to pay for every time they go to the pump. If there were an election called today this may be one of the main issues in the election and may very well be an issue in a future election. The government has said that it wants to Canadianize. The Canadian people want the government to Canadianize and, in my view, they are even prepared to forgive the government for not starting Canadianization in the years past.

As the Minister of Energy, Mines and Resources (Mr. Lalonde) said a moment ago, the government permitted the oil industry to be more foreing-controlled than did any other OECD nation. Canadians are prepared to forgive them for that.

But are they prepared to pay money at the pump to give $6.5 billion more to the oil companies? That is the case that the government must make and it is a case which I do not think Canadians will accept.

The minister talked about energy security. He said that it is necessary to introduce these PIP programs to provide energy security for Canadians. Those were the words of the minister. My question is, energy security for whom? It is not for the consumer and not for the taxpayer because I believe that we are continuing to get hosed for this. What the government is proposing is to give money to its friends in the oil industry whose history it has been in the past to say that there is an energy crisis, "give us a tax break." The minister said, "No, we will not give you a tax break but we will give you a grant." The industry agreed to take a grant which it was supposed to use for exploration for oil. It then said that it had to export oil,

and the government permitted it to do it. The industry then says that there is a shortage, another crisis, and must go back to the government for more grants or tax breaks. That is a pattern which has been followed in Canada. I challenge any member in the House to argue otherwise historically.

During the early 1970s we exported one half of our daily oil production. What is the energy crisis in Canada today? We have enough hydro, coal and nuclear power. We have enough natural gas but we do not have enough oil.

It is not sufficient for any Conservative members to berate it. Their policy in the Clark government was exactly the same and, as a matter of fact, it was worse. I hope that some Liberal members will stand up to take part in this debate—now that they are all here—to say how the policy announced by the Clark government was worse.

I do not want to have to give the facts and figures because that is up to the Liberal members, but I can tell them where to find those facts. The Liberal policy is bad enough but the Conservative policy was worse. Hon. members can call me names but I suggest they look at the figures and at what the Crosbie budget proposed and what the deal with Alberta was, if there was one.

Mr. Domm: You do not even know.

Mr. Waddell: I suggest that those members review the convention resolution where the member for Rosedale (Mr. Crombie) and, I believe, the hon. member for St. John's West (Mr. Crosbie) took the position that the price should be 85 per cent of world prices.

Mr. Taylor: Since when was a resolution a law?

Mr. Waddell: A resolution of a Tory convention is never law. Nevertheless it was there. What I am suggesting is that we review this Canadianization policy in detail. I propose a much simpler and more effective way to achieve Canadianization. Instead of putting $6.5 billion into a convoluted scheme, as the hon. member for Calgary Centre (Mr. Andre) pointed out very well in his speech, we should take that $6.5 billion and give it to Petro-Canada to buy Imperial Oil. In this way we will get 15 per cent more Canadian ownership and no blackmail from the industry.

An hon. Member: Where will you borrow the money?

Mr. Waddell: The money is coming in. The government is just about to give $6.5 billion in grants. That is where it will come from. If you take that money to buy Imperial Oil there will be no need for PIP, COR or any other layer of bureaucracy.

We are not suggesting a take-over of the whole industry but that we should take a leading direction similar to that of Norway, Great Britain and many other countries. Those countries have indicated that in the tough world of international oil—not just a small company buyt the seven sisters—you must have a directing force, and this must be the predominant role of Petro-Canada.

You can ask anyone who has experience in the international realm of the oil companies. You can ask that of Bill Hopper. I believe that a policy such as that would make sense. Since it would not cost $6.5 billion to purchase Imperial Oil, you could invest the remainder of the money in conservation and alternate energy. That is where our energy security lies.

During recent debates we discovered that $6,500 million, that is $6.5 billion, will go to the oil companies over five years as a result of this bill. However, $35 million will go to Canertech, the government's energy corporation in Winnipeg. When we see that imbalance, if more money were put into conservation and energy alternatives instead of going to megaprojects through giveaways and blackmail, we could create more jobs and achieve real energy security for Canada.

Perhaps you have read the words of Aleksandr Solzhenitsyn when he said that it must be obvious to any village greybeard that a dozen worms can only gnaw at one apple for so long until it is all gone. I see my friend laughing, but I believe it is a very philosophical and intelligent statement. What Solzhenitsyn was saying was that we cannot keep using renewable resources or they will go. Canadians understand that.

• (2010)

As the minister said today in reply to a question from the hon. member for Calgary Centre in this House, there have been some successes in the NEP, one of them being that people are starting to conserve. They understand and they will conserve. With this $6.5 billion we could set up neighbourhood energy programs modelled after programs with which we have experience, such as the Neighbourhood Improvement Program, of a few years ago, under which local citizens improved their neighbourhoods. That was a program of this government. It was a successful program. It worked, and it would work on a neighbourhood level for energy. We could get some real conservation.

The government would then not have to give $8 billion to Shell to delay another month on the tar sands or $40 million to Imperial Oil to delay a few months on Cold Lake. It would not have to put $13 billion into this consortium to develop the tar sands which private industry will not touch. It would not have to do that. It would not have to put $60 billion into the Alaska pipeline.

There is another way of doing this. I am not saying that conventional oil cannot be developed. We must develop that. I would suggest we must go to Hibernia. I think the government is smart in earmarking Hibernia for development. I know there are tremendous technological problems, but there is oil out there which we can use and which we need. I am not saying we do not need oil. What I am saying is that we do not have to give $6.5 billion to Dome Petroleum and Nova for oil.

There was an interview of Jack Gallagher, the chairman of Dome Petroleum, on "The Journal" program. It was a most revealing interview in which Mr. Gallagher said, "We will develop the oil," and he will be one of the biggest recipients of these grants. He said, "We will develop the Beaufort Sea." He

was asked, "What will you do with the oil?" He said, "Well, we will export it to Japan." It is the same pattern, "Give us more money, we will find the resource and then we will export the resource."

Many hon. members in this House have said the industry can be regulated. It is the most over-regulated industry in Canada. However, if we look at the history we find that the industry can manipulate the regulator. The industry has had no problems manipulating the National Energy Board or the Government of Canada.

I feel sorry for a man I once knew years ago, Joe Greene. He was manipulated and misled by the industry. He stood up in the House and said, "We have enough oil to last 300 years." We are now told that we have enough conventional oil to last nine years. That is why we must go to the north and give grants, and why we must develop the tarsands. One sees that it is the same pattern. Now everyone talks about the late Joe Greene as the minister who stood up and said, "We have enough oil for 300 years." Poor Joe Greene. That is his legacy and it should not be his legacy. He was manipulated.

However, I would say something further about Canadianization and the way these PIP grants work. If we could get this message out to average Canadians, they would be appalled. The way the grants work is that a percentage of each dollar of exploration in Canada lands is returned to Canadian companies. However, this can be manipulated. Defining a Canadian company is like the old shell game. Look at the way Dome suddenly emerged as a Canadian company. These grants will be manipulated and there will be groups of companies which will say they are Canadian. They will get minor Canadian partners, but they will really be dominated by Imperial, Shell and so on.

A Canadian company, one that is Canadian owned, not Canadian controlled, can drive a truck through these COR provisions, as we have demonstrated in the committee and at other hearings. Some hon. members opposite have demonstrated this in relation to Bill C-48. At a minimum, there is a real danger that companies will be able to get around the Canadian provision. They will be able to say they are Canadian owned when really they are not. A Canadian-owned company receives 80 cents on the dollar, and if it pays income tax, it receives another 13 cents. Therefore, it receives 93 cents on the dollar for drilling. That is all for the poor oil companies, 93 cents on the dollar. What do we get back? We get back a 25 per cent equity. This is a pretty bad business deal. That is a pretty rotten deal. I do not know any businessman who would enter into that kind of deal, but the Government of Canada will enter into it. It says it is a radical program.

This Saturday I have to go to my constituency office on a working class street in Vancouver. People come into my office who are receiving pensions of $300 a month. This weekend I must deal with a case of a man who applied for a disability pension of a measly $350 a month, but he cannot get the pension. He is 58 and cannot work because of an injury. What does he get? He gets nothing from this government.

What does Dome get from this government? Its president earns $625,000 a year, and the government is about to give a big chunk of the $6.5 billion to that company. That is disgraceful, it is obscene. Those are the kinds of things being done in this country. The ministers say that there is public support. There is not public support for that in this country. There is public support for Canadianization.

I suggest the government look at the work of the committee on Canadianization. That committee was originally supported by this government. It came to Ottawa and met, I suspect, under the auspices of this government. Someone allowed its members to use the old railway station, the Conference Centre and it came up with some resolutions which I would like to quote.

In a letter to the Prime Minister (Mr. Trudeau), the committee wrote:

—the majority of Canadians will support a determined and effective program to bring our energy resources under Canadian, particularly public, ownership and control which ensures that these resources are developed and utilized in the best interests of the nation—

Again, on January 24, 1982, it wrote:

—Canada's goal must be increased to at least 75 per cent Canadian ownership of the vital petroleum industry by 1985 with Petro-Canada the largest oil company in the country—

That is not what the minister proposed tonight. Does Your Honour know what the largest Canadian-oil company in the country is? I ask you, Mr. Speaker, as you are from British Columbia and are well-acquainted with the affairs of the world, what is the largest oil company in Canada? Right now, the largest Canadian-oil company is Imperial Oil. The largest Canadian-owned company is Dome Petroleum, not Petro-Canada. People see the Petro-Canada signs in the east. Petro-Canada took over Petrofina in the west when it took over Pacific Petroleum, and the people think we have a real Canadianization program. They think that Petro-Canada is predominant and that we are doing something. However, that is not the case at all. As a matter of fact, Ambassador Towe, the former Canadian ambassador to the United States, speaking in New York said, "The government will not become involved in any more public ownership. It is finished." Therefore, Petro-Canada will not expand.

The committee to Canadianize, representing some really top people across Canada, urged the Prime Minister to achieve 75 per cent Canadian ownership of the vital petroleum industry by 1985.

I suspect that when the government listens every day to my friend, the Conservative energy critic, and to some of these other energy critics, it will get the wrong impression. There is support in the country. What I am trying to tell the government is that it should do more, go farther and seize this opportunity to make it of great concern. If René Lévesque were the prime minister of Canada, Mr. Speaker, do you know what he would do? He would take over the oil industry and make Petro-Canada the predominant owner of the oil industry. He would get this country together by doing that. That seems an odd thing to say, but consider what Lévesque and some of the Quebecers did with Quebec Hydro, and there was public support. This country is waiting for that kind of leadership.

The committee to Canadianize said, "We strongly urge the federal government to acquire one of the four major controlled companies as a new Crown corporation." It did a Gallup poll on that subject. I tell my Liberal friend, who follows the polls like a dog, that the poll conducted by Gallup on this very question indicated that 64 per cent were in favour and 23 per cent were opposed. One does not get that impression when one listens to the Conservative opposition. It says some good things about small Canadian-oil companies. However, when it knocks the general thrust of the National Energy Program, it is way off base. Concerning government take-over of one of the big four, 55 per cent said yes and 28 per cent said no. Canadians are way ahead of their government. Instead, what does the government give them? Does it give them a commitment to 75 per cent? It gives them a commitment to 50 per cent Canadian ownership by 1990. Mr. Trudeau promised that in 1972.

Some hon. Members: Order!

Mr. Waddell: It is too little. The Prime Minister promised that way back in 1972. It is too little and it is too late, according to the Canadian public. The people want more. They say that what the hon. member suggests is kind of radical, that he is just a socialist. I suggest they look at the Wednesday, March 24 edition of *The Globe and Mail*, an article by Jeffrey Simpson where he talks about the oil industry in Norway. I quote from that article:

• (2020)

—Norway has never had trouble attracting foreigners to the North Sea. Despite tax levels and government involvement undreamed of in Canada.

Where there is oil, the companies will go. There is oil in the Beaufort Sea, in the Arctic and the offshore. Members who take an interest in energy are well briefed on how much oil is thought to be there. I again quote:

The Norwegian government tax take, for example, is 85 per cent. In addition, Statoil automatically gets 50 per cent of any oil project in the North Sea, and the corporations participation can go as high as 85 per cent. It can also raise its share above 50 per cent at any time. Put simply, every concession awarded in the North Sea by the government gives at least half the action to Statoil. And the corporation has a bigger stake in all the most promising projects.

What does the Government of Canada propose? It proposes to give the oil companies 93 cents on every dollar for drilling and exploration and take back a 25 per cent equity. The position of the New Democratic Party is like that of Norway. If you are going to put that kind of money in, you should take equal equity out. You should take at least 50 per cent control, as they do in Norway.

There is another interesting quote from Mr. Simpson's article. Referring to what was said by one of the chairmen of Statoil, who has vast experience in the whole oil business in the North Sea and other places, he writes that—the logic of dealing with multinational oil companies demands that Statoil always be in the driver's seat.

The logic of dealing with these companies demands that Petro-Canada always be in the driver's seat. Time and again the hon. member for Comox-Powell River (Mr. Skelly) has made the point that if you want to have industrial spin-off, you cannot trust a big American company in there, because it will take it and go to Chicago or New York, not to the small Canadian who needs help. That is what they found in the North Sea. Britain found there has to be a program. The hon. member for Comox-Powell River almost stood on his head at the committee hearings on Bill C-48 to put these ideas to the Canadian government.

I see the Minister of Transport (Mr. Pepin) in the chamber. I tried to ask him about industrial spin-off regarding coal in British Columbia. As Bob Rae, the former member for Broadview-Greenwood, used to say about the budget of the Minister of Finance (Mr. MacEachen), it is not like Tinkerbell, you cannot wish it would happen, you have to plan it. We need Petro-Canada in the driver's seat.

This $6.5 billion provision is an obscene provision, at a time when we are cutting back on education and health benefits. We had a debate on this a couple of weeks ago. The hon. member for Winnipeg-Birds Hill (Mr. Blaikie) eloquently put the case for universal medicare and discussed the problems with medicare. With all these demands on the treasury, why give away $6.5 billion?

There is another reason why we should not give it away. I do not think it has been raised in this House other than in one question that I put to the Minister of Energy, Mines and Resources. The federal government thought it would get a lot of money through this deal with Alberta, Saskatchewan and British Columbia. It was really a tax grab, to be collected at the pump from the consumer. The governments of Ottawa and Alberta thought they had it made through this deal with Alberta.

The international price is falling because of a glut in the oil market. It was said we could not have anticipated that, although I am not sure. The Government of Canada now has a real problem. It is not going to get that money. It will lose something like $22 billion. Where will the government get the money for the $6.5 billion in grants to the oil companies? It will get it out of the hide of the Canadian consumer. That makes the system even more obscene. It is the same old pattern.

Tommy Douglas used to say in the House of Commons that the money is taken out of people's pockets and put in other people's pockets. In this case, it is being taken out of the taxpayer's pocket at the pump and being recycled through the government to the oil companies. This is the Liberal alternate energy policy. It is called recycling. You hose them at the pump and give the oil companies $6.5 billion. That is scandalous.

Let us look at the figures. For 1981-82 it is $940 million, 1982-83 $1,040 million, 1983-84 $1,150 million, 1984-85, $1,480 million and 1985-86 $1,850 million, totalling $6,460 million. That is $6.5 billion from 1981 to 1986.

I am sorry the minister is not in the chamber. I have his exact words from this evening's debate. He said it is necessary to provide these PIPs to obtain security for Canadians. He said these PIP grants are not too generous. They are not too

generous? They provide 93 cents on every dollar, $6.5 billion to an industry that is one of the richest in Canada. I wish the public could understand. I do not think they do. What will Liberal Canadianization mean? It will mean we will replace the Rockefellers with the Blacks and the Blairs, buddies of the Liberal Party.

Mr. Blais: The Blacks?

Mr. Waddell: Just look around. Look where they give their campaign contributions. Look at their friends and associates. Look at the connections. Look at who is supporting the National Energy Program in Alberta.

You, Mr. Speaker, and I as westerners know what the National Energy Program was. It was a move to get around Alberta, Saskatchewan and British Columbia and go up north to explore. That is where the federal government is the colonial power. It is not necessary to deal with premiers Lougheed, Bennett and Blakeney. The federal government can call the shots. That is ludicrous. We should be drilling for oil in Alberta and developing the Lloydminster area, enhancing the heavy-oil recovery there. We should be giving money to Saskatchewan for an upgrader for its heavy oil. That is the kind of program we would have if we had a sensible energy policy. I warn members opposite that they are dealing with a six-foot Napoleon. That is what the Minister of Energy, Mines and Resources is. I watched him walk out of the chamber tonight after the hon. member for Calgary Centre (Mr. Andre) spoke. He was arrogant.

If members opposite are interested in energy, they should look at what is going on. In many ways, the oil industry is throwing everything on the government. What can we expect from the oil industry. Big oil companies have always had their own way. They have manipulated the National Energy Board and the federal government for years.

I reiterate, I do not question the thrust of the National Energy Program. I do not question the thrust of trying to get Canadian control of the industry. As the minister said, it is a strategic industry, and Canadians support that, but why do it this way? Why do it with a bureaucratic scheme that is convoluted and unworkable? It is our oil. I quote from page 17 of the National Energy Program:

> —in general, price and tax policies have provided the industry with the cash flow necessary to finance its expenditures. This means that the oil consumer and the Canadian taxpayer have financed virtually all of the substantial expansion of this industry.

I am not an expert in this industry. I have tried to understand the problems of the oil industry. I do not think they are that difficult. For years the industry financed all of its expansion from its cash flow, unlike other Canadian companies, such as those in manufacturing, which had to borrow money from the banks.

• (2030)

The oil companies, because of the PGRT and the taxes, have had to go to the banks, and because of the downturn, the recession, they are experiencing some difficulty. But that is not reason enough for the government to cave in on everything, on the good part of the National Energy Program. What the government should do is get back to Canadianization of Petro-Canada. Within the last year, as a result of the NEP inspired take-over, we spent $6.5 billion, and we have increased Canadian ownership of oil and gas by 6 per cent. The minister said that in the House, and he was proud of it. I figure it was between 30 and 35 per cent.

This country, with its new Constitution, this proud and vibrant, healthy young country, now has an industry that is only 65 per cent to 70 per cent controlled by foreigners. The decisions in the Hibernia case are not going to be made in St. John's or Ottawa, they are going to be made in the boardrooms of Mobil in New York. The decisions on the tar sands are going to be made in the boardrooms of Shell. That is what we are facing.

I think I have clearly set out what alternatives there are, Mr. Speaker, and I would like to conclude by returning to the question: Energy and security, for whom? These bills are all part of a large package bill which was originally called the energy security bill. The Liberal answer seems to be energy security for the oil companies, companies like Dome and Nova. They have been drilling in Ottawa, and they have done very well. Government money is going to pay all the money. What do we get for the taxpayers and the consumers? We continually get holes. I very much think the government is going to face a major rebellion of these taxpayers and consumers when they understand just exactly what the government is going to do with their $6.5 billion.

It is no wonder Canadians are becoming cynical, Mr. Speaker, about this energy policy. It is not what was promised. The Canadian public wants Petro-Canada to be the major player. I think the Canadian public would want this $6.5 billion to go to Petro-Canada for expansion, instead of going to these oil companies. I think the Canadian public wants to expand conservation alternatives, and I think the Canadian public is away ahead of the government, and the opposition. I suggest to the government that it is really missing a great chance and a great opportunity for a real vision of Canada.

I know a little bit about your own background, Mr. Speaker, and I shall close with a biblical quote. You will appreciate that. I cannot remember what part of the bible it comes from, but I am sure you will know. It goes like this: "Your old men shall dream dreams and your young men shall see visions; and where there are no visions, the people perish."

What a vision, what a chance we had with the energy program, to make Petro-Canada the predominant, the major player; to get it into the driver's seat. Instead, we have chosen to continue the old program of giving money away to oil companies. I very much regret that. That is why we will be voting against this bill.

Some hon. Members: Hear, hear!

Mr. Don Blenkarn (Mississauga South): The member from Vancouver-Kingsway (Mr. Waddell) mentioned that this bill was bureaucratic, that it was unworkable, and that it entailed

massive expense. I say to him, Mr. Speaker, he is right. He has no idea of how much bureaucratic work there is involved, and not only work for employees of the Government of Canada. There will be a great make-work project here, and a great make-work project for accountants, for the lawyers, for the clerks and the estimators, as we go through the various forms and requirements of determining whether a company is Canadian owned, 50 per cent Canadian owned, 60 per cent Canadian owned or 57 per cent owned, or whatever ratio is required in accordance with Clause 10 of this bill.

I did not rise to speak on this bill in that regard, Mr. Speaker. I rise because I am very unhappy and very sad for Canadians, that we should have a government that, after about two years since the election, one-half years since the budget of October 29, 1980, with all the things that have happened during that period, should continue to press with this legislation.

It has become evident to every home owner, every farmer, every businessman, large and small, that the cost of this legislation and the cost of this program has and will be borne by Canadians paying, on average, 2 per cent to 5 per cent more per annum in interest on every debt they owe. We can tell you that this program is absolutely inane. It is driving foreign investment from Canada, and it is driving Canadian investment from Canada. We are having to correct our balance of payments by bringing in the hot money from around the world. And the only way we can bring it in is pay more and more in interest rates and pass that across the country to every home owner, to every small businessman, to every fisherman, to every farmer, and to you and to me. Sir, the program is deficient, wrong, inept, indeed crazy.

I thought members of the Liberal Party would have seen what has gone on over the past year and one-half as hundreds of drilling rigs have left the country, as people have taken their money from Canada to the United States and to other parts of the world to invest where they think they can trust the government and trust the economic system. As the governor of the bank said, in August, in order to finance the number of take-overs that occurred last year, principally in the oil industry, he had to raise interest rates deliberately by 5 per cent. We are now expected to carry on with legislation that continues to advocate pressing directly on the major business of the country to that end.

I was a member of the Committee for an Independent Canada. I worked on that committee. Like my constituents, I would like to see business and industry owned by Canadians. In 1970, or thereabouts, approximately 90 per cent of the oil industry was owned by foreigners. Prior to this program coming in, about 70 per cent of the industry was owned by foreigners. There was a Canadian take-over, a voluntary takeover, if you like, of at least 20 per cent of the business in that decade. The minister says that a further 6 per cent of the industry has now been taken over by Canadians. Presumably, if the minister is correct, approximately 65 per cent of the oil industry is foreign owned and about 35 per cent is Canadian owned. The take-over by Canadians of investment in Canada would have continued without this program and, indeed, if this program were abandoned it would continue without any cost to anyone at all.

We have only to look at our history, to see a company like the Hudson's Bay Company, financed by traders from London, trading into the Hudson Bay. That company is today totally owned, by Canadians. There may be some foreign shareholding, but who cares, it is controlled, owned and operated here, with its head office in Canada.

Let us take a look at the Canadian Pacific Railway. It was financed totally by foreign investments for a while, aside from some free land it got from the Government of Canada, and perhaps a few dollars. Certainly it was financed and paid for to a large extent by foreign investment. That foreign investment has now been repaid and, by and large, the shares in that company are held by Canadians. That is what happens in business.

• (2040)

Canadians would rather own Canadian companies than foreign companies, all things being equal. If I have money to invest, I would rather invest in my own town of Mississauga than anywhere else. I would rather invest in my own country than in some other person's country. That applies generally around the world. Foreigners do not come to Canada unless they think Canada offers better opportunities than their own countries. Generally speaking, if Canada offers better opportunities, then Canadians will stay and invest in Canada.

Unfortunately, that is not what has been happening in the past year or year and a half. As we have seen, very close to $20 billion of Canadian capital and foreign capital in Canada leaves Canada. That capital leaving Canada has created horrendous balance of payments problems and has meant that every home owner, every fisherman, every farmer and every small businessman has had to pay considerably more for money than his competitor in the United States and, indeed, his competitor virtually everywhere in the world.

Where are we going with this bill? This is a bureaucratic piece of legislation which provides various means of determining whether a company is owned by Canadians and what percentage that ownership is. The bill is presented to us as necessary, because it is patriotic and it is good for Canada to own things.

It has been said that patriotism is the last refuge for the scoundrel. Let us look at the scoundrels who are proposing this bill and at what they are doing to the free-enterprise system. What are they doing? They are not running things in the normal fashion. They are running things by grants from the bureaucracy in Ottawa. Money is paid to companies provided those companies act within the regulations, orders and rules prescribed by the minister at his discretion, as set out in this bill and related statutes. The grants are not for everyone. They are only for those who apply and fulfil the requirements. They are only available if the drilling, exploration or development a company does is deemed by the minister, in his discretion, to be eligible. A company does not necessarily get a grant

because it is Canadian owned; it not only has to be Canadian owned, depending on the discretion of the minister in accordance with his very complicated and detailed regulations, it also has to have work which is eligible, in the mind of the minister.

Instead of a free-enterprise society, what we have is a state controlled society in which a minister and his officials in the ivory towers of Ottawa determine what work is to be done in Canada, who is to develop Canada, how it is to be developed, where it is to be developed and when it is to be developed. That is contrary to every concept of the free-entreprise system which has built our nation. This bill is socialism at its worst.

Mr. Waddell: Yes.

Mr. Blenkarn: I am glad the hon. member agrees that this bill is socialism at its worst.

Mr. Miller: Terrible socialism.

Mr. Blenkarn: Socialism would have the government own; here it just controls.

Mr. Waddell: Exactly. You've got it, Don.

Mr. Blenkarn: We have a planned economy, and we cannot support that because we know what is happening and what has happened in other countries which have used the concept of the planned society. The Soviet Union cannot even feed itself, and we have to export grain to every planned country. Poland is an example. Poland used to be a breadbasket for the world. We now have to export food to Poland as a result of it having a planned economy. If we carry on with the philosophy of this bill, we will wind up with further central planning of our economy. It will be done under the guise of patriotism or Canadian ownership. Patriotism is the last refuge of the scoundrel. Under the guise of patriotism, under the guise of Canadian ownership and under the guise of, "We are going to own the oil industry," what we really will be doing is allowing the minister and his henchmen to control the oil industry, just as they wish to control every business activity in the country with their central planning.

We have seen what has been happening with this government. This government has managed to run inflation up. It was 12.5 per cent last year. Perhaps it has slipped back to 11.5 per cent now. We have managed to run unemployment up to over 9 per cent. That is the government's figure. The rate of unemployment is probably well over 10 per cent, if we take into account those people who are no longer deemed to be in the work force, the 146,000 people who all of a sudden disappeared from the work force last year. I do not know whether they went to the gulag, whether they all died or whether there was a run on funerals, but that is the number of people who disappeared from the labour force last year. That is why we have only 9 per cent unemployment.

Mr. Waddell: They are running for the leadership of the Conservative Party.

Mr. Blenkarn: On the basis of statistics long old, I can say that the planned society program of the government represented by this bill is the kind of program against which Canadians should rise up. It is not patriotism. It is not designed to promote Canadian ownership. It is designed to promote government control of our means of production and distribution. It matters little whether that control is by a state company like Petro-Canada or in the minister's office by ministerial regulation and direction.

Let us look at what is happening in the United States. The Americans have opted for the other way. They have opted for de-regulation.

Mr. Waddell: And a windfall profits tax.

Mr. Blenkarn: They have opted to allow people to go out and make profits. My friends says a windfall profits tax. Yes, and they pay ordinary corporate profits taxes if corporations make profits. What is wrong with that?

Mr. Waddell: Windfall profits.

Mr. Blenkarn: But they are allowed to go out and drill and develop and do things the way they want, and things are moving there in terms of oil self-sufficiency. Bit by bit, rapidly, that country is becoming much more self-sufficient than ever before, and certainly this has been so in the last ten years. That is the way we should be going. We should be getting rid of the burden of government. We should be getting rid of the bureaucracy of government, the taxes of government and the people who think that because they happen to live in this city of Ottawa, they know all, can see all and can regulate all. We ought to set the people who produce free from the chains of government and the chains of regulations so that they can do their thing and develop without controls, without grants and without incentive payments, buried, so to speak, under the guise of patriotism and under the guise of Canadianization. I say the National Energy Program should be buried. The National Energy Program has been a disaster for Canada. It has cost Canadians their homes, their businesses and their farms. It has caused monster unemployment and it has been a cause of inflation. Every economic group in the country that analyses such things as the banking industry and other groups that have looked at what is wrong with interest rates, has almost invariably pointed to the Foreign Investment Review Act and the national energy policy as being the two things that have tended to hurt Canada far more than help it.

• (2050)

Under the provisions of GATT we are already under attack by the United States. This bill favours Canadian companies over foreign companies to the extent that it is unfair and will work against us with respect to our own multinationals. We are proud of companies like Massey-Ferguson Limited, Seagram, CPR, Noranda, Hudson's Bay, Inco and so on which trade around the world, yet our own companies with head offices in Canada will wind up being discriminated against in

foreign countries if we continue to discriminate against foreign companies in Canada.

That could damage us in two ways, Mr. Speaker. Not only will it mean a loss of export markets for our manufactured goods in particular, but it will mean retaliation and a lack of investment opportunities for Canadians in the country. As Canadians see the government become more and more bureaucratic and dishonest in the name of patriotism, using regulation and control to influence their jobs, the means of production, the means of distribution, the pricing of labour, they will take their money and talents out of the country. This has already been done by a great number of Canadians, particularly in the oil industry, within the last two years or less.

I say to you and members of the House, Mr. Speaker, that we should examine this bill carefully and decide that it is the wrong course for Canada.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, other members of this party have pointed out that we in the official opposition are quite supportive of the concept of Canadians gradually taking an increased ownership and investment interest in the oil and gas industry, as indeed in all sectors of our economy. At the same time, however, we see no urgent need to put the oil and gas industry on such a crisis footing that we would want to exercise the brute force tactics represented by Bill C-104.

It is rather like having lost the keys to the car and going down to the local service station for a sledge hammer to open the door. It might be smarter to look for a coat hanger or a locksmith. We are using a brute force tactic, which is far more severe than the circumstances warrant, with regard to the distribution of equity investment in the oil and gas industry.

Aside from that, however, this party believes that it would be far more desirable to seduce—perhaps I should say encourage—Canadian investors, than to drive foreigners away who would also seek to bring money to Canada, take risks in our future and share in some of the benefits if the risks are successful.

It is ludicrous to suggest that Canadians do not own or control our natural resources. Under the Constitution adopted two days ago, ownership of the resources rests with the provinces. Control rests in the hands of the provincial governments and, to some degree, in the federal government. There are laws and a tax system which can be used to ensure that we direct our economy on a particular course if we so choose. We have bilateral tax treaties, which are to be respected and which can be amended from time to time, if we want to negotiate certain arrangements between ourselves, the United States and other countries.

There is a basic difference of philosophy, Mr. Speaker, ours emphasizes the importance of increasing the means of the production of wealth and the production of wellbeing of Canadians as opposed to the philosophy which is prevalent in the government party opposite—that which focuses on the redistribution of wealth without regard for creating additional wealth, additional employment and opportunities for our young people. That philosophy of redistribution, rather than production, has destroyed the free economies of many countries and has led to the gradual introduction and intrusion of socialism and, ultimately, communism. Like other speakers for this party, I am alarmed at that tendency which we see evolving in our country today.

This party is not opposed to Canadianization but it is certainly openly and vocally opposed to nationalization of the wealth and the means of production which, as we have heard them state, is their ultimate objective of our colleagues to the left in this business. This would reduce the productivity of the country and would destroy the opportunities and freedom so cherished by individuals who came to this country from all parts of the world.

Bill C-104 is the bureaucrat's dream and the businessman's nightmare, Mr. Speaker. It requires forms and paperwork. It will provide work for petty bureaucrats for many, many years. They will be charged with determining what constitutes eligible Canadian asset costs, eligible development costs, eligible exploration costs, eligible persons, qualified persons—in fact, it might surprise some hon. members to realize that somewhere in this bill there is provision for Canadian persons to be controlled. On page 20, clause 38.(5) of the bill provides that where the minister designated to act as the minister for the purposes of the Foreign Investment Review Act has reached the opinion under subsection 4(1) of that act that a person is not a non-eligible person within the meaning of that act, that person shall, subject to subsection (6), be deemed to be Canadian controlled. That is very interesting, Mr. Speaker. I know it is just an inadvertent choice of legal language but we should note that the bill even provides that persons shall be Canadian controlled—not free Canadians, but Canadians controlled by the provisions of the bill and the philosophy of the government.

The dreamer who put together the schedule of eligibility for the PIP grants is much more of a mathematician and academic dreamer than a pragmatist. Clause 10 of the bill on page 7 provides that in 1981 eligible persons must be 50 per cent or more in the majority. I gather that ineligible persons are those who do not happen to live or to have lived in Canada. Persons who are 50 per cent in the majority or up to 65 per cent by 1986 will be eligible for a grant of some 10 per cent of direct development, exploration or asset costs. Of course, if you happen to be an eligible person and comprise more than 60 per cent Canadian content, rising to more than 65 per cent by 1986, then you are eligible for a 15 per cent grant to offset eligible development expenses and eligible asset expenses. If your Canadian ownership rate is 65 per cent or more, rising to 67 per cent in 1982, or 69 per cent in 1983, ultimately to 75 per cent by 1986, then of course you are eligible for larger grants to the extent of 55 per cent on eligible exploration costs and 20 per cent on other costs.

• (2100)

Mr. Speaker, these factors will have to be assessed every time the equity holdings of a company changes in any minor

way, within certain tolerances. It will mean that private companies will have to file applications and seek the minister's dispensation every time the investment structure of their company changes in any significant way. Furthermore, there are the onerous record-keeping provisions which provide, among other things, that these records will be held in confidence by the minister and may only be released to the courts if they are required in criminal proceedings related to fraudulent abuse of this act. This will, in fact, invite fraudulent abuse because people can play with this schedule, manipulate the system, falsify information, and ministers and political hacks can exercise favouritism to benefit certain people who have access to friends in government.

This is another reason why the oil and gas and related industries have been alarmed by the provisions of this legislation. It is no secret that the value of oil and gas shares in Canada has collapsed since the introduction of the NEP. We have considerable data to justify that statement. I have a rather interesting quote from a very well known executive, the vice president of PetroCan, Joel Bell, who said in December 1981:

> Let us look at the stock market, as something of a barometer with regard to whether the Canadian (taxation) régime is appropriate. When the National Energy Program was announced in late October of 1980, the stock market dropped. If you take a period of a year, from October 1980 to October or November of 1981, it has dropped by 22 per cent.

In fact, the oil and gas index has dropped on the Toronto stock exchange by some 1,300 points in 1981 as a consequence of the NEP. This program, along with FIRA and PIP grants, is having a tremendously detrimental impact on the industry, contrary to the allegations of the minister who read selectively from a telegram or letter from one company in Calgary which is friendly to him. The statistics show that this legislation is having devastating effects on oil, gas and mineral exploration. Well completions in the western Canadian basin dropped to 7,200 in 1981 from 9,500 in 1980. Canadian investment in the industry has dropped by 25 per cent, with a corresponding increase of 25 per cent in the United States. Wells drilled to the development stage dropped 28 per cent in 1981. And as we have heard many times in the House, some 226 drilling rigs have left Canada for the U.S. since October, 1980.

These PIP grants, Mr. Speaker really represent a supplementary profit to the oil companies fortunate enough to qualify. Because of the uncertainty involved and the typical delays of government departments in writing cheques and processing applications, the successful companies will have to predicate their investment decisions on the assumption they can make their goal without the grant. In other words, they will have to assume a certain profit on the initiatives they take, whether or not they qualify for these grants. They are, in other words, going to be padding out profits from 10 per cent to 20 per cent to enable them to apply for these incentive grants.

In that respect the companies with the inside track, the larger and well-financed financed companies, might well go for the program, but we have to remember that in a heavily regulated economy, in any sector, including the oil and gas sector, these uncertainties will ultimately lead to higher costs to the consumer. That will be the impact of these initiatives. Smaller companies will find, in fact have already found, that the delays and unwieldiness which this legislation represents make the risk just too great to justify the investment. So we will find more and more of the larger Canadian-owned oil and gas companies diverting their investment to the south, as they already have. We will also see the larger companies which have access to the cabinet, those whose presidents can afford to come here in their Cadillac limousines and have lunch with the Minister of Energy, Mines and Resources (Mr. Lalonde), will become top heavy and over-extended to the extent they may well collapse in the not too distant future. I do not need to name them, many of us know who they are. And ultimately the taxpayers will pay the cost.

We debated Bill C-48 in the House a few short months ago, and now the threats of more possible confiscation of exploration interests through that bill and other aspects of the NEP will impair, indeed have already impaired, our ability to achieve energy self-sufficiency. Contrary to everything the NDP energy critic has said, self-sufficiency means oil and gas. Energy experts the world over will concur in that. We have to develop our oil and gas alternatives within the western basin, the frontier lands, and the Canada lands north of 60. Because of the negative impact of the NEP we find an increased dependence on imported oil. Because of certain provisions in the NEP we have excessively inflated compensation charges to the refineries who refine that imported oil, even though they can buy it more cheaply. The point we have to realize, Mr. Speaker, is that when governments interfere with the forces of supply and demand, we are ultimately going to pay more. We saw that in the case of uranium where this government openly participated in an international cartel in order to prop up artificially the price of uranium. As a result, our uranium ventures are shutting down and our CANDU reactors are not selling because we pretended that somehow we could control the price, when in fact ultimately, and by natural forces, those prices will always be dictated by supply and demand.

• (2110)

This bill is ludicrous. In fact, it represents another great Liberal fraud being perpetrated on the people of Canada. On the one hand, this government wants to create the illusion of getting tough with the industry. The government has not allowed us to debate in the House the evidence, in whatever form it takes, on the so-called alleged excess profiteering of the oil and gas industry. The evidence has not yet been heard and the decisions have not yet been taken on all of the matters before the courts. But for some reason the government has decided to create the impression that the oil and gas industry is the great bogeyman within our country and not the important dynamo for maintaining our industrial economy which, in fact, it is.

The government has done this in an attempt to impress the public. But again, this is a point made regularly and rightfully by our colleagues to the left that the government wants to hand grants back to the industry through the back door. The government taxes the companies excessively, it gets tough with

the industry and taxes the consumer to help pay the price, and then through the back door the government returns money to the industry in the form of grants.

That type of approach, that focus on redistribution, has tremendous inefficiencies associated with it in addition to interfering with the natural forces of supply and demand. Instead of encouraging the production of additional supply, what we are doing is merely redistributing the investment needed to maintain the existing supply of energy sources that we need in this country and at the same time skimming a big chunk off the top. There is no Liberal member opposite who would not agree that the government's ultimate goal is to balance the budget, to try to offset the multi-billion-dollar budgetary deficits which the government has incurred because of squandering and spending on its own foolishness. For example, consider the stupid kit we received in our offices last week which no one in this House authorized. It was a fancy kit to proclaim the new Constitution for which our friend the Prime Minister (Mr. Trudeau) wants to take all the credit even though he had to be bludgeoned by the ten premiers and dragged screaming and kicking to the table of compromise.

I for one was quite offended not to have seen the premiers get adequate recognition last week from the government opposite in spite of the fact that, had it not been for those premiers who compromised and agreed and forced the Prime Minister to change, this country would not have had a new Constitution.

Mr. Taylor: We would not have had a country.

Mr. Siddon: This government opposite likes to talk about the evil doers in the private sector, the so-called profiteers. But in fact it is this federal government, the Liberal Party opposite that has been profiteering more than any other single group in the oil and gas sector and profiteering at the expense of the Canadian economy. We need only look at the breakdown in the price of a litre of gasoline. I will use the measurement of litres out of consideration for my metric friends across the way. We find that out of the Canadian average price of 42 cents a litre of gas, 14 cents goes to the Canadian federal government, or 33 per cent. This goes to the federal government by way of clear profit. It does very little to justify it. By comparison, the producing provinces receive only 16 per cent, less than half of what the federal government receives.

What is this great illusion about the private sector ripping off the people? The ones responsible for the greatest rip-off of all are those in the Liberal cabinet and their so-called friends to my left who condone this type of excess intervention in the private sector economy which is so important to all of us. It allows us to continue to enjoy the prosperity and benefits of this great country. On the one hand, the government wants to take—that is the philosophy of Bill C-104 and the earlier legislation that we have seen pass through the House—bigger and bigger chunks of the revenues without realizing what a mucky job it is to roughneck, what a risk it is to work on one of the offshore drilling rigs, or to put on your boots, set out across the mountains and tramp through the forests with a geophysical crew. The government opposite does not want to do that. The government just wants its 33 per cent profit. Then the government will give it back, but it will be redistributed to its friends and to people who happen to suit the government's definition. Bureaucrats will skim off anywhere from 10 per cent to 50 per cent of the revenue by way of an unnecessarily costly, unproductive rigmarole of the sort this bill represents. That is what this government is doing. The ordinary taxpayer is being asked to foot the bill for all of this. How ludicrous it is. We all know that an excessively regulated economy, as this bill reflects, will only lead to higher consumer costs. That is what we will have to contend with.

Right now I can drive from my constituency 20 miles to Bellingham, Washington and buy gasoline at less than $1.20 a gallon, which is about $1.50 in Canadian funds. But I buy my gasoline in Vancouver at $1.85, $1.90 or $1.95 a gallon. That is what we have achieved because of this National Energy Program, and this spendthrift government believes that only the great gods in Ottawa can do anything right in this country.

I want to say something about a couple of the sectors that are indirectly affected by this policy. One is the Canadian mining sector. I know you will permit me a moment or two to comment on that, Mr. Speaker. In the Canadian mining sector, the junior mining companies at the exploration level have experienced a tremendous lowering of investor confidence and uncertainty because they do not know what the next move of the government will be. The Minister of State for Mines (Mrs. Erola) can proclaim all she likes the fact that it is different in the mineral sector because Canadian ownership is somewhat higher. But what about companies such as Inco which is not Canadian owned? What about the Iron Ore Company? When is the next shoe going to fall, and is it going to hit them on the head? While we are at it, if we really want to get into intervention, what about the grocery industry in which some of the major grocery chains are dominated from outside of Canada? What about the department store industry? Some of the department stores on Sparks street here in Ottawa are owned by Canadian investors and controlled by Canadian investors. What about the automotive industry? What about General Motors? Will they be next? Why just the oil and gas industry, Mr. Speaker? I do not understand this, unless it has nothing to do with common sense but is purely an exercise in politics.

The mineral sector, in addition to the concern and uncertainty about where this interventionist Canadian-controlled philosophy is going to lead, is being adversely impacted by the tax policies, as was most notably reflected in the November 12 budget of last year, and by FIRA and the attitude that FIRA is taking in the form of unwritten policy guidelines in denying foreigners and others the right to invest in our minerals exploration sector. If they want to invest more than $200,000 we are told they are not allowed to come to Canada. Or if one American-owned company wants to assign its assets to another American-owned company, we are told that in the mineral exploration sector it is contrary to FIRA policy and cannot be allowed.

What we have is a tremendous lack of confidence in the mineral industry that is very important in regions like Quebec, northern Ontario and British Columbia. This is a direct consequence of the National Energy Program. I should point out that it is not only because of the National Energy Program, FIRA and the budget, but it is because many of these companies are affiliated with oil and gas exploration interests. Those oil and gas exploration interests have found mineral exploration to be a high risk. That is the part that has been closed down first. In the past few months we have seen Kennco Explorations (Western) close down in British Columbia. Shell Canada Resources, Gulf Minerals, Canadian Superior Oil, Norcen Energy and Union Oil have all withdrawn their exploration efforts in western Canada and elsewhere because, and they will state this very clearly, of the impact of the National Energy Program and FIRA.

• (2120)

I should like to quote from a letter which was sent to the Minister of State for Mines by the president of the British Columbia and Yukon Chamber of Mines, Mr. Robert J. Cathro, wherein he indicated:

> Our analysis shows that these federal Canadianization policies will reduce 1982 mineral exloration spending in British Columbia and Yukon from the petroleum companies and the small (junior) mining companies by about $31.4 million (49 per cent below the 1981 levels). This sharp decline is hitting us at the same time that lower metal prices are causing a cutback by major mining comanies of approximately $17.6 million (18 per cent below the 1981 level). The total decline in 1982 is estimated at $49 million (a 30 per cent drop from 1981). This translates into a loss of at least 200 professional positions and over 1,500 field and clerical jobs (including contractors). In addition, it will result in a substantial decline in revenue for aircraft and assay companies, equipment suppliers and the hotel, food and catering industry.

Then he went on to say:

> The lofty aims of FIRA and NEP are resulting in reduced security and opportunity for the mining industry, which strikes us as a grossly unfair and foolish way to share the nation's rich resources.

We wonder why the government would not have considered a more constructive and gradual method to encourage more Canadians to invest in oil and gas and mineral exploration in the country. Why did it not first encourage foreign-owned companies to make more stock available for purchase by Canadians? Why did the government not negotiate a change to the bilateral tax agreements between Canada and the United States if it really wanted to effect a change in this area? Why did it choose to bring in a socialistic, bureaucratic solution to a problem which will ultimately hurt us all?

We must consider the impact of this legislation on Canada-United States relations. I am not only referring to the question of Canada-United States relations in terms of tax policy. I am talking about the over-all relationship with our strongest ally, closest neighbour and best friend—the United States of America. We must consider its impact in a political, economical and social sense. We must realize what we are doing to Americans who have regarded Canada for a long time as their closest friend and neighbour and as a source of secure supply of minerals, natural gas and other energy materials which are essential to the maintenance of their economy.

We are beginning to look like another banana republic to Americans. We have no one to fault but ourselves. One morning they may turn their backs on our country and say, "We will go it alone. We do not need offsets in the auto industry. We do not need concessions in the fishery area. We do not need to worry about how you feel about your water, the Garrison diversion, acid rain and various things, because of the way you are treating our genuinely motivated citizens who wanted to take some risk and make some investment in your country and to share in the adventure and the challenge it represents." Allan MacEachen, or I should say the Minister of Finance (Mr. MacEachen), will probably demand next year that the United States change its domestic policies regarding oil and mineral exploration because of the hurt those policies are causing us. Is that not what the Minister of Finance said about interest rates, that Mr. Reagan should solve the problems which his high interest rates are causing Canadians? Is that not ludicrous? Yet, because of the damage caused by the National Energy Program, we will hear the Minister of Finance and the Prime Minister saying, "Those dastardly Americans have done it to us again. Why do they not clean up their tax structure and stop encouraging Canadian investment to go south because we need it in Canada?"

The statistics in fact show that investment is flowing south because investment and risk taking is rewarded there. Here it is penalized; the only thing that is important is whether one is a 50, 75 or 52 per cent eligible Canadian. We find that Americans are opening up reserve lands, restructuring their tax policies, emphasizing more exploration in their offshore areas and making it much more attractive than it was previously. They are asking Congress to legislate in terms of geothermal leasing and shale oil development. They are opening up wilderness areas in order to respond to the need to be self-sufficient in minerals and in oil and gas, because they can no longer count on Canada. In some respects one might imagine that there is almost an element of plot to the program, an element of plot against our American friends, and that they will say, "There will be no more security of supply for you, even if it pertains to coal, minerals or other resources which you need as much as we do, as do the Japanese, West Germans, French and everyone else." The government would rather be borrowing from the Saudis and the French, from the financiers of Wall Street and Bonn, in order to finance the patriation of the oil and gas industry. It would prefer to go to those countries to borrow money at secured rates of return with no risk and agree to allow our children to pay off deficits at 15, 18 and 20 per cent rates of interest for who knows how many decades.

It is not only a plot against Americans. It almost smacks of a plot against Canadians. Certainly it is seen as a plot against western and northern Canadians. The provisions of Bill C-48 do not allow the northerners any say or control over the development of resources. No northern heritage fund is being set aside so that the benefits of resources can be enjoyed by northern people for many centuries to come. Certainly it can be seen as a plot against Newfoundlanders and Nova Scotians

who want a more equitable resolution of the question of offshore ownership. The great and wonderful government opposite does not care about the cost to ordinary Canadians. It just cares about more bureaucracy, more form-filling and more redundant methods. It seems to assume that one just sticks a soda straw in the ground, sucks on it, and oil comes out. It has no conception of risk and investment costs, the complexity, the weather and the hardship which goes into developing resources.

An hon. Member: What about hot air?

Mr. Siddon: The hon. member will have his turn to speak. The government sticks taxes to Canadian—taxes on gasoline, heating oil and natural gas. It willingly consents to high interest rates, which are a hidden tax that we are all paying. The government is spending more than the country is earning and is driving away foreign investment at the same time. High interest rates are nothing more than a hidden tax on Canadians imposed by the spendthrift government opposite. There is a shortage of capital in Canada. In order to obtain enough to finance the government debt, it pays 19.5 per cent on Canada Savings Bonds. Over $6 billion worth of bond issues will come due next year, $6 billion dollars that was lent out at interest rates ranging from 4 per cent to 8 per cent. These will now have to be refloated at interest rates of 18 per cent. Who will pay for that? These are all the indirect costs of this foolish intervention by the government. In the final analysis it tells the Americans, the West Germans and the Japanese to take their money elsewhere because it does want it and can do very well on its own. How foolish.

• (2130)

The government then goes to the foreigners to borrow money as it did to purchase Panarctic and Pacific Petroleum to start Petro-Canada.

I read in the newspaper that Petro-Canada had a profit increase of 24 per cent in 1981. What is not mentioned is that after it has paid off its obligations under the term preferred shares arrangement with the chartered banks, who then remitted those payments to their foreign lenders, all that Petro-Canada had left was some $64 million on a total equity of about $2.5 billion for a return on investment of 2 per cent. That is what this great Petro-Canada company is earning for Canadians by running all of these fancy gas stations—a 2 per cent return on investment. That figure is not adjusted for inflation, it is the real return on investment. How foolish and ridiculous.

All that I can conclude is that if we cannot get back to providing a system of incentives to private sector investment of the sort outlined in the Crosbie budget of 1979 where, for example, contributions to registered retirement savings plans would be given special income tax status were they to be invested in Canadian common stocks, and where individual Canadians would receive tax benefits to invest in Canadian common stock investment plans up to $100,000 a person, those kinds of incentives which encourage more Canadians to invest and take risks in the development of our country, I fear that our economy will go nowhere but down.

Mr. William Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I would like to begin by making some remarks on the confusion which seems to exist within the Progressive Conservative ranks. I thought that one of the initial demands which they made during the early stages of the bell-ringing occasion was that the PIP program come forward quickly so they could support it and have it passed quickly so they could get the money to their oil friends in Alberta and elsewhere. We now see them rising to oppose this particular program. Hopefully, the next speaker will clarify why there is this great inconsistency in the policy of the Progressive Conservative Party.

Although I am tempted, I will try to resist replying to some of the remarks made by the hon. member who just preceded me. However, in passing, I must say that I have never heard such unadulterated garbage in my life.

Mr. Siddon: The feeling is mutual.

Mr. Blaikie: It would not pass some kind of grade six current affairs test with respect to any accuracy at all as to what might be appropriately called communism or socialism, liberalism or anything else. It is this sort of stupid and inaccurate garbage debate which is polluting and poisoning Canadian politics from one end of the country to the other; the kind of intellectual dishonesty and complete garbage that the hon. member was peddling before. I am no friend of the government or of the official opposition, but I believe that the least we can demand of members is to try to have a smidgen of intellectual honesty when they get up to speak.

Mr. Kempling: Try it yourself sometime.

Mr. Blaikie: Tonight we are discussing the petroleum incentives program act which will replace the super-depletion allowance which was formerly available for frontier exploration and will gradually replace depletion allowances in both federal and provincial lands.

In the past, depletion allowances have permitted deductions from taxable income of 33.3 per cent of exploration, development and certain other costs in addition to the normal full deduction of those costs. Super-depletion allowed an additional deduction of two thirds of drilling expenses for wells costing more than $5 million. This incentive expired in the spring of 1980.

Under the former tax-based incentive system, maximum benefit went to the larger and usually foreign-owned corporations which have larger amounts of taxable income. As a result, they derived greater benefit from these particular depletion allowances. This tended to inhibit the growth of the relatively small Canadian-owned and controlled sector even though this was the more agressive sector of the industry.

It is our understanding that the new system is designed to encourage even more aggressive investment by Canadians, directed at both Canadianization and the petroleum supply development goals of the National Energy Program. It is said

that the federal share of the petroleum incentives program is estimated to be $940 million for the fiscal year 1981-82, which is up from the original estimate of $860 million in the draft bill. The government estimates that the PIP grants will total almost $6.5 billion during the five-year period from 1981 to 1986. As the hon. member for Vancouver-Kingsway said earlier, that is $6.5 billion as compared to the $35 million to be put into Canertech, one of the government's paltry initiatives in the field of renewable energy.

The Canadian-ownership qualifications have been loosened since the program was first announced in the National Energy Program. Originally, a company had to be 75 per cent Canadian owned in 1981 to receive maximum grants. This has been reduced to 65 per cent with a phase-in to 1986 for 75 per cent Canadian ownership. In addition, a new ownership level three has been introduced. In this respect, talk about a bureaucratic nightmare is justified.

Canadian-ownership regulations may also be amended by ministerial discretion. We have no guarantee that there will not be further retreats by the Liberals bowing to industry pressure—in this case, the pressure from oil companies—in the same way that the hon. Minister of Transport (Mr. Pepin) has bowed to the pressure from the railways with respect to the Crowsnest Pass rates.

It has been our position that we oppose grants to the richest industry in Canada unless we get more equity in return. Moreover, diverting some of this $6.5 billion to renewable energy development and conservation should be examined and, indeed, should be recommended as being more cost effective. Under this program, for example, even oil companies which drill a dry hole will still receive the grant.

The focus of our criticism on this collection of bills before us now is the petroleum incentive payments. We believe that the government is overly generous to the petroleum industry. All companies, regardless of the degree of Canadian ownership, will receive a minimum grant of 25 per cent of their exploration costs on Canadian land—that is to say federal lands. The grant can range up to 80 per cent of the cost. As taxpayers, we get little or no equity in return. On provincial lands, the federal government will give grants of up to 35 per cent of exploration costs but not take any equity or ownership in the projects. The grants can range as high as 80 per cent of the cost.

When the grants and tax breaks are combined, the result is that a 67 per cent Canadian-owned oil company in 1982 will only have to spend seven cents on every dollar for exploration. Taxpayers will be putting up the other 93 cents. This is a giveaway of immense proportion to what is already one of the richest industries in Canada in return for little or no ownership. What private investor would put up 93 per cent of the cost of a venture and accept a maximum equity of 25 per cent?

The PIP grants should also, in our view, be tied in with the phony Canadianization policy of the national energy policy. The grants are supposed to promote more Canadianization of the petroleum industry and help us to achieve oil self-sufficiency by 1990. The goal is only 50 per cent Canadian ownership, not control. Under the program, the industry can still be foreign-controlled. Moreover, the rules determining what is Canadian ownership are discretionary on the part of the minister and have already been relaxed since they were first introduced. The Canadianization program of the Liberals means more private Canadian ownership rather than public Canadian ownership. There is no evidence to the effect that private Canadian companies will act any differently when it comes to blackmailing the government into higher prices, more tax concessions and more exports of our non-renewable resources, than the previous foreign-owned multinational corporations. Self-sufficiency is an elusive goal when the companies turn around and seek to export more. This is why we in the NDP argue that Petro Canada and other Crown energy corporations should have majority control of the whole industry so that policies can be developed in the public interest.

• (2140)

Some hon. Members: Hear, hear!

Mr. Blaikie: The National Energy Program is phony. What is so hilarious in the debate is that such a phony program should be the cause of such paronoia and fear on the part of the Progressive Conservative Party. It is phony Canadianization because it leaves most of our energy industry in private hands; Canadian private hands instead of American private hands. Therefore, as the hon. member for Vancouver-Kingsway (Mr. Waddell) said earlier, we are merely exchanging Arthur Mellon for Robert Blair, Jack Gallagher and Conrad Black. It is phony because even where it does involve public ownership, it does not depart from the prevailing energy model. This is what I primarily want to speak about tonight. All that the National Energy Program does, to the extent that it does anything, is to change the ownership of the energy industry in Canada without changing the nature of the energy industry. The National Energy Program is still part and parcel of the old and increasingly destructive and futile policy of finding everything in sight, selling everything in sight and using everything in sight as fast as we can, with no care for tomorrow.

The National Energy Program does not face up to the fact that we need to see changes in our energy policies which go far beyond the debate which rages about private versus public ownership of the energy industry. Indeed, both sides of the argument as caricatured by the Liberals and the Conservatives show that this is a pathetic debate. The Liberals are realizing, far too late in the game, that they have sold the shop, that they have sold out the country. And now they might just be buying the whole thing back, to the extent that they are buying it back, and, as I have already said, that can be argued, when it could also be argued that it is worthless and that in a very short period of time the very companies that they want to replace will be moving on to other areas of concern. They will be trying to get control of other energy scenarios and thus, in a very few short years, they will be only too glad to give over to the Liberal Party their present interests.

Tonight I want to speak about the kind of energy policy that we could have if we had more, yet different, government planning than we are now offered by the Liberal Party of Canada. Our view of the value of public ownership is founded in our commitment to give ordinary Canadians more say in the kind of energy choices which will dictate the quality of their lives and of their children's lives in the future. In this respect, I would just like to make a comment about what we mean when we say that we want to give Canadians more control and participation in their energy industry.

The more I listen to my Progressive Conservative colleagues, the more it becomes clear to me that when they are speaking of more control and participation by Canadians in the oil industry, they mean that very small percentage of people in this country who invest in the energy industry and who buy stocks and that sort of thing. That does not apply to most of the people in my riding. When I speak about giving them more say in the energy future of this country, I am not speaking about creating some kind of tax policy which will permit them to buy what few stocks they can afford in some private Canadian-owned oil company. Big deal! It is absolutely meaningless to most of the people in my riding. They want to have a say in public policy. They do not want to have a few stocks shoved away in a closet somewhere. That is what we mean when we speak about giving ordinary Canadians more say, more participation and more control over the energy policy in this country.

As I said before, our view of the value of public ownership is founded in our commitment to give Canadians more say in the kind of energy choices which will dictate our future. The debate between the Liberals and the Conservatives is really only a debate over which set of bureaucrats will arrogantly and blindly impose their will on ordinary Canadians out of this energy model now before us. I mean, that is what is really going on here. We are not discussing anti-bureaucrats and bureaucrats. We are considering which set of bureaucrats will run the energy future of this country. That is what we are hearing when we listen to the debate between the Liberals and the Conservatives. What would the Conservatives do? They would leave the many, "i.e." Canadians in the hands of a few multinational corporations which have already demonstrated, to anyone with half a brain, that they do not have the public interest at heart. That is the set of bureaucrats which the Conservatives would like to see running the energy industry in this country. The Liberals would put the many in the hands of a few Petro-Canada bureaucrats, or ministerial flunkeys, who would have no more interest than Shell or Imperial Oil in involving ordinary Canadians in the formation of a sound and sustainable energy policy. That is the debate which rages on between the Liberals and Conservatives.

We do not see public ownership as the creation of a large monolithic government bureaucracy which is insensitive to people, insensitive to the environment and insensitive to the future. That is what public ownership means under a Liberal government. These Liberals have done more to give public ownership a bad name than anyone I could possibly think of on this side of the Atlantic. It is no wonder that we have a great deal of anxiety about public ownership when we take a look at what has happened with the AECL, with the secrecy, arrogance and insensitivity shown toward almost anything one could ever imagine. However, let not the Liberals be the example of what is possible—

Mr. Evans: NDP hacks!

Mr. Blaikie: —when Canadians put their minds to having a publicly-owned energy industry in this country.

Mr. Evans: Tell us how you would run it?

Mr. Blaikie: When we talk about public ownership, we are talking about a general name for an approach to our energy future which would take control of our energy future out of the hands of the powerful few, whether it be the powerful few in the Department of Energy, Mines and Resources, or whether it be the powerful few in Shell or in Imperial Oil, and distribute that control and design over our energy future in a pluralistic coalition of accountable Crown corporations. The one thing we must do if we want to make public ownership a worthy goal in this country is to make Crown corporations more accountable to Parliament and more accountable to people.

Mr. Evans: How?

Mr. Blaikie: I say that we should renationalize the CNR and many other Crown corporations and make them act as they were intended to act. We see public ownership as a coalition of accountable Crown corporations, co-operative enterprises, neighbourhood conservation initiatives and programs, decentralized solar and other soft energy projects, all of which should be guided by certain perspectives, some of which I hope to outline tonight.

Energy sources on which societies have become dependent are being used up. It is as clear as that. In my view, the most obvious indicator of the poverty of the debate concerning energy in this country is that we can actually speak about an oil glut as if this were some kind of reality that we must address. In the long run, there is and can be no oil glut. We are referring to a finite source of energy. When we are talking about a finite source of energy, particularly when we are talking about it within the framework of an economic system that demands infinite expansion as one of its internal dynamics, to talk about an oil glut is just so much mirage, so much illusion. Yet we continue to allow those kinds of mirages to trick us when we are talking about energy policy in this country.

• (2150)

If we are to respond in something more than just a technical way to this reality, we must begin to talk about the ethics of energy use and not just the economics. When we begin to do this in earnest and not just be the prisoners of certain economic arguments, we will find that the two perspectives, the ethical

and the economic, are not contradictory but are rather complementary in the long run. They seem to be contradictory in some short-term considerations, but surely if we are here to be responsible, we are here to consider what is the right thing to do in the long run.

Priority in energy use should be given to the satisfaction of basic human needs such as food, shelter, health, clean air and water. Human dignity also demands the widest possible participation in policy decisions which seek to meet these requirements. We must consider not just the consumers of the present but the consumers of the future who are voiceless in this debate because they do not yet exist. Their interests ought to be represented more often than they are.

The other voiceless are fellow creatures, the animals, the birds, the fish, creation in general. In this respect, I would like to suggest some guidelines for an energy policy. The first thing we must say about any energy policy is that it must be safe. It must be protective of the human and natural environment and not threatening irreversible global damage. It must be appropriate to human nature, not requiring infallibility or error-free performance from humans or machines.

It must be flexible, that is to say capable of timely change, even reversibility, during development and use in order to adapt to unpredictable events such as unexpected health hazards. It must be non-destructive of the other necessities of life, for instance not taking good agricultural land out of production or polluting necessary water supplies. It must be resource saving, using renewable energy resources rather than non-renewable resources, for instance water power rather than oil. It must be resilient, capable of absorbing shocks, for instance oil embargoes or severe winters without causing major social disruptions. It must be fair, capable of having its benefits and costs allocated fairly to all, including future generations, for instance, not requiring one group to suffer genetic damage in order that another group may have electricity. It must be comprehensible, capable of being understood, with information freely available, so that those citizens who wish can participate responsibly in energy decisions. It must be non-violent, difficult to use directly or indirectly as a weapon, for instance, not able to be easily made into a nuclear bomb. It must be employment producing, not replacing jobs with energy-intensive machinery, especially in areas of high unemployment. It must be pluralistic, assuring a diversity of options, cultures, lifestyles and opportunities, and encouraging a scale that permits choice and control by the users, by Canadians. It must be appropriate, most nearly matched to the society to be served by any particular energy format, for instance, small scale and local where the need is mainly in small communities, and producing the kind of energy most nearly matched to the work to be done, for instance, electricity for telecommunications and solar for hot water. Finally, it must be aesthetic, pleasing to the senses and enjoyable to work with.

These are the kinds of guidelines we must look at. We must support efforts to conserve energy and to use it more efficiently. Not using energy unnecessarily is the safest and cheapest energy resource that we have. Continued education about the necessity for and practical ways of saving energy is needed. Laws and regulations deterring conservation and recycling of materials should be changed.

We must support publicly-funded energy-conserving projects designed in a way that will provide new skills and jobs for the unemployed. Such projects include winterization and insulation of homes, small scale appropriate energy technologies and public transportation, something promised by the Liberals in every election campaign as far back as we can think of, but never delivered.

We must support programs to limit fuel consumption that do not rely primarily on raising prices, which place an intolerable burden on the poor, the elderly and those on fixed incomes. We must support increased government research and development funding, subsidies and other incentives to expand the practical application of appropriate energy technologies based on energy renewable resources, such as solar energy, including wind and water.

We need to support a national energy policy which in the long run does not rely on long-term large increases in the burning of coal, particularly if it is to continue to be burned by companies that refuse to use existing technologies to scrub their emissions. Besides increased health and safety risks to workers and the general public from using more coal, extensive burning of fossil fuels may cause irreversible damage to the world's atmosphere, changing weather patterns and so threatening food production and the continued habitability of large areas of the earth.

However, we realize that some increase in coal use over the short term will be necessary in order to avoid increased use of nuclear energy and economic dislocation caused by severe energy shortages. Coal can be used as a transitional fuel until such time as we are able to bring onstream more of the soft energy options in a more comprehensive way.

Finally, we must support a national energy policy which will not need to utilize nuclear fission. Secure handing of nuclear wastes over thousands of generations and the safe operation of nuclear plants require that humans and machines operate without error. This is simply impossible over the long-run and is one of the reasons why we must abandon this option. Human beings are not infallible. They will make mistakes, and machines will fail. The result may be irreversible damage to the environment or to the human genetic pool.

These are some of the general guidelines which should be seriously looked at by the government. It should see if it could break out of the energy model which has prevailed in this country over so many decades. If it is nothing else, the National Energy Program is a colossal failure of the imagination. We need to think critically about the ways in which we have regarded energy use, consumption and production. The National Energy Program simply does not do that. It commits us to drilling more holes in the Arctic, ceaselessly and endlessly, trying to find the last drop of oil so that we can bring it to the consumer before the next election campaign. This kind of short-term policy will, in the long run, leave the whole country and indeed the whole globe bankrupt.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

ENERGY—NOVA SCOTIA OFFSHORE DEVELOPMENT. (B) MEASURES TO ASSIST DEVELOPMENT

Mr. Howard Crosby (Halifax West): Mr. Speaker, before I address myself to the question I put to the Minister of Energy, Mines and Resources (Mr. Lalonde) on April 6, 1982, may I compliment the member from Manitoba who represents the New Democratic Party for so graphically and so forcefully demonstrating in this House why New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland do not have any New Democratic Party members in their caucus. He displayed, for everybody to see and hear, his opposition to coal development, his opposition to offshore drilling, his opposition to the Arctic Pilot Project and his opposition to Fundy tidal power. I hope the people of the maritimes and Newfoundland will hear about this and act accordingly when they are cold and freezing and in the dark. I will make sure that they will get the message.

On April 6, 1982, I questioned the Minister of Energy, Mines and Resources on the status of the development projects in the submarine lands off the Atlantic coast—a coast that, as I have already said, is free of New Democratic members and that will remain so for the rest of this century, I am sure, after that speech.

I asked the minister about the rumour of a delay in implementing the Shell Resources Exploration Project, which involves an expenditure of $200 million and the utilization of the *SEDCO 709* oil-drilling rig. For the information again of members of the New Democratic Party, the *SEDCO 709* was built in the Halifax shipyards at a cost of $74 million in 1975 and provided many man-years of employment, on that project and on the offshore rigs that followed or preceded *SEDCO 709*.

We had a marine development in Nova Scotia and in the maritimes before we embarked upon this Canadianization program involved in the National Energy Program.

The minister, when he responded to my concerned inquiry about the delay in offshore development projects, simply said that I was off base or offshore. That was the totality of his explanation. In this House we are used to the flippancy and the lack of concern of the Minister of Energy, Mines and Resources when it comes to the discussion of energy projects in the Atlantic area. What hurt most was the fact that I was correct about the delay. A few days later an officer of Shell Resources announced publicly that there indeed was a delay in the implementation of Shell's offshore development program and that in fact it would be another four months before the *SEDCO 709* arrived on the east coast, and that if there were no improvements in Shell's negotiations with the federal government, it was in danger of cancellation altogether.

Unfortunately, that is not the only offshore program which is being delayed or cancelled. British Petroleum earlier announced that they were reviewing the situation. They have cancelled their 1982 program for offshore drilling.

Other petroleum companies who have received permits from the federal government and who are considering the possibilities of offshore development and exploration are now reviewing their plans. The situation at present is one of turmoil in relation to offshore development programs. No one knows whether the programs that were planned for 1982 and subsequent years will be implemented. The reason is not only the National Energy Program but the attitude of the Minister of Energy, Mines and Resources and of the officers of his department towards private entrepreneurs who want to get into the Atlantic offshore to discover and develop our resources there. Unless we get a change in the attitude on the part of the minister and his department, offshore development is in jeopardy. Those development prospects are the hope of Nova Scotia and other Atlantic provinces for the future.

You cannot talk about the Atlantic provinces, Mr. Speaker, without reminding yourself of the drastic unemployment situation that exists there. There are approximately 1.2 million persons unemployed in Canada. A great proportion of those are in the Atlantic area. There are at least 138,000 persons unemployed in Atlantic Canada. Newfoundland has an unemployment rate of 14 per cent, Nova Scotia has an unemployment rate of 12 per cent, compared with the national rate of 9 per cent. We have to consider the plight of those unemployed persons. We have to take advantage of every opportunity that presents itself to launch job-creation programs. The best opportunity for job creation in Atlantic Canada, particularly in Newfoundland and Nova Scotia, is offshore resource development.

• (2205)

Let us look very briefly at what Shell Resources planned for the offshore with its expenditure of $200 million. Shell was going to launch a deep-water drilling program approximately 200 kilometres south of Halifax and 65 kilometres from Sable Island at the point where the Scotian Shelf dips into the deep water. This would have been a first, as I understand it, in east-coast exploration. There would have been at least 60 persons employed directly on the *SEDCO 709*. There would have been additional service vessels employing a number of people in addition to the onshore establishment. This would have involved storage and supply, servicing of the oil rig and a great many other technical services associated with offshore exploration. All of that is lost in this delay and is in danger of cancellation.

I want to record the important point in this House. We on the Atlantic coast had hoped to have offshore developments take place in the future, but now we find that these developments are being jeopardized by federal policies. Unless those

policies change and unless we can prevail upon the Minister of Energy, Mines and Resources and his officers to change their attitudes, there is a danger that the offshore development will not go forward.

I ask every person in this House on either side, and all those persons in Nova Scotia and elsewhere in Atlantic Canada, to exert pressure on the Minister of Energy, Mines and Resources to change his policy, to stop delaying and hindering development, and to encourage it and to work with those who want to develop the offshore.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the federal government is very proud of the Canada-Nova Scotia agreement of March 2, as it guarantees to the people of Nova Scotia greater revenues, increased employment opportunities, the promotion of economic development and environmental protection. At the time of the signing of this agreement the Minister of Energy, Mines and Resources (Mr. Lalonde) commented that Nova Scotians would be the first to benefit from offshore development. The generous revenue-sharing system established under this accord would give the government of Nova Scotia potential access to revenues equal to, and in fact somewhat above, the national average accruing to provincial governments. With this agreement, exploration and development can move ahead under a unified management regime that is supported by both levels of government, and the resulting increased level of activity will have an important positive effect on the economy regionally, provincially and nationally.

I might mention one very important aspect of the agreement, and that is that it will allow energy reserves to be identified and flow to Nova Scotian consumers within the decade, thereby reducing the province's reliance on imported oil.

With reference to the hon. member's question concerning the refusal of the Minister of Energy, Mines and Resources to approve inter-company agreements and proposals, I would like to point out that under the new Canada Oil and Gas Act all companies are required to renegotiate their federal exploration permits within six months to a year. One reason for delay in these proceedings is that some companies have not yet come to appreciate the Canada benefits requirement of the new legislation as set out in Section 76:

> Before authorizing any work or activity under paragraph (1)(b), the Minister shall require the submission of a plan satisfactory to the Minister for the employment of Canadians and for providing Canadian manufacturers, consultants, contractors and service companies with a full and fair opportunity to participate on a competitive basis in the supply of goods and services used in that work or activity.

Some companies have not yet submitted appropriate documentation in this respect, and the federal government must receive such documentation before approval can be given.

In view of the concern expressed on April 6 by the hon. member for Halifax West (Mr. Crosby) about the importance of job creation in the Atlantic provinces, I am sure he and all hon. members will recognize the necessity of ensuring that all oil companies meet the requirements of the Canada Oil and Gas Act in the matter of Canadian benefits.

It is worthy of note that the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) is not only against coal development in Atlantic Canada but, like the hon. member for Winnipeg North (Mr. Orlikow), he is also against the production of heavy water in Cape Breton. I want the record to show that.

• (2210)

EXTERNAL AFFAIRS—PLIGHT OF NICARAGUAN REFUGEES IN HONDURAS. (B) REQUEST FOR HUMAN RIGHTS INVESTIGATION

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, here we are in 1982, sitting late at night in the House of Commons of Canada thinking of human rights. Do they really matter? Do human rights really matter at this time when our country faces economic recession, inflation and high interest rates? How does this stand in our priorities? Does anyone really care? I hope someone still cares about these kinds of issues because they have a growing significance. As nations of the world become more nationalistic and more and more isolationist, there are fewer democracies and more repressive regimes on both left and right, and suddenly our freedom is challenged again as earlier generations saw it challenged.

In the generation of this parliament we have seen the genocide of Kampuchea when three million out of seven million people were slaughtered in the name of a better way of life. That seems so far away—30 hours from here by plane. As things occur closer to home they bring a new kind of reality. That is why we find severe human rights abuses closer to Ottawa than is Vancouver. Suddenly we have a new imperative and a new concern as the world shrinks and moves tighter and tighter around us.

Tonight I want to speak about one of those acts of repression that I witnessed personally. I saw an aboriginal group, older than any civilization in North America, fleeing from Nicaragua. I almost find it hard to believe that I am standing here speaking of the abuses I witnessed—and I did witness them—having to bring them to the attention of the House. Who knows of these Kampuchean and Miskito abuses? In a free democracy such as ours, with its humanitarian values and a respect for the sanctity of life, can we leave this in a vacuum? Can we isolate ourselves within "fortress Canada" and be indifferent to the inhumanity that exists beyond our borders?

During the Czechoslovakian crisis of 1938 the British Prime Minister, Neville Chamberlain, stated how horrible it was that Britain was trying on gas masks and preparing to go to war to defend a people in a far away land of which they knew nothing. He was quickly shown why Britain should have been prepared to fight for Czechoslovakia, for soon their problem was his problem and the problem of the world. Our shrinking world is only one reason for concern about people in the not so far away lands about which we know relatively little.

There is another, more important reason, and that is the basic ethic that this House of Commons stands for—that we are in fact our brother's keeper. When our brother is being

persecuted we have an obligation to stand up and say that we care, and to demonstrate that we do, by real and tangible means.

As John Donne said in 1624:

No man is an island, entire unto himself;
Every man is a piece of a continent, a part of the main.
If a clod be washed away by the sea, Europe is the less . . .
Any man's death diminishes me, because I am involved in mankind;
And therefore never send to know for whom the bell tolls; it tolls for thee

Having heard the testimony of the Miskito people of Nicaragua, it is imperative that I should bring to this House of Commons the abuses that have been brought to my attention and to the attention of the representatives of the government, and call upon the Government of Canada to initiate an investigation at the international and at the Canadian personal level.

On March 31, 1982, I visited a refugee camp at Mocaron, Honduras. Mocaron is located in a mountainous jungle area in the vicinity of the Rio Coco in northeastern Honduras. Isolated within their highlands, aboriginals known as Miskitos have to some degree retained their cultural distinctiveness in a country that is primarily Spanish in language and culture. The refugee camp currently holds 7,200 Miskitos refugees, and the number growing at a rate of at least 150 people per day. The Honduran government, World Relief, Save the Children and U.S. Peace Corps volunteers, assisted by the United Nations, are attempting to alleviate subsistence level, sub-human conditions in the camp.

• (2215)

Miskito refugees allege that they are victims of gross human rights violations by agents of the Sandinista government of Nicaragua. They claim that 33 separate villages have been completely destroyed and homes and churches were burned to the ground; that their crops were burned, animals destroyed and many Miskito people, including the very old and young, the weak and the sick, have been killed. Some observers claim that people were thrown alive into wells; that people had their hands tied behind their backs and thrown into the river. Some were buried alive up to their necks.

Observers have specifically asked for investigation of an incident at Leimus on December 23, or December 24, 1981, where, in the presence of many witnesses, 15 people were lined up in a boat, shot and thrown into the river. A witness who escaped and arrived at Mocaron on March 29, 1982, claims that over 10,000 Miskito aboriginals are currently confined in a camp at Risco de Oro, the location of which I have given to the government, along with the names of witnesses who can be contacted for personal investigation.

It is claimed that in this particular concentration camp at Risco De Oro families are separated into groups of men, women and children and forced to labour in gold mines and on roadways. There are barbed wire enclosures with mines around the gate. There is physical and mental harassment by soldiers, with one plate of food per family, regardless of its size. Many innocent people who have not been charged or found guilty of any crime are being held against their will, and women are being raped by soldiers.

I could go on and talk about Nicaraguan experiments with a socialist democracy, because I do have concerns about what must be happening to cause these people to flee to sub-human conditions in another country. The Nicaraguan government gives me assurances; they say this cannot be happening. That does not seem to add up, Mr. Speaker. If it cannot be happening, why are they leaving, and leaving at an accelerating rate? Obviously they are fleeing repression, like the people of El Salvador, Guatemala and other countries throughout the entire region.

In closing, Mr. Speaker, I would like to quote Jose Esteban Gonzalez, the head of the Nicaraguan Committee for Human Rights, who wrote recently in the *Washington Post*:

We should stop romanticizing a revolutionary leadership that has turned against the democratic promises of the revolution.

He stated that the human rights record of the Sandinistas is more repressive than that under the deplorable Somoza régime, citing the number of political prisoners and the bloody repression of the Miskito Indians. He also says:

An international campaign for Nicaraguan human rights could have a very significant impact in Nicaragua and elsewhere.

I call on the government tonight to launch an investigation, not to just say it cannot become involved. We must in fact become involved; let us see whether the government's commitment is rhetoric, or whether it will carry it through. I demand, Mr. Speaker, in the name of the freedom and dignity of individuals, and the Charter of Human Rights of the United Nations, that Canada in fact act. To do anything else would not be to play a full role in the community of mankind.

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, we are aware of the violations of human rights of the Miskito Indians in Nicaragua, and we have expressed our concern. We have indicated to Nicaragua that our continued aid to that country will be conditional in large part on the proper treatment of the Miskito Indians. Mr. Massé, the president of CIDA, will be there this week and will reconvey our concern. We have no right to go into another country and conduct an investigation, but we are party to many different international groups and agencies which are monitoring the situation.

Apart from what is happening in Nicaragua, many of the Miskito Indians have been forced over the border and into Honduras. The United Nations High Commission for Refugees is the agency mandated to look after refugees. It recently sent a mission to Honduras which is looking into the facilities available to the Miskito Indians. We support that mission. Mr. Massé will also be visiting Honduras to look at the camps. This particular agency is supported financially by Canada.

In 1981, as well as paying our regular dues, we have an additional $500,000, the third highest in the world after the U.S.A. and Sweden. We will continue to monitor the Miskito Indian problem and we will continue to press our concerns.

• (2220)

In closing, I find it passing strange that the hon. member is so concerned about violations in other countries, yet was so unprepared to entrench the very things he speaks about in his own charter and Constitution.

Mr. Wenman: I am protected by common law here.

Mr. Irwin: Protection from harsh and unjust imprisonment, the provision of juries and due process could not be entrenched, in large part, because the hon. member's party did not want them entrenched. That is the situation. While he says, look closer to Canada, as we go from Kampuchea to Nicaragua, I would hope that he looks to Canada and is as concerned about entrenching the rights of the Jehovah's Witnesses—

Mr. Wenman: Aboriginal rights and Indian rights, where are they in the charter? They were taken out.

Mr. Irwin: —unions in Nova Scotia, the Japanese Canadians who were incarcerated, but would have been protected had his party stood up and been counted in his own country instead of looking at a country about which very few Canadians know. They know about their own country. They know that his party did not stand up when the bell tolled for human rights in Canada.

[*Translation*]

ENERGY—INQUIRY WHETHER REPRESENTATIONS WILL BE MADE TO QUEBEC TO REDUCE IMPACT OF GASOLINE RETAILERS' STRIKE

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, on April 5, I asked the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of Transport (Mr. Pepin) about the gasoline retailers' strike in Quebec and the resulting inconvenience to highway users from the Maritimes driving to Quebec and points west. In referring to the situation, the Minister of Energy, Mines and Resources pointed out that the tax on gas in Quebec was probably the cause of the mass protest actions to which Quebecers and inhabitants of neighbouring provinces were exposed, to varying extents.

On April 7, *Le Madawaska*, an excellent weekly which is printed in my riding, published a detailed story with a number of examples of the inconvenience experienced by travellers from New Brunswick and elsewhere in the Maritimes who wanted to go to or get back from Montreal or Quebec City.

The article said, and I quote:

> —hundreds of travellers between Montreal and New Brunswick are stuck or out of gas . . . one hundred vehicles have slowed down traffic on the Trans-Canada Highway.

The vehicles referred to were those used by gasoline retailers, who, to all intents and purposes, were blocking the Trans-Canada Highway. To quote the paper once again:

> —at Lake Baker-Les Étroits on Saturday, protesting retailers seized jerricans of gas from the trunks of cars, promising to return them as soon as the dispute was settled.

The paper goes on to say, and I quote:

> We note that the roadblock set up by the protesting retailers was illegal and was lifted following action by the Quebec Provincial Police.

Of course I understand why Quebecers are protesting as much as they can against increases in the tax on gas which are really enormous compared to the price of gas in neighbouring provinces. I certainly cannot blame the gas retailers, but I want to use this example, Mr. Speaker, to point out once again the vulnerability of the concept of free movement of citizens, goods and services in this country. Perhaps I may remind the House that the Canadian Charter of Rights and Freedoms—I have a copy here—says, and I quote:

> 6. (1) Every citizen of Canada has the right to enter, remain in and leave Canada. (2) Every citizen of Canada and every person who has the status of a permanent resident of Canada has the right
>
> (a) to move to and take up residence in any province;

That is the clause that I want to discuss tonight. We cannot and we must not condone either private or government action aimed at preventing the free movement of Canadians within Canada's borders. This is not the first time there have been unfortunate incidents involving New Brunswick and Quebec.

I still remember the case of students from New Brunswick who after several years of practical training in Quebec were turned down for jobs in Quebec because their home address was in New Brunswick. Well, this is also against the principle defined by the Charter of Rights, since Section 6(3) prescribes, and I quote:

> The rights specified in subsection (2) are subject to
>
> (*a*) any laws or practices of general application in force in a province other than those that discriminate among persons primarily on the basis of province of present or previous residence;

Of course, the events I just described occurred before the proclamation of the Charter of Rights, but the fact remains that there is a rather disturbing tendency among some provincial governments and more specifically, the government of Quebec, which is taking rather questionable action in wanting to restrict the basic and fundamental rights of Canadians because they are not from Quebec, they are not living in Quebec, and are not Quebecers. This kind of discrimination I find more than disturbing. I see it as a danger to the unity of this country. I realize that Quebecers have a government that wants to divide the country, not to unite it, but it turns out that when measures of this kind are imposed on citizens of New Brunswick, they are usually francophones, since they happen to live in the areas bordering on Quebec.

Quebecers, and especially the Parti Québécois, cannot come to New Brunswick to preach a so-called independence for the Acadians if they also stop them at the border and prevent them from finding jobs in Quebec and use other tricks to prevent the

people of New Brunswick, whether francophone or anglophone, to bid for service contracts in Quebec, while New Brunswick gladly opens its doors to Quebecers who want to do business or live in our province. Mr. Speaker, this last example of the gas retailers' strike in Quebec shows how fragile our basic rights and freedoms are and how the governments must agree to take every action required to guarantee that these rights are applied equitably. This is what I expect as a Canadian, on my own behalf and on behalf of my fellow citizens.

• (2225)

[*English*]

Mr. David Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the issue raised by the hon. member for Madawaska-Victoria (Mr. Corbin) is not only important to the government but, as he alluded, it is also important to the people of New Brunswick.

Since the serious matter of the gasoline retailers' strike in Quebec was raised, the strike has been settled and all gasoline service stations are now in operation. However, this strike was a matter of great inconvenience to the public, inasmuch as it extended throughout the period from April 5 to April 8 and affected a very large percentage of retail outlets in the province of Quebec. It was also beginning to impact on gasoline supplies to the public in the neighbouring province of New Brunswick. When the transportation of people and merchandise is impeded, it does not take very long to have a major impact on the economy of a province, and such effects were being felt in Quebec before the strike was terminated.

• (2230)

As the Minister of Energy, Mines and Resources (Mr. Lalonde) noted in the House on April 5, the best way for the Quebec government to have settled this matter would have been to reduce the excessively high tax on gasoline levied by the Quebec government. This ad valorum tax was doubled to 40 per cent on November 18, 1981. As a result, Quebec residents now pay 13 cents per litre on regular leaded gasoline compared with 6.3 cents in Ontario. Even Prince Edward Island, which has the second highest provincial gasoline tax, is far below the Quebec level, at 8.3 cents.

It is unfortunate that this issue had to be resolved through a price increase to consumers rather than a reduction in the Quebec government tax. During the past few days retail gasoline prices have risen by as much as 4 cents per litre in Quebec, with prices now well above those of both P.E.I. and Newfoundland, and, of course, higher than any other province.

Finally, I would like to note that the federal government has no direct jurisdiction over the retailing of gasoline. This is a provincial government responsibility. The number of retail outlets is controlled by licensing authority within a province, and a province may set retail prices.

The federal government is continuing to monitor petroleum marketing in all provinces to ensure the free movement of individuals and goods across the country, but, in the type of marketing situation that developed in Quebec earlier this month, this is a direct responsibility at the provincial level.

The Acting Speaker (Mr. Blaker): A motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow afternoon at two o'clock.

At 10.33 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, April 20, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, one of the Prime Minister's former finance ministers, Mr. John Turner, was recently quoted as saying that "the Prime Minister, when conflict arose, frequently did not support his minister of finance or president of treasury on expenditure restraint."

In view of the fact that the sixfold increase in government spending since 1968 has been frequently cited as a prime cause of inflation and that the inflation rate has in fact increased from four per cent in 1968, when the Prime Minister took office, to a staggering 12.5 per cent now, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the Liberal caucus wrestle the Prime Minister from office rather than subject Canada to his further pathetic economic efforts as well as to his obviously poor choice of Finance Minister.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the Prime Minister today celebrates his 14th anniversary in office.

Some hon. Members: Hear, hear!

Mr. McDermid: I notice he is the only one wearing a rose. Normally everyone else over there wears one on such an anniversary. He can celebrate, but the rest of Canada cannot. Since his arrival on the scene we have seen the unemployment rate rise from 4.5 per cent to 9.2 per cent and, if we include the hidden unemployed, that rate is actually 13 per cent. Madam Speaker, the Prime Minister has been quoted as saying that he does not intend to retire while the economy is ailing, and he has said that "it certainly wasn't the government's intention to create unemployment". If in fact he believes that, "the most dangerous thing for the social fabric of a country is when there are a lot of people out of work", I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Prime Minister rightfully take the credit for our economic situation and unemployment rate and tender his resignation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, when the Prime Minister took office in 1968, the home mortgage rate was a mere 9.1 per cent. After 14 years of economic mismanagement under his leadership, the mortgage rate is now more than twice as high, 18.5 per cent. Last summer the rate skyrocketed to well over 20 per cent, the highest in Canadian economic history. I therefore move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House condemn the Prime Minister for embracing policies that have forced many Canadians either to abandon their homes or their dream of ever owning a home.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

HOUSE OF COMMONS

CONGRATULATIONS TO PRIME MINISTER ON FOURTEENTH ANNIVERSARY IN OFFICE—MOTION UNDER S.O. 43

Mr. Thomas H. Lefebvre (Pontiac-Gatineau-Labelle): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. I would like to draw the attention of all members of this House and of all Canadians to the fact that today is the fourteenth anniversary of the swearing-in of the Right Hon. Prime Minister (Mr. Trudeau) as Prime Minister of Canada—

S.O. 43

[*English*]

And whereas Canada is particularly fortunate to have enjoyed the leadership—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Lefebvre: —abilities of this world statesman, I move, seconded by the hon. member for Welland (Mr. Parent):

That this House offer its congratulations to the Right Hon. Prime Minister and wish him many years of continued service to his country.

Some hon. Members: Hear, hear!

Madam Speaker: The hon. member for Winnipeg-Birds Hill.

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—CALL FOR EXPANSION OF REMOVAL PROGRAM—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, if all the homes that had urea-formaldehyde insulation in them were located in the same area, we would call it a disaster area and have some truly adequate aid for the victims of the disaster, but because UFFI victims are spread at random across the country they have been unable to get the attention they deserve. Nevertheless, this is an environmental problem which is easy compared to others. We have identifiable victims and identifiable sources of pollution. If the government does not have the moral will to solve this problem, other more complicated problems are hopeless indeed. I therefore move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House instruct the government to solve this pressing problem for so many Canadian home owners by massively expanding its UFFI removal program to include all UFFI infected homes, and in so doing also create thousands of worth-while and meaningful jobs for the many unemployed who would be able to do this kind of work.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, in 1968 when the Prime Minister took office the federal budgetary deficit was half a billion dollars per annum; today it is $10.5 billion per annum, a 2,000 per cent increase. Therefore I move, seconded by the hon. member for St. Catharines (Mr. Reid):

• (1410)

That the Prime Minister bow his head in shame and apologize to the Canadian public for his unprecedented 14-years' cruel mismanagement of their affairs.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ADMINISTRATION

CALL FOR RESIGNATION—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, instead of today celebrating 14 years of the Prime Minister's leadership of the Liberal Party, the government should declare a state of mourning for the economic devastation and havoc wreaked by it on the Canadian economy. While small businesses are driven into bankruptcy, workers by the hundreds of thousands are destitute, and home makers are again forced to tighten their belts, this government has escalated its annual spending spree from $12 billion 14 years ago to an unprecedented $75 billion today. Therefore I move, seconded by the hon. member for Grey-Simcoe (Mr. Mitges):

That a breath of fresh air be allowed to permeate these hallowed halls, described by one scribe as "the hot air factory", by Prime Minister Trudeau and his entire cabinet resigning en masse.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

FARMERS AFFECTED BY COLLAPSE OF ECON CONSULTING LTD.—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, whereas Econ Consulting Limited, a private grain dealer licensed by the Canadian Grain Commission, collapsed recently owing 300 prairie farmers some $4 million; whereas this firm was in violation of the Canada Grain Act by having posted a bond of only $700,000, and by never having filed an audited annual statement with the Commission; and whereas some 30 farmers will have to declare immediate bankruptcy if

no federal assistance is forthcoming, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That the Minister of Agriculture commit himself to provide the desperately needed assistance to these farmers, and to take the appropriate action against the principals of Econ Consulting Limited to recover this outlay; and that he establish a commission to investigate all aspects of the Econ collapse, especially the role of the Canadian Grain Commission in policing the statutes and regulations of the Canada Grain Act.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

PROGRESSIVE CONSERVATIVE PARTY CONVENTION—MOTION UNDER S.O. 43

Mr. Roger Simmons (Burin-St. George's): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas recent press reports have indicated that the forthcoming Tory convention in Toronto will be discussing neither the leadership of their party, nor the taking of any clear-cut policy initiatives—

Mr. Nielsen: We want to discuss the Newfoundland election.

Mr. Simmons: —and whereas such obvious ambivalence indicates that members of the Conservative Party cannot decide whether to be blue Tories who want to cut, cut, cut, or red Tories who want to spend, spend, spend—

Mr. Nielsen: Better than a yellow Grit.

Mr. Simmons: —I move, seconded by the hon. member for Ottawa-Centre (Mr. Evans):

That copies of the Speech from the Throne be distributed to all Tory members of the House to provide them with some clear-cut and definitive policy options for Canada.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, given the fact that on April 20, 1968, the consumer price index was running at a 4.2 per cent rate of inflation, and that a dollar would then have bought you what it costs $2.83 to buy today, or, to put it another way, the April 1968 dollar is now in 1982 worth 35 cents, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the Prime Minister of Canada, who says he does not intend to resign as long as the economy is in bad shape, consider the other possibility—that the best way to bring down consumer prices is to resign.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

NATURAL GAS TAXES IMPOSED ON MEDICINE HAT, ALTA.—MOTION UNDER S.O. 43

Mr. Bert Hargrave (Medicine Hat): Madam Speaker, under the provisions of Standing Order 43, and in view of the very unfair, illegal and increasing natural gas taxes presently being paid under protest by the City of Medicine Hat, and in view of the Medicine Hat citizens' petition tabled yesterday in this House with 12,689 signatures protesting this punitive taxation under the National Energy Program, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the Minister of Finance reassess the propriety of these taxes and allow discussion and referral to committee at the earliest possible date.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

RECRUITMENT OF SKILLED WORKERS ABROAD

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is for the Minister of Employment and Immigration who I see is behind the curtains. I wonder if he might take his seat.

An hon. Member: He is behind the eight ball, too.

Some hon. Members: Oh, oh!

Mr. McDermid: Statistics Canada confirmed what most Canadians were already tragically aware of, that the unemployment picture is worse than the government has been announcing. Taking into account the 410,000 hidden unemployed, the unemployment rate stands now at 13 per cent. When the Prime Minister took office 14 years ago, the unemployment rate was 4.5 per cent. The minister announced that he plans to import 20,000 to 25,000 skilled workers to meet a perceived demand. Can the minister tell this House whether he intends to adjust the 20,000 to 25,000 figure considering those figures represent estimates given to him last July based on megaprojects proceeding, which have not; a 7 per cent unemployment rate, which is completely false, and do not take into account the hundreds of thousands of unemployed skilled and unskilled Canadian workers?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member has previously asked this question. In fact he asked it two weeks ago during a hearing of the Standing Committee on Labour, Manpower and Immigration. I will take the time to repeat the answer we gave to him at that time. We said that the number of skilled workers was determined after fairly extensive consultations across Canada with employers, unions, and provincial governments. We tabled those numbers in the House, and we are constantly adjusting them.

I pointed out to the hon. member at that time, and I suppose I should repeat what I said, that we already adjusted the figures substantially last December when we put a major restraint on skilled workers coming into Canada to the mining industry, the construction industry and in 24 categories of the manufacturing industry. A major adjustment has, therefore, already been made. We will continue to monitor the situation as part of our over-all employment strategy. That is the answer we gave to the hon. member at that time. The situation has now changed, which shows we are making sure that our immigration policies are in complete accord with the employment picture in Canada.

REQUEST FOR PROGRAMS TO RELIEVE UNEMPLOYMENT

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the minister may have restricted entry in one area but he has increased entry in others. The numbers have stayed the same, and that is sweet comfort for those people in skilled categories who are unemployed today. The minister has been advocating, all across the country, an industrial training program as a panacea to cure all. If the minister took the time to visit his riding and left his little comfortable nest here in Ottawa like most of us do—

Madam Speaker: Order, please. The hon. member knows that he must ask a question.

Mr. Lalonde: He does not know what he is talking about.

Mr. McDermid: Madam Speaker, if the minister realized the tragedy that is going on in the country then he might be able to be a little more sympathetic to what is going on in Canada. When will the minister openly join those Liberals who are calling for the Prime Minister's resignation so at least we can give Canadians some hope? When will the minister introduce programs to relieve unemployment?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, all members on this side of the House spend a lot of time in their ridings talking to many Canadians. We are very sympathetic to the situation of those who are unemployed. We are trying to respond in a number of ways and it is for that reason that we have substantially improved and increased the training programs to a total of well over $1 billion this year.

We have established a number of programs. With respect to the work-sharing program, we have signed over 700 agreements in the last three months. This means that we have been able to avert 18,000 lay-offs. We have a number of job creation measures that are providing direct employment to over 100,000 Canadians. It seems to me that shows that we do care. Rather than simply engaging in the flamboyant rhetoric of the hon. member, who is becoming a professional crepe hanger trying to make the worst out of the situation, we are trying to do the best we can for the situation with the resources we have to help those people, instead of trying to inflame the situation as the hon. member is obviously trying to do in this question period.

TRAINING PROGRAMS FOR YOUNG PEOPLE

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, averting 15,000 lay-offs is sweet comfort to the 1,700,000 unemployed. The minister again talks about the training programs initiated, yet over half of the unemployed are under the age of 24. How many young unemployed Canadians are involved in those training programs the minister likes to brag about all the time?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, it comes as some surprise to me that the Conservative Party is so criticizing of training. As far as most Canadians are concerned, young and old, the ability to get new skills and to adjust to the changing work environment is perhaps the most important asset they can acquire. The fact of the matter is that close to 48 per cent of the people enrolled in our training programs, that is 250,000 Canadians, are under the age of 24.

• (1420)

Some hon. Members: Hear, hear!

[*Translation*]

EMPLOYMENT

INQUIRY WHETHER AGREEMENT WILL BE MADE BETWEEN PRATT & WHITNEY, MONTREAL, AND UNIONS

Hon. Roch La Salle (Joliette): Madam Speaker, my question is also directed to the Minister of Employment and Immigration. The minister is aware of the substantial and generous government contributions and subsidies received by Pratt & Whitney in Montreal. Despite these subsidies, the company has been obliged to lay off over 1,500 employees, and although the minister has set up a new work-sharing program and the unions seem to be very interested, there is still no agreement with the company on this matter. Since the government, in subsidizing this company, has a certain responsibility, would the minister, for the sake of all the employees involved, be prepared to send one of his officials to make a special effort to conclude an agreement between the company and the unions, and thus prevent the loss of thousands of jobs?

[*English*]

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the discussions between the management of Pratt & Whitney, the union officials and the government have been ongoing now for several weeks. The whole essence of the work-sharing program is based upon the voluntary co-operation of the three major partners. We cannot compel either management or the union to come into an agreement; it must be based upon their willingness to come into that agreement.

We have signed a work-sharing arrangement with the office workers of Pratt & Whitney. It is really up to the union and management to overcome their own jurisdictional disputes as to who is included in the voting arrangements in order for the work-sharing to apply to the general work force. We are providing a member of our manpower consultative services, a separate division of my department, to try to bring that agreement about. We will continue to work with them at any time, but it is based upon mutual co-operation between the three partners. We would ask the hon. member to use his good offices to help that agreement come about. It would be a very important support and assistance for the workers there, if they could get the work-sharing agreement signed.

[*Translation*]

PRATT & WHITNEY—REQUEST THAT MEASURES BE TAKEN TO MEET WISHES OF UNION MEMBERSHIP

Hon. Roch La Salle (Joliette): Madam Speaker, I understand the principle the minister has just explained. However, the fact remains that I am referring to a company that practically owes its survival to government subsidies. Since the union—and my information gives me every reason to believe this—is in favour of the program created recently by the minister, and considering that the government has an obligation to show some concern for Pratt & Whitney, could the minister in some way urge the company to be more receptive to the wishes of union members?

[*English*]

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, without taking the time of the House to go into the full details, I do not think it is as necessarily clear-cut that one side is in the wrong and the other side is in the right. It is a dispute about who is to be involved in the voting jurisdiction which would apply to the work-sharing agreement. That is really a matter of collective bargaining between the parties. While the government can facilitate, support and encourage, I do not think it wants to impose.

We are using our good offices to try to bring about that arrangement. I know the hon. member from that area, the hon. member for Longueuil, has provided a lot of support in that regard. I appreciate his help and assistance. We will continue to work with them. If the hon. member would also provide his good offices, I am sure we could bring the two parties to that dispute to the table and to an agreement and provide the kind of outcome we all want to achieve.

* * *

THE ECONOMY

PRIME MINISTER'S SPEECH IN VANCOUVER

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister. Yesterday in Vancouver he threatened Canadians that he would stay on until economic circumstances improved.

Some hon. Members: Hear, hear!

Mr. Broadbent: I see the Prime Minister has three supporters behind him, anyway. Since he came to office, unemployment has almost doubled and inflation has almost tripled. I would like to ask the Prime Minister why he thinks the people of Canada would turn for a solution to a man who created the problem? Is it not like asking the arsonist to put out the fire?

• (1425)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker—

Some hon. Members: Hear, hear!

Mr. Trudeau: Madam Speaker, the hon. Leader of the New Democratic Party has quoted some figures about inflation doubling, and so on. During that period the wealth of Canada more than tripled. That should be something which could influence some of the people who are interested in knowing whether I am available or not.

Mr. Broadbent: I would suggest that the people of Canada know that the wealth of virtually every country has improved in the last 14 years, but they are more concerned about the million and a half unemployed in this country, which is a direct result of Liberal government policy.

Oral Questions

QUERY RESPECTING PROGRAMS TO COMBAT INFLATION

Hon. Edward Broadbent (Oshawa): Madam Speaker, since the Prime Minister finally did join those in the country who have talked about job insecurity for Canadians for a long time by saying that he recognized that unemployment was a dangerous threat to the social fabric of the country, why should Canadians at this point in his political life believe that he is serious about this? Why should they have confidence that he is any more concerned than he was in the past? Does the government today have one new program to announce which will come to grips with the serious level of unemployment in this country?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am interested that the Leader of the New Democratic Party should say that wealth in many other countries has increased as well while wealth in Canada has increased. He fails to recognize that unemployment in other countries has also increased. He fails to see that jobs in Canada during the period in which I have been in office have been created at a rate which far exceeds that of all other major countries. He fails to see that the government which I suppose he supports ideologically—the French government—has higher unemployment than Canada has. He fails to see that the United States has higher unemployment than Canada. He fails to see that Britain has higher unemployment than does Canada. Germany is very close to Canada.

Mr. Broadbent: Oh, watch it.

Mr. Trudeau: I am watching it, Madam Speaker. I wish that the hon. member would watch it.

REQUEST THAT NEW BUDGET BE INTRODUCED

Hon. Edward Broadbent (Oshawa): Madam Speaker, the figure that overcomes all those that the Prime Minister has alluded to with its impact is the reality that when he came to office we were the second richest nation per capita in the world. We are now down to about thirteenth or fourteenth. The Prime Minister cannot deny that.

Since the Prime Minister has responsibility for what happens in Canada and not in other countries, and since a report which was released today showed that the number of Canadians in the labour force who were unemployed in 1980 amounted to one in five who were out of a job sometime in 1980—and unemployment was lower then than it is today—such disturbing statistics provide the kind of evidence for the statement that I thought the Prime Minister was making seriously when he said that unemployment can threaten the social fabric. If the reality today is that unemployment is devastating in terms of its impact on families throughout Canada, why does the Prime Minister not say that he will bring in a new budget or some other specific measure designed to turn the economy around and provide some economic leadership to Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, when the hon. member pretends to rank countries by wealth I suppose he realizes that he is classing, for instance, Saudi Arabia and Nigeria—

Mr. Broadbent: And the Netherlands, Norway, Denmark and Sweden.

Mr. Trudeau: —and Kuwait. I understand, but would the hon. member wish to subtract from the list those countries which are infinitely poorer than Canada in every sense? But because of OPEC operations—

Mr. Broadbent: Well, we are ninth then.

Mr. Trudeau: Well, Madam Speaker, the Leader of the New Democratic Party does not want to listen to answers.

* * *

• (1430)

DISASTERS

SINKING OF "OCEAN RANGER"—INVESTIGATION OF CAUSE

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the—

An hon. Member: Welcome back!

Mr. Crosbie: My question is directed to the Minister of Energy, Mines and Resources. The minister will have noticed that today the United States Coastguard and the National Transportation Safety Board are commencing hearings in Boston into the sinking of the *Ocean Ranger*, which sank on the Canadian continental shelf on February 15. He will also know that congressional hearings which have already been held have indicated that the whole tragedy had something to do with the breaking of a porthole in the control room, which affected the stability on the port side. He will also know that in Canada not one agency, not one parliamentary committee, not one royal commission nor any official body has done anything in connection with this matter to give information to the public.

When will the joint royal commission start hearings concerning this tragedy? It was appointed on February 25, two months ago. Do we have observers at Boston who are listening to the evidence that the Coastguard and American authorities are giving? Is it not shameful that we must get our information secondhand from hearings held in the United States, when the tragedy occurred here over two months ago?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I will try to answer the various points raised by my hon. colleague. The joint commission of inquiry has been set up. All the arrangements, administrative and otherwise, have been settled with the commission and with the government of Newfoundland.

The commission is in a position to proceed. It is proceeding, however, with caution and sensitivity, bearing in mind the importance of the issue and the fact that the commission has

been given a very broad mandate indeed. It wants to demonstrate great care and concern for those affected by the offshore drilling operations.

I would remind my hon. friend that the investigations to which he is referring are internal investigations of the existing United States agencies. It is obviously much easier and faster to set up such investigations than a joint inquiry of the type we are setting up. As I said, our inquiry has a much broader mandate. However, there is work being done, both by the companies concerned and by agencies of the Government of Canada, in gathering evidence and carrying out studies to be made available to the commission as soon as the commission requests the information.

Concerning the presence of observers before the United States agencies, I am not in a position to advise my friend as to whether there is an observer today or not. However, we have held meetings with the United States agencies concerned, and they have agreed to co-operate with us fully in all respects and to make all their information available to us. We have also agreed to help them in their investigation.

That is as much as I can say. However, Madam Speaker, if my answer was long, the question was just as long.

REQUEST THAT PARLIAMENTARY COMMITTEE CONDUCT INQUIRY

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question is to the same minister. The *Ocean Ranger* was owned by a U.S. company, but the accident occurred on the Canadian continental shelf. Eighty-two people died in the tragedy, 52 of whom were Canadians, 26 from the district of St. John's West alone. Therefore, I put it to the minister that it is shameful that we have not received any public information concerning the cause of this accident. All of our information comes from the United States, not from private, internal inquiries, but from a congressional hearing, and from a public hearing which is going on today.

I would ask the minister, why not have a committee of this House investigate the matter? It is time that this House ceased to be a eunuch and that it had some function and some purpose. Why not at least have a committee of this House make some initial inquiries of the Canadian authorities into what they consider the causes of this tragedy to be? Would he agree to that so that we do not have to wait two, three or four years for a royal commission report such as the McDonald Commission undertook? Would the government consider that?

Will the minister tell the House whether we have made any changes in our regulations or requirements with respect to offshore safety since that accident occurred? Has the government undertaken its own internal inquiries, and have they resulted in changes and more precautions being taken?

I know that it is a long question, but this is a serious matter.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): It is certainly a very serious matter and one to which the government and I attach much importance. If my hon. friend feels like a eunuch, I think that is his problem.

Some hon. Members: Oh, oh!

Mr. Lalonde: I do not think that it is a problem which is shared by other members of this Parliament.

Mr. Crosbie: This House is a eunuch.

Mr. Lalonde: As far as the specific questions he has raised are concerned, I want to tell him that steps are indeed being taken. As he knows, the two other offshore rigs which were on the Hibernia field have been brought ashore for full inspection, and the federal agency responsible for the administration of the Canada lands imposed very high and stiff standards and requirements before those rigs were allowed to explore again. The companies have agreed to that, and the government of Newfoundland has also agreed to those particular measures we have taken to ensure the safety of people on board.

As far as the suggestion of the hon. member is concerned, I would suggest to him that we should allow the royal commission, which is a completely independent one, representing both governments, to do its work independently and freely. What is important is that the Canadian public, and the people of Newfoundland in particular, be assured that there will be non-partisan, objective and complete examination of this situation and that they will be presented with all of the facts. It is important that they be fully satisfied they have the full story and that no partisanship was exhibited concerning this tragedy.

Some hon. Members: Hear, hear!

* * *

FINANCE

DRAFTING OF TAXATION LEGISLATION

Hon. Ron Huntington (Capilano): Madam Speaker, I would like to ask the Minister of Finance if it is true that the chief draftsman for the Income Tax Act in the Department of Justice has left his post and that the taxation legislation which was to be due in May or June will not be ready for us until November.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have no information on that point at all.

Mr. Huntington: It is rather surprising that the Minister of Finance would not be aware of this and that he cannot confirm the situation.

REQUEST THAT BUDGET BE WITHDRAWN

Hon. Ron Huntington (Capilano): Madam Speaker, I am wondering whether the Minister of Finance is aware of the number of capital projects which are on hold in this country,

capital projects which could create many jobs and could put our skilled and unskilled workers back to work. They are on hold until the rules of interest deductibility are stabilized and known. I am wondering if the minister would remove his own ego from being ahead of the plight of the unemployed and hoist the November 12 budget so that some stability could come back into the place of work.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member seems to be exhibiting a fair amount of ego in the flamboyancy of his question.

Some hon. Members: Oh, oh!

Mr. MacEachen: It seems to me that we have seen that demonstrated every day by hon. members opposite who are spending more time on rhetoric and personal reflections than upon concrete measures.

Mr. Huntington: What about the unemployed?

Mr. MacEachen: When the hon. member wants to ask about concrete measures, he will get objective replies.

Mr. Huntington: Great answer!

Mr. Beatty: What a smug bunch.

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—STUDIES OF HEALTH HAZARDS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question, which is directed to the Minister of Consumer and Corporate Affairs, involves some recent revelations by Dr. Nantel, head of toxicology at Laval, and recent reports by the National Research Council which give indications that urea formaldehyde foam is an inherently unstable substance which breaks down and continuously releases more gas, that safety levels of .1 parts per million are completely arbitrary, with no reference to residential environments, and that there is no safe exposure level. There are indications that impacts on health are not just allergic reactions, but also possible long-term attacks on the immunity system. There is also a possibility that other variances of gas are released from the insulation which may affect health.

Would the minister lay before the House a list of medical studies and other studies related to these problems suggested by the recent studies released? Would he elucidate, for the House, all the information pertaining to the government's programs dealing with these health hazards?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Yes, Madam Speaker. I should be glad to table at the proper time for tabling documents, a list of the studies now in progress. I am surprised at the hon. member's question, because just before the Easter adjournment I sent all members of the House an information document which included a list of research projects started by the National Research Council of Canada and the Department of National Health and Welfare. I should be happy to send the hon. member some more copies.

• (1440)

[*English*]

REQUEST THAT GOVERNMENT CONSIDER FURTHER SAFETY PROGRAMS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, the surprise should not overtake the minister considering the amount of fog he has distributed on this subject. Those kinds of questions are being asked by many home owners who are exposed to it. Nevertheless, if there is any substance to those remarks, and there is more and more information indicating that this is the case, is the minister prepared to admit that his program for remediation, based on reducing the concentration of gas in homes, and a grant of up to $5,000, will be totally inappropriate? In future, if the insulation breaks down in those homes, it will create a health hazard and the entire $110 million program will be wasted. Will the minister explain to the House what other options the government is considering when this program fails?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I do not agree with the hon. member. In fact, I must say, which some reluctance, that the Canadian government seems to be the only government to have offered any concrete assistance to UFFI victims. No other government, either provincial or municipal, has offered any financial assistance to these victims and nowhere else in the world where similar products are sold has there been any effort by government authorities to help these victims. The only government to take any action has been the Canadian government.

* * *

AIRPORTS

FUTURE OF DORVAL AND MIRABEL

Mr. Pierre Deniger (La Prairie): Madam Speaker, my question is directed to the hon. Minister of Transport and concerns the decision on the Dorval-Mirabel matter, which was promised for May. Could the minister inform the House and the Canadian people whether he is prepared to accept the recommendation made by participants in the economic summit

on Greater Montreal, namely, to publish the cost-benefit studies on solution 6 and all other studies relevant to this subject, before announcing his decision next May?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I fully intend to publish these studies—my hon. friend is referring more specifically to the second study, since the first has already been published. I think I will do so, after consultation with my cabinet colleagues, as soon as I will be in a position to announce general guidelines with respect to Mirabel.

* * *

[*English*]

PIPELINES

DELAY IN CONSTRUCTION OF TQM NATURAL GAS PIPELINE

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, my question is to the Minister of Energy, Mines and Resources. Given the delays and significant cost increase affecting construction of the TQM natural gas pipelines from Quebec to the maritimes, will the minister indicate the expected date of completion, and will he confirm that the price of gas delivered to the maritimes will not exceed the citygate price in Toronto?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as the hon. member knows, there has been some delay in the completion of the pipeline in Quebec. As far as I am aware, the plan is still for the pipeline to reach the maritimes some time in 1984. With regard to the guarantee to which the hon. member referred, I want to assure him that this is part of the National Energy Program. It has been announced. It is the firm intention of the government, in order to ensure gas consumption in the maritimes, that the price to the maritime consumer will be maintained at the same level as the price in Toronto.

PRICE GUARANTEE

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, I thank the minister for his answer. If the distributor cannot deliver gas to maritime consumers at the Toronto citygate price, is the minister in effect saying that his government is prepared to subsidize the difference?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, we have taken steps to ensure that this will be the case, that the price of natural gas delivered in the maritimes will be maintained at the same level as the price in Toronto.

UNEMPLOYMENT INSURANCE

DELAYS IN PROCESSING CLAIMS

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is for the Minister of Employment and Immigration. It deals with the dramatic increase in lay-offs in the labour force, which in turn has resulted in a comparable increase in applications for unemployment insurance benefits. I am reliably informed that many Unemployment Insurance Commission offices across the country are laying off casual help while the workload in these offices is increasing, resulting in long delays in the processing of benefit claims. In view of the fact that this is imposing an undue hardship on people with no other source of income, will the minister assure the House that he will look into this situation and take steps to expedite the processing of unemployment insurance claims by providing additional staff positions where needed?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I believe I answered a similar question in the House a few weeks ago. I indicated that we have been adding officers by inviting former officers of the Unemployment Insurance Commission to come back and work on a temporary basis. In addition, we have been moving staff from areas where the demand is reasonably stable to areas where there is a very high demand. We have been shifting unemployment insurance officers across the country, as well as establishing centralized processing units in each of the areas where demand is high. We have taken a number of steps. We have succeeded in reducing the backlog substantially. From all reports, there are very few areas in which the pressure is extreme. If the hon. member can give me a specific case, I will be glad to look into it.

* * *

EXTERNAL AFFAIRS

CANADA-FRANCE BOUNDARY DISPUTE

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a question for the Prime Minister. During the course of his meetings with President Mitterrand, did the question arise of the stalemated discussions between France and Canada over the boundary dispute, and the 200-mile limit, with the Island of St. Pierre, which is causing considerable fishery difficulties? I ask the question in view of increased French militancy in enforcing their territorial demands.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the question did not arise. The French President came to Canada in the context of his travels to visit other participants in the Versailles summit in June. It was agreed that we would discuss merely summit-related matters. Bilateral matters, including that one, will be raised when the French Prime Minister visits us the day after tomorrow.

Oral Questions

STATUS OF DISCUSSIONS

Hon. James A. McGrath (St. John's East): Madam Speaker, can the Secretary of State for External Affairs tell the House what exactly is the position on the stalemated talks, in view of the spectre of Canadian economic sanctions that was raised in France by the Islands' representative in the French National Assembly? I ask the question because a failure to bring a satisfactory resolution to this problem will cause serious problems for Canada's fishery, indeed potential problems down the road with respect to offshore oil and gas.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the story in the French press about speculation of some kind of weird connection between the St. Pierre and Miquelon situation and the Falkland Islands is indeed of no service to relations between Canada and France. We are negotiating the water boundary in the normal course of affairs with the French. Our discussions have been proceeding. We have been engaged in offer and counter-offer. The situation at the present time is that we are still in the course of discussion. As one would expect, we are putting forward a very strong case on behalf of Canadian interests.

* * *

THE ECONOMY

ISSUANCE OF LONG-TERM GOVERNMENT BONDS

Hon. George Hees (Northumberland): Madam Speaker, I have a question for the Prime Minister. As he well knows, his government very recently issued a 20-year bond to yield 15.5 per cent interest rates. Obviously this indicates very clearly that the government, the Prime Minister, the Minister of Finance and the cabinet expect that high interest rates and high inflation are going to be with this country for a very long period of time. I would like to ask what caused him, his Minister of Finance and his government to throw in the sponge so early in the fight against high interest rates and high inflation.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am surprised that a learned member like my hon. colleague would have such an interpretation. Surely he knows that long-term money is hard to come by now and that, in order to get it, you have to offer high interest rates.

An hon. Member: Why?

Mr. Trudeau: The member opposite wants to know why. Because—

Some hon. Members: Oh, oh!

Mr. Trudeau: I am sorry, George, but your colleagues don't want an answer to this kind of question. Maybe it is too difficult for them. Perhaps you and I had better discuss it later.

• (1450)

Mr. Hees: Madam Speaker, I have no intention of letting the Prime Minister off the hook.

Some hon. Members: Hear, hear!

Mr. Hees: It is a very difficult question that obviously he is floundering on.

Some hon. Members: Hear, hear!

Mr. Hees: Does he not realize that the reason he has to pay a high interest rate today is that the people of this country have no confidence at all in his economic ability and that of his ministers?

Some hon. Members: Hear, hear!

Mr. Hees: If he does not believe that we are going to have high interest rates and high inflation over the next 20 years, how can he and his government justify paying a 15.5 per cent interest rate over that very long period of time?

Mr. Trudeau: Madam Speaker, surely the hon. member knows that these are the rates that are prevailing in the United States and in various European countries, France and so on, and that if you do not offer that to Canadian savers, including I am sure my hon. friend—

Mr. Hees: Twenty years?

Mr. Trudeau: Madam Speaker, if you want to borrow long term you will have to pay what the investor will lend his money at. I am telling the hon. member that the Canadian can move his money to the New York bond market or to the European bond market and get that kind of rate. That means that the—

Mr. Hees: I think you had better sit down, Pierre; you have run out of steam.

Mr. Trudeau: Madam Speaker, the hon. member wants me to sit down. I see the answer is a bit too difficult for him to follow.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—REQUEST FOR SUPPLEMENTARY ASSISTANCE

Mr. Gérald Laniel (Beauharnois-Salaberry): Madam Speaker, my question is directed to the hon. Minister for Consumer and Corporate Affairs. I agree that the Canadian government is the only government that has provided some form of concrete assistance to UFFI victims, but I would like to ask the minister whether he is prepared to consider further assistance programs, and if so, is he willing to consider the

feasibility of introducing a program of interest-free or subsidized-interest loans to help people who want to remove the foam and do not have the resources to do so, a suggestion that was made by my local riding committee?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I can assure the hon. member that this option was considered before we announced the present program which enables homeowners to obtain, not an interest-free loan but a grant, which is not taxable and may go as high as $5,000. Obviously, this is a far more generous offer than any loan, whatever the amount, because in case of a loan, the amount must be repaid by the home owner. However, in this case, the government is giving home owners up to $5,000. I can see why the hon. member and the members of his riding association would like to have the other method as well. I have always maintained that the offer made by the Canadian government should be matched by provincial authorities. If UFFI victims want to get more from government, they should not go to the federal government at this point but to the provincial authorities to obtain the equivalent of what we are offering.

* * *

[*English*]

BANKRUPTCIES

INCREASE IN NUMBER

Mr. David Orlikow (Winnipeg North): Madam Speaker, my question is directed to the Minister of Finance. Last month we set a record, a record of which no one can be proud. We had, for the first time, more than 1,000 business bankruptcies in the month of March. Given the fact that we are now seeing bankruptcies of companies which have been in business for a long time, well managed and playing an important role in their regions; given the fact that one of the major reasons, if not the major reason, for those bankruptcies is the high rate of interest with which they cannot live and exist, I wonder if the minister has any idea for braking the high interest rate policy which is leading to the destruction of an increasing number of businesses in this country every month.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, I think the idea is very clear that we can get interest rates down when we can succeed in getting the rate of inflation down; and there is no secret way that I know of, and no one in this House has ever revealed—no secret way to brake the high interest rates until inflation comes down. That is the idea.

REQUEST THAT GOVERNMENT TAKE ACTION

Mr. David Orlikow (Winnipeg North): Madam Speaker, given the fact that the number of business bankruptcies is increasing every month, that it increased in the province of Manitoba by 100 per cent and increased in the province of Quebec by 50 per cent, that every business bankruptcy leads to more unemployment, that in the province of Quebec the official rate of unemployment is 14 per cent and the real rate is substantially higher than that, I wonder if the minister is prepared to see the time when we will have 2,000 bankruptcies in a month rather than 1,000, before he does something to lower the rate of interest which is killing so many businesses.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the question of the hon. member is characteristically vague. He invites the government to do something. Day in and day out I have been explaining that the policy of the government is directed to bringing down inflation in order to bring down interest rates, in order to create more jobs. Every proposal made by the New Democratic Party during the question period, if implemented, would have the effect of driving up interest rates and creating more bankruptcies and more unemployment. That is the difference between us.

Some hon. Members: Hear, hear!

* * *

FINANCE

REQUEST THAT FIXED RATE OF EXCHANGE BE CONSIDERED

Mr. Bill Yurko (Edmonton East): Madam Speaker, my question is directed to the Minister of Finance. Some months ago in a first ministers' economic conference some of the premiers recommended that the exchange value of the Canadian dollar versus the United States dollar be allowed to drop to the 75-cent level, to lower interest rates and stimulate the economy. Since then the Canadian dollar has fluctuated, dropping almost below 81 cents and now almost reaching to 82 cents. Has the minister examined seriously, and is the government actively considering, fixing for a period of time the exchange rate of the Canadian dollar at the 80-cent level or thereabouts versus the American dollar, so that the strength of the pegged dollar may provide some stability and may be used to lower Canadian interest rates and also stimulate foreign investment in Canada, particularly in the megaprojects?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is not the intention to establish a fixed exchange rate.

* * *

PUBLIC SERVICE

EXAMINATION OF RIGHTS OF PUBLIC SERVANTS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the President of the Treasury Board. On March 26, the President of the Treasury Board endorsed a proposal to give a parliamentary committee the task of trying to clarify the policical rights of public servants and their right of speech. I have not asked him a question since then because I

wanted to give him time to consult his colleagues in respect to the matter. Has he yet consulted his colleagues and, if so, what advice can he give the House on whether the government is prepared to go along with the endorsement which he gave to this matter in committee?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I have discussed this issue with a number of my colleagues. The question, as I recall from the member for Nepean-Carleton, arose from the context of the Neil Fraser case, a case which I understand is currently proceeding through the normal appeal procedures. I think it would be helpful to have the decision of the Public Service Staff Relations Board on that case before taking further action.

REQUEST THAT MINISTER REVIEW POSITION

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, if the minister will reread the portion of the committee hearings, he will find that it was not taken in the context of the Neil Fraser case, it was with respect to the problem generally. The position has been endorsed by the Chairman of the Public Service Commission, who felt it was time that this matter be aired by the parliamentary committee. Would the minister, given that representation, which he can check, review his position so that we can have this matter cleared generally with respect to people in the Public Service of Canada, as to their rights to speak and their rights to engage in political activity?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I think it is indeed an important issue. It was raised, if I recall correctly, by the D'Avignon Committee; and it is a matter which has been under review in the context of the government's co-ordinated response to the D'Avignon committee report and the Lambert commission Report. As I indicated in the committee, I will take the matter up with my colleagues to determine whether the procedure proposed by the hon. member for Nepean-Carleton—and, I understand, endorsed by the Chairman of the Public Service Commission—would be an appropriate avenue to explore.

* * *

• (1500)

PETITION

MR. HARGRAVE—NATURAL GAS TAXATION POLICY

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred and nineteenth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Medicine Hat (Mr. Hargrave) on Monday, April 19, 1982, and finds that the petition meets the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

THE BUDGET PROCESS

TABLING OF PAPER ON BUDGET SECRECY AND PROPOSALS FOR BROADER CONSULTATION

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, pursuant to Standing Order 41(2) I wish to table, in both official languages, copies of "The Budget Process", a paper on budget secrecy and proposals for broader consultation.

* * *

PETITIONS

RECONSIDERATION OF GUN CONTROL LEGISLATION

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, it is my privilege and duty to present a formal petition to the House on behalf of some of my constituents. The subject of the petition is private member's Bill C-451, to amend the Criminal Code as it relates to gun control. The expressed displeasure respecting this bill is built around the fact that if such a bill were to be enforced in our country, it would spell the end of hobbies such as gun collecting and sports hunting and the privilege of handing down a gun collection as an heirloom to an heir. This would be a constraint which has not been imposed upon any other facet of our society.

My petitioners pray that not only should this bill not be given favourable consideration by this House but also that reconsideration be given to the already excessive legislation which imposes control upon guns to the detriment of the wellbeing of our society as a whole.

Mr. Gordon Taylor (Bow River): Madam Speaker, I take great pleasure in presenting a petition signed by more than 100 Canadians in western Canada from the Bow River constituency—around Airdrie and Crossfield—and from British Columbia.

Your petitioners pray that Bill C-451, to amend the Criminal Code respecting gun control, be not passed. The petitioners believe this bill is an infringement of their rights, that it will not stop the criminal element from obtaining firearms, that it will adversely affect sportsmen, gun collectors, rifle and pistol enthusiasts and that it is the first step toward the total disarmament of the people. Through this petition the petitioners are using their ancient right to present a grievance common to thousands of Canadians and pray that this petition will be given consideration by this House.

IMPOSITION OF METRIC SYSTEM

Mr. Joe Reid (St. Catharines): Madam Speaker, I, too, would like to take advantage of the ancient and honoured right of petitioners to present a grievance to this honourable and distinguished House in the hope that a remedy will be found.

Over 14,000 residents of the city of St. Catharines and its adjacent areas—14,044, to be exact—have signed a "Measure Canadian" petition sponsored by radio stations CKTB and CJQR-FM indicating that they join with many thousands of Canadians across this country in opposition to this government's arbitrary, mandatory and compulsory imposition of the metric system in Canada. The request in the petition is to allow metrication to proceed where determined voluntarily and to be efficient and competitive, but the petitioners strongly protest the mandatory imposition of metric conversion. Those 14,000 names are contained in the bundle I have in my hand.

Mr. Girve Fretz (Erie): Madam Speaker, I have the honour and pleasure to present a petition on behalf of 156 constituents from the Niagara Peninsula who oppose the enforced use of the metric system in auction markets and other bid buying operations. These Canadians believe that the pace, the degree and the nature of the change to the System International should, and must, be determined voluntarily, especially because of the uniqueness of the instantaneous judgments which need to be made in bid buying where both the buyer and the seller need to be very familiar with the value of the product and the value of the bid.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,276, 3,560, 4,064, 4,154 and 4,176.

[*Text*]

SEMINAR TO STUDY EFFECTS OF EARTHQUAKES

Question No. 3,276—**Mr. McKinnon:**

1. Did the Department of National Defence place a $12,000 contract with E.A.C. Amy and Sons to carry out a seminar on planning requirements to mitigate the effects of an earthquake in British Columbia, under contract No. 19ST 57111-0-A233 (OST80-00123) and was this contract in addition to the $29,400 awarded previously to the same company to conduct a seminar on the effects of an earthquake in British Columbia and, if so (a) on what date was the seminar on the effects of an earthquake held and are the results now available (b) on what date will the seminar on planning requirements be held?

2. Does the sum of $41,400 represent the total cost of the seminars and, if not (a) what is the estimated total cost to all government departments for this exercise (b) are the provinces going to pay for the transportation, accommodation and honorariums of the invited federal and provincial emergency planners from across Canada?

Hon. Yvon Pinard (President of the Privy Council): I am informed by Emergency Planning Canada and the particpating departments as follows:

1. Yes, on behalf of Emergency Planning Canada. (a) The seminar was held during the week of October 26 to 30, 1981. The results are being compiled at present and will be available on request to Emergency Planning Canada.

(b) The seminar on planning requirements occupied the last two days of the week (i.e. the October 29 and 30).

2. No. (a) Participating departments: $13,279.03. Emergency Planning Canada: To the extent possible existing federal facilities were used, thus the additional expenses were at a minimum including some administrative costs and travel expenses to three invited participants and an honorarium to one of them. These brought the total federal costs carried by Emergency Planning Canada to $44,635.

(b) There have not been and will not be any federal charges to any of the provinces in respect of this seminar nor any charges to the federal government for provincial participation.

SOVIET CITIZENS WORKING IN CANADA

Question No. 3,560—**Mr. Cossitt:**

What is a current list of all Soviet citizens in Canada on work permits employed with any organization and, in each case, what is the name and address of the employer?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): As of the date of the question there were 74 Soviet citizens in Canada in possession of employment visas. Information related to their employment is considered by the CEIC as personal and confidential.

WORK PERMITS FOR AMERICAN HOCKEY PLAYERS

Question No. 4,064—**Mr. Cossitt:**

1. Is it now the policy of the Department of Employment and Immigration to require working visas for Americans living along the Canada-U.S. border, who play hockey for Canadian teams on the Canadian side of the border but who do not live in Canada and who only cross the border one or two times a week and who are not paid a salary by the Canadian teams involved?

2. To the knowledge of the government, were such restrictions applied in eastern Ontario and, if so, how can such restrictions be justified when the persons in question are not actually working in Canada?

3. Is this present policy causing a great amount of paperwork for the department and is the government prepared to order an immediate halt to such procedures and to leave the matter of entry and exit from Canada to the usual border-crossing questions by the immigration officials?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Yes.

2. Yes. When coming to Canada, such persons require employment authorizations (working visas) and in addition, it must be established that their admission will not adversely affect Canadians. While wages are not involved, it must be noted that many of the teams are subsidized in some way by Sports Canada under its Fitness and Amateur Sports Program. The control exercised therefore is to ensure that the money spent in such assistance benefits Canadians first.

3. No great amount of paperwork is generated by this control measure and no consideration is being given to stopping this procedure.

Petroleum Incentives Program Act

EVALUATION OF CEIC NEWSLETTER

Question No. 4,154—**Mr. Mazankowski:**

Was a study evaluating the readership of a departmental employee newsletter commissioned by the Canada Employment and Immigration Commission and, if so (a) what is its status (b) what conclusions or recommendations were made (c) how were the conclusions or recommendations followed?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Yes. Approximately 4,000 employees across the country received a survey questionnaire from an independent research firm. The completed questionnaires are now being returned and we expect all answers to be in the hands of the research firm by April 9, 1982. Several weeks later the company will provide us with their conclusions or recommendations and we will look into ways of responding to these recommendations.

OFFICIAL LANGUAGES

Question No. 4,176—**Mr. Herbert:**

With reference to the answer to question No. 3,720, what is the percentage excluding the National Capital Region?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): It is 2.2 per cent.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PETROLEUM INCENTIVES PROGRAM ACT

MEASURE TO AMEND

The House resumed, from Monday, April 19, 1982, consideration of the motion of Mr. Lalonde that Bill C-104, respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act, be read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Doug Lewis (Simcoe North): Madam Speaker, I am pleased to have this opportunity to enter into debate on this bill, which basically is legislation designed to bring into effect the federal government's petroleum incentives program.

Members of Parliament come to this House from varied occupations and professions, and there is a strength in that diversity. As elected representatives we serve the Canadians who sent us to this House. We also have an opportunity to serve the professions and the occupations at which we once earned a living. This is one of those opportunities when I as a Member of Parliament have an opportunity to serve my former profession in Parliament. For that reason I intend to be as non-partisan in my remarks as possible.

I also beg the indulgence of the House to outline the background which lies behind my concerns with respect to this legislation.

Twenty-five years ago I entered upon the study of chartered accountancy as a chartered accountant student with my father's firm in Toronto, Horace G. Lewis and Company. I graduated as a chartered accountant in September, 1962. Although I have not practised regularly, I am still a member in good standing of the Institute of Chartered Accountants of Ontario.

There are five hon. members in this House who are members of the accounting profession. They are the hon. member for Vancouver Quadra (Mr. Clarke), the hon. member for Calgary South (Mr. Thomson) and myself on this side. On the government side there is the hon. member for Duvernay (Mr. Demers) and the hon. member for Dollard (Mr. Desmarais). All of us are proud to be members of the accounting profession.

The Institute of Chartered Accountants of Canada was formed in 1902. It was first named the Dominion Association of Chartered Accountants. There were six provincial institutes at that time, the earliest being the Ontario and Quebec institutes of chartered accountancy formed in 1879. The Canadian Institute of Chartered Accountants has been responsible for setting accounting standards since 1946.

With that background in mind I wish to address two issues with respect to this bill. The first is the generally accepted accounting principles which are applicable to the treatment of payments under the petroleum incentives program. The second is the position of the Canadian Institute of Chartered Accountants and the repercussions if that position is ignored.

The Canadian Institute of Chartered Accountants has an active program of ongoing accounting research which is supported by members of the accounting profession from across Canada. In September 1975, the institute enacted Section 3800 of the CICA handbook to account for direct payments of all types of government assistance. That section was produced as a result of a rigorous discussion and debate of all possible alternatives by members of the CICA accounting research committee, consultation with their associates, exposure of proposed standards to the accounting profession and the business community for comment and consideration of all comments received before the standard was formally issued. Because of concerns as to the proper accounting treatment of the PIP grants, formally known as the Petroleum Incentives Program incentives, the CICA initiated discussions in early 1981 with the oil industry, individual companies, their auditors, and representatives of the federal government.

• (1510)

In April, 1981 the accounting research steering committee drafted a proposed accounting guideline for the treatment of PIP incentive grants. The accounting research committee discussed the draft guideline and expressed agreement with the steering committee's position and proposed course of action. The draft guideline was then circulated to interested parties for comment. Government representatives, including the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of Finance (Mr. MacEachen), received the draft guideline but did not offer any comments on it.

In January 1982 a final draft of the guideline was circulated by the accounting research committee to the petroleum industry, through the Canadian Petroleum Association and the Independent Petroleum Association of Canada, and to other interested parties for comment. None of the recipients expressed objections to the final guidelines. At the same time, government representatives, including the Minister of Energy, Mines and Resources, the Minister of Finance and the Minister of Consumer and Corporate Affairs (Mr. Ouellet), were advised of the steering committee's intention to finalize and issue the guideline.

The CICA then issued a formal accounting guideline dated February, 1982 which specified that PIP incentives should be accounted for in accordance with the CICA handbook, Section 3800. Basically, that section specifies that since petroleum incentives are expenditure oriented, they should be taken into income in the same manner as the exploration and development expenditures they support.

Some oil companies have made representations to the federal government as to the acceptability of a different type of accounting treatment. Discussions have taken place between representatives of the oil industry and the Minister of Energy, Mines and Resources which present the possibility of federal action to legitimize an accounting treatment which is contrary to the CICA position and thus contrary to generally accepted accounting principles. The dangers inherent in such actions prompt my remarks today.

One of the most basic of the generally accepted accounting principles is that revenues and expenditures related to those revenues should be matched as closely as possible. The February 1982 accounting guideline issued by the CICA defines the PIP grants as follows:

> The petroleum incentives program provides for direct incentive payments for exploration and development to Canadian taxable and non-taxable corporations and individuals. The objective is to encourage oil and gas exploration by Canadian corporations and individuals.

Therefore, the petroleum incentives should be taken into income in the same manner as the exploration and development expenditures they support. On the other hand, the petroleum and gas revenue tax is a tax payable by corporations and individuals, including federal and provincial enterprises, that receive income from oil and gas production. It is levied on net operating revenue related to the production of oil and gas, including income from oil and gas royalty interests.

The controversy arises because corporations and individuals qualifying for the PIP grants may waive entitlement to the direct payment of the grant and instead receive the benefits by way of a credit against the petroleum and gas revenue tax. It is then suggested that since the PGRT is a current expense, the PIP grant should be included in current earnings by netting or offsetting the PIP grants against the PGRT in the income statement.

The remarks of my good friend, Gert Mulcahy, F.C.A., CICA accounting research director, are most pertinent and succinct. She said:

> The proper accounting for government grants, including PIP grants, is largely a question of timing. PIP grants should be taken into income as the exploration and development efforts they finance result in earnings or the expenditures are written off ... If such grants were to be taken into income immediately, the result would be current overstated earnings for affected Canadian companies and reduced earnings for those companies in the future ... Economic reality is not reflected if a grant for future benefit is included in income for the current year before the results of the exploration expenditures are known.

There is some suggestion that the oil companies are pressuring the minister to allow the "offset" or "netting" treatment. In my opinion, that is not a generally accepted accounting treatment and I would urge the federal government to support the CICA position rather than enacting an order in council legislating generally accounting principles. We can understand the oil companies's concern to present as favourable an income position as possible but I suggest to the government that this can be accomplished through the statement of changes in financial position included in the companies's financial statements.

As suggested in the accounting handbook, the method by which benefits are received should not affect the accounting treatment. It is also suggested by the oil companies that since the PIP grants were instituted by the federal government because of the elimination of the earned depletion allowances and the super-depletion allowances for frontier exploration, the grants should be allowed as deductions from income.

With respect, Mr. Speaker, that argument does not necessarily apply. No government can eliminate apples and replace them with oranges and then legislate the oranges into apples. That is what the government is trying to do.

That concludes my remarks as to the generally accepted accounting principles and the CICA efforts in this case. I now wish to turn my attention to the position of the Canadian Institute of Chartered Accountants and the possible repercussions of actions contrary to that position.

The Canadian Institute of Chartered Accountants and the related provincial institutes take a back seat to no professional body when it comes to professional research, professional independence and professional responsibility. My previous remarks make it unnecessary for me to elaborate upon the ongoing concerns of the CICA with respect to the need for professional research of a high calibre. This is a perfect example of the methods by which the CICA operates and it would be difficult for any profession to find fault with those methods. If the federal government is putting forth a contrary position, it should prove its point through the force of research

and logic and through discussion with the accounting profession.

As professionals, chartered accountants guard their independence jealously. Accounts have been lost because chartered accountants refused to bend to the client's interests. Confidence in that independence is reflected in the reported remarks of Henry Knowles, Chairman of the Ontario Securities Commission. He suggests the accounting profession is "a major defender of investor rights" and that if the federal government legislates generally accepted accounting principles "it will destroy the credibility of the accounting profession as a self-regulating and policing organization".

Professions earn respect by being responsible. The easy way out for the CICA would have been to bow to the federal government's wishes and adopt their ideas or accept an order in council legalizing the treatment of PIP grants as an offset to the PGRT. To the CICA's credit, they have not capitulated, but under the leadership of their president, Dennis F. Culver, FCA, they have continued to press their arguments through consultation.

• (1520)

We have recently had an excellent example of the dangers which arise, Mr. Speaker, when government fails to consult industry, labour, or related professions and occupations. The November budget is a perfect example of what can happen when bureaucrats try to legislate tax reform without consultation. The result is chaos. The CICA accounting research guideline is an excellent example of what can happen when a profession takes the initiative and demonstrates professional responsibility. The result is an independent standard which governments, investors, the profession and the industry can look to for guidance. If the federal government legislates a treatment of PIP grants in financial statements which contravenes CICA guidelines, then there are some very real problems ahead. Auditors may be forced to comment upon the treatment in their report, as to whether or not it is in accordance with generally accepted accounting principles, as they are known throughout the world. Securities commissions in Canada and foreign countries may require the CICA treatment, thus leading to investor confusion. The self-governing integrity of the CICA would be damaged.

I suggest to you, Mr. Speaker, that the state may legislate the relevant professional committees of a hospital to ensure a high level of medical competence, but the state does not tell a doctor how to remove an appendix; the profession determines that. The state may legislate legal aid for every accused to ensure a legal defence, but the state does not tell a lawyer how to examine a witness. That is a matter for the profession.

By the same token the federal government may, through this bill, legislate PIP grants; but it is the accounting profession through its committees which should determine how those grants are treated in financial statements.

I close, Mr. Speaker, by urging the minister to adopt the CICA position on this issue because it is in accordance with generally accepted accounting principles, and as an indication of the respect of the federal government for the efforts of CICA to maintain generally accepted accounting principles and its professional independence.

Mr. Ian Waddell (Vancouver-Kingsway): Would the hon. member permit a question, Mr. Speaker?

The Acting Speaker (Mr. Breau): Would the hon. member permit a question?

Mr. Lewis: Certainly.

Mr. Waddell: The energy critic of the Conservative party, the hon. member for Calgary Centre (Mr. Andre), wrote to the minister on December 21, 1981. In his letter he said that "the parts of the proposed bill dealing with the Canadian ownership rate and petroleum incentives program are long overdue and we would be willing to see two relevant acts introduced and dealt with on a priority basis".

I wonder if the hon. member would indicate why his party, having asked that they be brought forward on a priority basis and having said that they are long overdue, is now opposing the Canadian ownership rate and the petroleum incentives program?

Mr. Andre: Tell the hon. member to read my speech.

Mr. Lewis: Mr. Speaker, I tried to approach this subject as a Member of Parliament with some background in the accounting profession. My remarks were specifically directed to accounting treatment. I also commented that I would try to be non-partisan in my remarks. I think you will have noticed, sir, that there were no references to political positions being taken in my remarks.

The remarks of my colleague, the hon. member for Calgary Centre (Mr. Andre), were directed to the bills themselves, and I am perfectly willing to go along with his advice on that. However, what I tried to bring to the House was an understanding of accounting treatment, and an understanding of the importance of having an independent accounting profession. My remarks were simply based on that very important principle.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, it is a pleasure to have you in the chair today. I would like to direct some of my remarks to the hon. member's question as to why we oppose the bill in principle at this time. The hon. member for Simcoe North (Mr. Lewis) just spoke with eloquence as to the need for proper accounting procedures. I think we will find many oil companies in Canada will need to acquire many more accountants in order to deal with the petroleum incentives program and the Canadian ownership rate, and the difficulties which will result in the next couple of months as they try to sort out this bill as it passes through Parliament.

At the same time we have seen the tremendous impact the NEP has had on our oil and gas industry. The PIP grants were needed a year or a year and a half ago. They will now do relatively little to assist the industry to get back to the position it was in some while ago. Part of the problem is that by far the

majority of people in Canada do not understand the operations of the oil and gas industry. That is a problem which not only Members of Parliament and those people involved in the industry for 40 or more years have to face, but it is also a problem for the industry and its employees. They have over the years done relatively little in the way of educating the public at large as to how their operations work. Then when we are faced with the NEP, faced with a government which has used this industry as a whipping boy for everything that they find people mistrust about capitalism, it is very difficult to put their views forward as to the proper operation of their industry, what alternatives there were to the public Canadianization of the industry, and the kinds of incentives and taxation procedures necessary to take away some of the excess profits of the industry as world prices went up, and yet at the same time not destroy the industry.

The drilling industry, for example, was faced not only with the NEP, but at the same time it was hit with high interest rates. They were drilling at a very high rate and finding lots of natural gas, if not so much oil. They were then faced with an oversupply of natural gas with the resulting low cash flow because they could not market the gas. Then there were the uncertainties involved in a lack of agreement between the federal and provincial governments on taxation. In addition, there was the problem that it has taken over a year to define the National Energy Program by way of legislation. We now find a reluctance on the part of investors, domestic and foreign, to invest in the drilling industry and so we are faced with some very serious difficulties in obtaining the funds to get the drilling industry going again.

Now, in addition to that tremendous lack of knowledge which I spoke of about how the industry works, we have here in Ottawa a group of public servants and deputy ministers along with the minister who, I feel, at that time knew very little about how the industry evolved and how it had been so successful in finding oil and gas. In fact, through natural processes much of the industry was being bought and taken over by small Canadian firms.

• (1530)

That is the way we should have proceeded with a national energy program. But here we had a minister supported and pushed by his public servants to bring in his National Energy Program which has hurt the nation so badly. Think of what has happened to the goal of energy self-sufficiency. Think of the number of jobs lost, rigs lost, the severe damage to small companies, and the increasing number of small Canadian companies declaring bankruptcy. When the program was put in place it affected many more people in this country than the minister or his public servants who supported him could ever imagine. They had no idea of the effect their program would have on this country. Perhaps they were prepared to take the risks because of a feeling that Alberta was doing too well or that the western provinces were doing too well as far as oil and gas revenues were concerned. Maybe it was thought that with drilling taking place offshore on the east coast as well as the Beaufort Sea, some capital should be moved into those areas and by doing that we would have some success and it would all be worth it.

However, that has not come about. The people who have been involved in the industry and the provinces so affected by the oil and gas industry cannot trust this government to put forward an objective picture of the oil and gas industry. Many companies, provinces and Members of Parliament have recognized this. Television and newspaper ads are now being placed by the Independent Petroleum Association of Canada, the Canadian Petroleum Association, and other independent companies to show how industry works. These ads show the types of employment the industry creates and the opportunities available to young Canadians for work. There are opportunities to take over parts of companies to a large extent now foreign owned so as to achieve greater Canadian ownership. These kinds of ads and education procedures are continuing. At the same time people are being told about the devastation which has taken place in the industry.

Those of us who represent areas which produce oil and gas are receiving hundreds more calls from people who are being laid off. We are receiving calls from companies that just a year ago were looking at a bright future but are now bankrupt. We realize that we have to do a lot more to educate our colleagues about how this industry works. We have to get across what kinds of alternatives there are in order to see the vision that we wish as far as Canadian ownership is concerned. At the same time we must not create the dilemmas now being faced in the oil and gas industry.

There are alternatives to this bill which introduces the Canadian ownership rate. Some alternatives were put forward in the 1979 budget that was defeated. In it an offer was made to Canadian citizens to invest in oil and gas companies. In return some capital gains relief would be given. There was also a provision for directing the incentives program to the small Canadian-owned oil and gas companies are respecting the taxation procedures to be used as far as profits of the large companies were concerned. Those were the alternatives that were available, but instead the oil industry was used as a whipping boy by this government. It was used to foster Canadian nationalism in the sense of nationalization of companies run by Canadian governments and Crown corporations.

In reply to a question yesterday, the minister in defence of the National Energy Program said that in the last year we have gained 6 per cent more Canadian ownership. That is probably true. If one looks at the acquisitions of Petro-Canada and Dome Petroleum, some large companies were bought out. But what was the cost of doing that? Canadian taxpayers have put over $1.5 billion into Petro-Canada. Petro-Canada itself has borrowed in the billions of dollars in the private sector to buy out some foreign-owned oil companies. They have not found much more oil. All that has been accomplished is the purchase of more oil already discovered.

Another cost of the National Energy Prgram was lost jobs, about which I will go into detail in a few minutes. Also as a

result of this program we have seen the loss of service companies and drilling rigs. The program has also caused the bankruptcies of companies. This program has contributed to the high interest rates that we are facing now as much money flows out of Canada. It was necessary to attract American dollars into Canada in order that we could pay our debts to other countries, and for purchasing offshore oil which had to be paid for in American dollars. Our interest rates had to be raised to attract money back into Canada. We have caused severe damage to the small Canadian-owned oil and gas companies and to the people who serviced those companies in many communities across the nation. Those are the costs of this National Energy Program.

Mr. Don Pack, President of the Canadian Association of Oilwell Drilling Contractors, which association comprises small Canadian-owned companies, has said:

> The replacement value of the rigs that have left Canada in the past year exceeds $1 billion. You might equate this loss and the impact on a community, to the loss of one hundred $10 million manufacturing plants, each directly employing 52 people. The difference in operating levels this year and last in the drilling industry alone has resulted in a direct loss of employment for over 8,000 skilled rig crew members.
>
> For 1982, we see a further erosion of the Canadian drilling and service fleet with increasing loss in employment. During 1982 approximately 6,000 wells will be drilled in western Canada, a decline of 33 per cent from the peak established in 1980 and by mid-summer less than 200 rigs will be active. For a country importing approximately 200,000 barrels a day of crude oil from foreign producers at a cost of $8,000,000 per day, this is a tragedy.

I think that figure of 200,000 barrels a day of crude oil is rather low. The figure is more like 400,000 or 450,000 barrels a day. Mr. Pack continues:

> The energy balance in the world is finely tuned and vulnerable to disruption and price shock. Disruption in Canada's supply of oil, before we are self-sufficient, is a sure bet.

The following statistics are as a result of the National Energy Program. Drilling activity in Canada is down 25 per cent in 1981 compared to 1980. In the United States in the same period drilling activity was up 26 per cent. A record 78,884 wells were drilled in the United States. That figure increased by 16,000 from the previous year. On the other hand, Canada's figures were down substantially. Our well completions totalled 7,183, down from 9,481 in 1980. Development drilling was down 28 per cent to 4,000 from 5,556 in 1980. Total metres drilled confirmed this decline. The number dropped from 10.27 million metres in 1980 to 7.64 million metres in 1981. This is a decline of 26 per cent.

Since the announcement of the National Energy Program in 1980, 226 drilling rigs have left Canada. At the end of 1981 only 52 per cent of Canada's total of 443 drilling rigs were active and the activities of many seismic crews were down 25 per cent. Many of these people were active in my constituency and in the constituencies of my neighbouring Members of Parliament in Alberta and Saskatchewan.

• (1540)

There are many examples of Canadian entrepreneurs who are suffering the consequences. For example, there is Raydan Transport in Nisku. Statistics do not mean a lot to many people until they are translated into human terms. I have seen the human casualties of the National Energy Program in my riding. Many companies in a once thriving and prosperous area are starting to sell and move rigs to the United States. Many of them are throwing up their hands and giving up, which is helping the Western Canada Concept party.

I should like to cite an example of something which happened approximately two weeks ago. It shows the effects of the National Energy Program on a trucking company which was once prosperous. Raydan Transport of Nisku was a major rig moving company. It began liquidating $8 million worth of equipment assets. It received a little over $2.6 million for those assets, if I have read the bill of sale correctly. Bill English, the president of the company, said that this action was taken as a result of taking a good look at what was happening to the trucking industry. Until last month Raydan operated 75 trucks and back-up equipment and employed over 100 people. Now it expects to need only five employees and will only operate two to five trucks in 1982.

Why has the company lost over $1 million in the last 18 months? Its problems started with the NEP. Before that Raydan would move anywhere from 150 to 200 rigs per year. This dropped to only 35 rigs in 1981. It obviously had the equipment but the work was not there. On top of that situation, there was an increase in the cost of fuel, skyrocketing costs of equipment and labour, maintenance costs and high interest rates. These factors made the prospect of carrying on until there was light at the end of the tunnel very unattractive. In this instance we are looking at a company which is folding. Approximately 95 people will be out of work as a result of misguided government policy. This is happening all over my riding. The Nisku Industrial Park which was based on oil and gas activities has lost many people and firms in the last year.

What are some people saying in regard to the entire situation? One answer came from the provincial government which brought in a royalty reduction plan. It is intending to rollback royalties. It is an answer to many people involved in the industry. Now they can come to the provincial government and say that they desperately need some assistance until changes are made in the federal government. The provincial government brought in a rollback in royalties which will have an effect upon the industry. Most of the money acquired by the rollback in royalties will be needed to pay off debts which have accumulated in the last 1.5 years. We may not see the activity which is necessary to bring back the oil and gas industry of Alberta.

This morning I spoke with some small businessmen in my riding who are involved in the industry. They said that there has been a great improvement in attitude because of the movement of the Alberta government in rolling back royalties, but they warned that it was not enough. If complementary action is not taken quickly by the federal government as far as the taxes in the National Energy Program are concerned, conditions will revert to where they were beforehand.

As I said, in the last year some huge debts were built up by many of these companies. Many small Canadian companies are involved in the drilling and servicing of the oil industry and do not have much royalty income. As a result, these companies

which are facing bankruptcies and laying off employees will not obtain much benefit from the rollback of royalties. Additional incentives to the oil industry are needed. I suppose some will be included in the petroleum incentives program, but much more will be needed, especially as world oil prices and consumption drop. Also we must remember that there is the huge shut-in of oil and gas in Alberta and Saskatchewan at the present time. There is a need to help some companies as far as taxes are concerned if we are to remove some of the suffering from the oil industry. They are truly Canadian companies. They are local, they are Alberta, Saskatchewan and British Columbia operations, yet they are being stifled by federal policies which claim to promote Canadian ownership. This points out the grave contradiction between the philosophy of the National Energy Program and its actual effect. The government must look very seriously at making some changes to get these small operations back on their feet and producing again.

According to Wilfred Gobert of Peters and Co. Ltd. of Calgary:

> The retroactive provincial royalty tax credit, imminent Alberta petroleum incentive payments and gas take-or-pay proposals by TransCanada PipeLines Ltd. of Calgary will all mean additional money for the industry this year.

But like other analysts, he expects that the industry will use the additional funds to pay off debts first before rushing into more exploration and development spending. Mr. Gobert went on to say:

> The Alberta royalty changes could mark an end to the slump in exploration and development this year. We may have hit bottom . . .
>
> The worst of the exploration and development activity could be behind us.

It will need an extra push, and that push can only come from the national government in the form of some reduction in high taxes.

We are feeling the downturn in that industry. We are starting to feel it more than ever 1.5 years after the National Energy Program. The cash flows of larger companies are down between 25 to 40 per cent. There is some belt-tightening which is being felt not only by workers but by many executives. Gulf, Turbo Resources and Dome Petroleum have laid off over 1,150 people in the last week. Even Petro-Canada has felt the pinch and is finding that it must release some of its employees. They are all facing as well a tremendous paper burden which results from the bills before the House and the extra accounting procedures being put in place because of federal and provincial programs.

It was interesting to read the words of United States Congressman John D. Dingell who said that this year more than 12 per cent of the oil and gas exploration in the United States will be conducted by Canadian companies, many of which are from my area, using workers and equipment that have shifted drilling to the United States. If past experience is any indication, they will not return to Canada until the government alters its course. In short, the government's policies are having the exact opposite effect to their stated purpose. Those policies have already shown themselves to be actually injuring the Canadian economy, driving venture capital from the nation and impairing the strength of the Canadian dollar. That American congressman is seeing the same effects of the National Energy Program as we are seeing on this side of the House. They are reaping the benefits of our expertise and our drilling.

• (1550)

Although we may not have had ownership of the oil industry when the National Energy Program was introduced, we did have control and many of us wonder why we did not use that control to determine the kind of taxation policies we could have put forward so as to use the abundant moneys which flowed from that industry to provide incentives to the small oil companies and start the megaprojects operating in Canada, which would have provided employment and spinoff benefits for thousands of Canadian companies and Canadian workers, instead of taking the gamble which the minister was obviously prepared to take when he introduced the National Energy Program. That gamble, which was to divert money from the prairie provinces, Alberta and British Columbia to provide the needed incentives for projects in the north, on Canada lands and on the east coast, should not have killed the industry which was providing the work and the oil and gas for Canada at the same time. That gamble may not have paid off in terms of oil self-sufficiency by 1990.

The *Ocean Ranger*, which tragically sank off the east coast, has put back the drilling program in that area for some time. The optimism that many of us felt regarding the Beaufort Sea did not materialize during this year's testing. Instead of a well which was estimated to produce some 30,000 barrels a day, it only produced 3,000 barrels a day. It is still our belief that there are substantial supplies of oil and gas in those areas which we should pursue with all effort, but at the same time we cannot kill an industtry which has been so successful for so many years in this country.

We need a response to the difficulties these companies are facing. In Alberta we presently have shut-in oil amounting to approximately 220,000 barrels of crude oil per day. Why is that oil shut in at the present time? Our federal government has done such an excellent job of negotiating offshore contracts that we are importing Mexican and other foreign crude oil at a rate which forces us to shut down our wells in our own country. This causes a deterioration in the amount of cash flow for those companies and causes further difficulty to that industry even beyond the National Energy Program.

I do not know how I can emphasize any more the effects of the devastation visited on our oil and gas industry by this National Energy Program and the actions of this government. If we look at the unemployment statistics in Alberta, a province that has always had the lowest unemployment in Canada, we discover that after running at less than 4 per cent throughout the 1970s and at 3.5 per cent in 1981, today we are looking at an unemployment rate of 6.7 per cent in that province. That is one of the devastating effects of this program.

It is impossible for us to support this bill which is before us now because it will not assist the industry in the manner it needs to be assisted, Mr. Speaker.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, I too would like to speak to this particular piece of legislation. I would like to begin by saying that we in Canada live in very serious and troubled times. A good portion of the difficulty we are experiencing is a direct result of the National Energy Program.

I think that the most disappointing news we Canadians received today was when we read in *The Globe and Mail* that the Prime Minister (Mr. Trudeau) will not retire at the present time while there still is an ailing economy. Most of us found that to be very disappointing news. Many of us thought that would have been one election promise that he would have upheld. But if he fails to fulfil that promise, then I cannot think of one single election promise which he made during the 1980 election campaign which has been upheld. I can tell you, Mr. Speaker, that this remark in the newspaper will add further to the strains on confederation and the difficulties in our economy, to the alienation and division which he has already created in this land.

I cannot think of a more hypocritical statement than that the Prime Minister cannot leave because of an ailing economy. In my view—a view which I am sure is shared by others as well—the Prime Minister has clearly wasted his mandate in dealing with the economy. He has chosen instead to address more mundane issues and has been more prone to pick fights and argue with the provinces and industry, to divide and create chaos rather than deal with the real bread and butter issues in Canada. Those issues concern jobs, interest rates, housing, energy self-sufficiency and creating a healthy and stable economic environment. He has failed to address the real problems which has affected this nation.

According to the review which was cited by various members on my side of the House which reminded the country of the conditions which existed when the Prime Minister took office, unemployment was 4.5 per cent. Today, unemployment is over 9 per cent, an additional 750,000 people unemployed. When he took office inflation was 4 per cent; today it is 11.6 per cent to 12 per cent. The current account deficit was almost in balance when he took over while today it is close to $7 billion. Bank interest rates were 7½ per cent. Today, they are 15.34 per cent. At the time he took office the conventional mortgage rate was 9.2 per cent. It is 18½ per cent today. An average house cost $21,000 in 1968 and the price today is $78,000. With respect to the post office, we could send a letter for 6 cents; today it costs 30 cents. The growth of the government has risen from 360,000 person-years to 500,000 person-years. The gross national debt was $32 billion in 1968; today it is $135 billion. The value of the dollar was 93 cents U.S. in 1968 and it is 82 cents today. It is a very dismal record and the fact that the Prime Minister will continue in office will clearly downgrade confidence in Canada and create even more anxiety and sense of hopelessness and despair.

The fact is that we live in the most difficult times we have experienced in 35 years. These hardships do not only relate to interest rates. The price of fuel would also be an interesting comparison. We know that fuel prices have doubled in the last two years despite all those grandiose promises that fuel prices would be kept down.

But what concerns Canadians the most is that there is a feeling of hopelessness and despair in the country. Dreams are being shattered. People who have invested a lifetime of work in their farms and businesses are having their dreams shattered. Their investment of years of hard work, commitment and dedication is going out the window. There is also a fear that the worst is yet to come. The greatest improvement in confidence would be if the Prime Minister would quietly leave the scene. That action would create the greatest upturn in terms of individual confidence, economic confidence and, I am sure, in terms of international confidence.

Coupled with this economic condition which exists in Canada, we all know that there is a very deep-seated division in Canada. It is unfortunate that during the course of the last ten days when we were to have been celebrating the patriation of our Constitution, and while there was a massive celebration on Parliament Hill, there was bitterness felt throughout the country. There is not the unanimous rejoicing there should be. There is not that spirit of enthusiasm and euphoria that we experienced in 1967 during the year of our centennial celebrations. The fact is that there is deep division in this country. There is bitterness.

• (1600)

Much of this has been the product of this government. For example, in western Canada there is a feeling that this government governs one half of the country while it attacks the other half. That is why a separatist movement is making great inroads in western Canada. There is a separatist movement in Quebec. The statement of the Prime Minister to the effect that co-operative federalism is dead is not helping matters either, because it is part and parcel of his style of unilateralism.

I started out by saying that we are in difficult economic times and that one of the problems is directly related to the National Energy Program. There are some other reasons, and I would simply like to cite them as background to the debate on this bill. As I said earlier, the Prime Minister and his government have not really addressed the very important and fundamental issues facing this country; rather, during the last two years the government has dealt with the Constitution and other matters. There has been heavy emphasis on bilingualism, on metric, on gun control, on North-South dialogue, on building emergency civilian internment camps and things of that nature. In the meantime, the economy has been floundering.

There has also been a policy of confrontation. We know the attitude of the Prime Minister with respect to his unilateralist approach to patriation of the Constitution. We know of his approach with regard to the oil pricing agreement with the provinces of Alberta, Saskatchewan and British Columbia and of the threat that he would impose the overriding authority of

peace, order and good government to force an energy pricing agreement on the provinces whether they liked it or not. We know that the National Energy Program has been a product, not of consultation and co-operation but, rather, of unilateralism. We witnessed the decision with regard to VIA Rail. With a stroke of the pen, 20 per cent of VIA Rail passenger services were dismantled. We witnessed the actions with regard to the changes to or the emasculation of the Crowsnest Pass freight rates. While there has been some discussion, the Minister of Transport (Mr. Pepin) has suggested—

An hon. Member: What was your position?

Mr. Mazankowski: Well, we have some life over there! We hear the New Democratic Party is now trying to bail out, before the election, the Premier of Saskatchewan who, before the election campaign was very eager to get on with the debate on the changes to the Crowsnest Pass freight rates. That is clearly on the record. A little document was published out in Saskatchewan entitled "Eating Crow". It cites all the very positive statements of Premier Blakeney concerning the Crow and his support for the Minister of Transport's proposals to change the Crow. It is no wonder that the NDP is losing ground and support in western Canada because of the hypocrisy of the positions it takes. It takes one position here and another position out there.

Some hon. Members: Oh, oh!

Mr. Mazankowski: I will not be sidetracked. They will be licking their wounds on Tuesday.

The fact is that the Minister of Transport said: "If there is no consensus and if you cannot agree to do it my way, we will do it that way anyway." That is the kind of unilateralism which has not augured well. It does not provide the kind of harmony and good spirit that is traditional and necessary in order for this nation to function.

The third reason we are experiencing these difficulties is the fact that we have a national economic policy based upon the redistribution of wealth rather than upon the production or generation of new wealth. Essentially, we have experienced zero growth over the last five years. There have been no incentives for the private sector or the producing sector to get on with the job of increasing the size of the national pie. If we continue along in that direction, we will not be able to provide indefinitely the kind of support and resources necessary to ensure medical care, old age pensions and assistance to the disabled. We will not be able to provide those kinds of services which would allow Canadians, who are less fortunate than those able to produce, to live a dignified lifestyle. The fact is that we have suffered zero growth and we cannot continue to support those programs under an economy functioning at that level. The only growth we have seen over the last few years has been the growth in the labour force in government. Quite frankly, about one quarter of the total labour force today is employed by some level of government. This is evident, as 42 per cent, 43 per cent or maybe even 44 per cent of the gross national product is now being handled by some level of government. Of course, we cannot indefinitely continue along that path without facing some very serious difficulties.

The fourth reason we are in this period of economic stagnation and difficulty is that government policy has developed along the lines of an economy which is becoming more centrally controlled and dominated. It is a policy which is reflected and endorsed, moreover, by the recent economic development policy outlined in the budget papers. It is quite obvious that, rather than opting for tax incentives and the kind of fiscal regime which would encourage production and growth, a situation has been created in which all the resources and revenue will be recycled through government. The government will decide who the winners and who the losers will be. The government will provide the subsidies and grants and it will pick the winners and the losers. It will establish who will get a grant and where that grant shall be located, whether it will be A, B, C or D, and whether it will be located in region X, Y or Z. However, the government will decide who the winners and losers will be. If we continue to do that, I suggest we will stymie the creativity, productivity and innovation which is so necessary to maintain the growth and generation of wealth we need in this country. Furthermore, I suggest it will certainly stymie our ability to maintain the economic freedom that we want in this country. If we do not have economic freedom, there is no way we can have political freedom.

In my humble estimation, a functioning democracy cannot exist in a controlled economy. We note, with interest, the difficulty that the New Democratic Party is encountering in the province of Saskatchewan. It talks about its family of Crown corporations, some 23 Crown corporations. It refers to it as a big family. I believe the people of Saskatchewan will soundly reject that philosophy. Freedom is the issue—political and economic freedom.

We have a problem in this country which the people of the province of Saskatchewan have witnessed. The people of Saskatchewan have recognized that they can no longer tolerate the years of socialism, the years of government encroachment and the years of government interference which have stymied their economic freedom. That is the real issue in the Saskatchewan election. The people of Saskatchewan own the land. They do not want to be tenants in their own province. The government of Saskatchewan owns some two million acres of farmland.

Some hon. Members: Oh, oh!

Mr. Kempling: You've got them upset.

Mr. Mazankowski: Your Honour can see that hon. members are as upset as the Premier of Saskatchewan. He has acknowledged the fact that the NDP is losing. He says he thinks his party can still get a majority. I think all of its members will be in for a great surprise when they count the votes on Tuesday. However, that is a tribute to the people of Saskatchewan, because the people of Saskatchewan will be the winners, not the Conservative party. The socialists will be the losers. They

should be, because they are born losers. That is where they belong.

Some hon. Members: Oh, oh!

Mr. Regan: Oh, I cannot agree with that!

Mr. Mazankowski: The National Energy Program is part and parcel of the issue of which I speak, the continuing government encroachment, the centrally dominated philosophy that government can make the best decision, or a government organization, structure or board can make the best decision.

• (1610)

I want to say this very bluntly because I have witnessed the effects of the National Energy Program. My colleague from Wetaskiwin (Mr. Schellenberger) talked at great length. He lives in an area that has been both directly and indirectly affected negatively by the effects of the National Energy Program. The small industries, the small entrepreneurs, have been hurt by this program. The National Energy Program will go down in history as the man-made disaster of the eighties; there can be no question about it.

The NDP support this program. They support the principal aims and objectives of it notwithstanding the fact it has destroyed the oil industry in Saskatchewan. They are so silly, stupid and doctrinaire in terms of attitude, they have not looked at the effect of the National Energy Program on the small entrepreneur, small industry, the welder or the fabricator, and they support it.

What freedom is there for those who are employed by these small companies and have lost their jobs? The program has destroyed that industry. It has not hurt the multinationals. It is hurting the small Canadian firms, the truckers, welders, cat operators, construction workers, service workers, rig hands, drillers, those who build the fences and rights-of-way. They are the ones who are affected. They are all Canadians who work for Canadian companies.

As my colleague said, this program is working in reverse. It is destroying the viable Canadian entreprise that has been associated with the oil industry and has been so successful. Exploration was down 25 per cent to 30 per cent in 1981. It will be down another 10 or 15 per cent in 1982. All of this is in the name of Canadianization. It is not working. It is doing directly the opposite. This is really nationalization.

I listened to a couple of NDP members who spoke last night. They are not concerned about Canadianization. Their bottom line is nationalization. That is what they want. If it walks, breathes or moves, they nationalize it. If it produces, by gosh, they nationalize it double! It just does not make sense.

At the same time, the results of this policy are forcing Canadians to pay for imported oil at the rate of 500,000 barrels a day while there are locked-in supplies in Saskatchewan and Alberta. It is estimated that by the end of April, some 300,000 barrels a day of surplus oil will be locked in, not being produced in Alberta. In Saskatchewan, some 50,000 barrels a day are locked in.

The wells are shut down. People are laid off. We are bringing in oil from OPEC countries, Venezuela and Mexico at $40 a barrel. The taxpayers are subsidizing at the rate of $17.32 a barrel while $23.50 a barrel oil is left in the ground. Our work people are being dislocated. They are out of jobs. Businesses are being closed. Foreclosures and bankruptcies are occurring.

We wonder why there is alienation in western Canada. The NDP will have to answer for it. They are part and parcel of the National Energy Program. They put this government in office and are continuing to keep it there. Let them answer the people of Saskatchewan and the rest of western Canada. There are massive lay-offs in the industry. It is not hurting the multinationals. I will tell you what it is doing, Mr. Speaker. It is further eroding our balance of payments, weakening the dollar, raising our interest rates, undermining investor confidence, creating further bitterness in this land and further division. I quote from an article in the Edmonton *Journal*:

> It has become a conventional wisdom in Canada's capital that private industry is essentially in the ripoff business and cannot be trusted. Only when industries fail and actually lay off thousands of workers do they gain credibility in Ottawa. If industries succeed, they attract suspicion among academic mandarins who see them as ripe for tax-picking.

I could include my socialist friends to my left in that category.

> And they attract the political sharks who smell money where it is politically cheap to get.

That outlines the current philosophy of this government. It certainly is the philosophy that is shared by those birds over there who have never had to go out and meet a payroll or produce anything. They have been basically living as parasites off the fat of the land.

What has the National Energy Program done to a constituency like mine? In two weeks in the community of Vermilion, a small fabricating firm, Bird Oil Limited, laid off 20 people. They were in the business of fabricating storage tanks for oil. Because of the shutdown of the wells, these 20 people were laid off.

In November, 1981 in Wainwright, Alberta a small firm called Jurassic, according to an article in the *Star Chronicle* of November 25, was quitting Canada. I quote from the article:

> "It was the hardest thing I've ever had to do."
>
> So says Jim Voll, who laid off 30 employees here and will take Wainwright-based Jerassic Well Servicing's remaining rigs south to Oklahoma.
>
> The decision was taken in the light of federal and provincial policies which continue to destroy the small operator, he said . . .
>
> Government-induced depression in the oil industry here has meant there's just too little work here to remain in business, he says.
>
> The Wainwright-based company had operated ten rigs from here, but sent six to the Oklahoma oilfields last spring. The final four will follow by the new year, Voll says, and the Wainwright office closed for good.

That is what is happening. In February, four Lloydminster firms went into receivership, displacing some 150 jobs. Petroserv Management, which also owns and operates Weldex Machine Ltd., Midway Oilfield Services Ltd. and G and W Oilfield Services Ltd. is now in the hands of a receiver. Why?

Because of the shutdown of the oil wells and the general depression in the oil industry.

There are hundreds of others, particularly throughout the heavy oil-producing area. These wells are very labour-intensive. They produce 20 to 30 barrels a day. This government with its buying policies would rather buy $40 a barrel oil from Venezuela and the OPEC countries and leave our oil shut in. These people are being forced to close their businesses and lay off people.

We all know of the number of rigs which have left this country; it has been cited many times. Between 235 and 240 oil drilling rigs have left Alberta and Saskatchewan to find work in the United States—in Oklahoma, Wyoming, Texas and other places. In addition, between 100 and 150 service rigs, each employing 40 to 50 people, are gone. It is like little factories being closed in western Canada. I wonder what the people of Ontario would say if they saw this happening before their eyes because of a deliberate government policy. It is a real tragedy that this is being allowed to happen in Canada.

Let us look at some other facts. This is what Bralorne Resources Limited said in its third quarter 1981 report:

> The strong growth trend in our United States operations continued while Canadian operations struggled as drilling activity in the third quarter was down by more than 50 per cent from the same period last year. If anything, the decline recorded in the third quarter exceeded that of the previous quarter. ... As a result, the United States percentage of total revenues has increased from slightly more than 50 per cent in the first three quarters of 1980 to approximately 65 per cent in the same period this year ...
>
> • Reflecting our policy of increased United States involvement, more than 80 per cent of our 1981 plant expenditures have been on United States facilities.

• (1620)

> While United States expenditures this year have more than doubled, Canadian expenditures have been halved as a direct result of current pricing and market conditions.

Let us look at the *Houston Business Journal,* a very interesting item, Mr. Speaker. It is headlined "Canadian Connection: Energy, Money, Politics Blur Borders". It points out that since the passage of the National Energy Program $2.5 billion of Canadian investment capital has found its way into the United States and much of it into the area around Houston.

In the same paper there is a statement from a Mr. Joe Tondue. He is quoted as saying:

> "Canadian money is moving in droves to Texas. I have joint ventures with three Canadian groups right now where they are paying all my costs and promotions in advance."

Then there is another man, Philip K. Sywden, who is quoted as saying:

> "We have seen quite a bit of Canadian money because of our high profile in Western Canada."

He goes on:

> Hundreds and hundreds of people who have invested left Canada and have invested in the United States. At least two dozen Canadian companies have opened up branch offices in the area around Houston.

Again, Mr. Speaker, I have another quote. It is from *Energy Forum* which substantiates the case that I am attempting to make. It says:

> —investors have come to believe that Canada simply cannot be trusted ... The record shows that development of energy resources in Canada is falling off, the Canadian dollar is weaker, Canada's economic growth is also being retarded and jobs are being exported to the U.S. All this means a reduced standard of living in both countries (although less so for the U.S.) and a serious injury to a friendship unique between nations.

It goes on to say:

> Joseph E. Seagram & Co. has already refused to repatriate upwards of $4 billion in investment capital to Canada because of the Canadian federal government's policies. This year more than 12 per cent of the oil and natural exploration gas in the U.S. will be produced by Canadian companies using workers and equipment that have shifted drilling to the U.S. and, if past experience is any indication, they will not return to Canada until the government alters course.
>
> In short, the Ottawa policies are having the exact opposite effect of their stated purpose.

Mr. Speaker, we have capital, men, equipment, machines and expertise flowing south of the border. We need that investment capital here, we need that expertise here, we need the job opportunities here. We must stop that flow; indeed, we must reverse that flow of Canadian investment capital south of the border. We must keep that investment capital here in Canada, invest it in Canadian projects and in Canadian enterprises, so that we can preserve the kind of Canadian economic independence that so many people in this House talk about, but who will really not back it up with positive policies.

The fact of the matter is that even Mr. Gorse Howarth, our distinguished head of the Foreign Investment Review Agency, is quoted in an article in the *Toronto Star* of April 1, 1982 as saying:

> Despite a dramatically high level of foreign ownership and control of Canadian industry, Canada has to drum up more business abroad if it wants to survive.

He talks about the need for additional investment capital in this country if we are going to be self-sufficient in energy and able to do those kinds of things which will provide a reasonable and decent standard of living for all Canadians, young and old included.

What about the consumer in all this, Mr. Speaker? We all naturally have to be concerned about the consumer, but the fact of the matter is that today, while our energy prices and our gasoline prices are on the increase, prices in the United States are on the decline. Ours are going up and theirs are going down. In the process, the consumer is being shafted.

Based on statistics which I have before me, the national average for the price of gasoline in December 1979 was $1.14 a gallon; that is the national average right across the country. As of March, 1982 it is exactly $2 a gallon; it has almost doubled in two years. That happened during a campaign which was to have promised cheap energy. As a matter of fact, the price for 1980 was to have been kept below 14 cents. We know that the prices have now doubled. So much for that promise as well. The consumer is indeed being ripped off.

Let us look at the producer. The farmers of Canada are now paying 60 cents a gallon for the diesel fuel that they burn in their tractors and in their combines. It has always been traditional and customary that the producers of food get some fair shake, some exemption, because they are not in a position to pass their additional costs along. The farmer pays 60 cents a

gallon when he fills up his tractor. That money goes into the federal government's coffers. I call that a massive federal government tax rip-off. It should be examined and the tax be reduced. If we are going to pursue a cheap food policy as this government has said, the farmers of Canada must get a break, and a break they should receive.

What about natural gas prices? They too have doubled. In western Canada we use natural gas to heat our homes and we have seen a doubling in the price of our fuel bill. Natural gas has a direct impact on the price of fertilizer. Our fertilizer prices are up by $25 to $40 a ton, and that will increase to about $70 a ton at the end of the energy pricing agreement, because of the increase in the price of natural gas. And the price increase in natural gas is composed, to the extent of 75 per cent or 80 per cent, of federal government taxes.

There you have it, Mr. Speaker. No one has benefited from the National Energy Program—not the people who work in the industry, the people who own the industry or the people who consume the product. It has been an absolute and total disaster and an absolute and total failure; and, above all, it has been a bureaucratic nightmare, as my colleague from Calgary Centre (Mr. Andre) pointed out in his original remarks. The fact of the matter is that the regulations, the myriad of forms and the unwieldy discretionary powers that are given into the hands of bureaucrats in terms of administering this particular program will make it absolutely nightmarish and nothing more than confusion and frustration.

When this bill was introduced by the Minister of Energy Mines and Resources (Mr. Lalonde), he called it the climax of all the measures having to do with Canadianization. He talked about it being the ultimate in achieving all of those things that unanimously Canadians had endorsed during the election campaign of 1980 and continue to endorse.

All I have to say to you, Mr. Speaker, is that if that is the case why are we experiencing the massive exodus of men, equipment, machines and capital out of this country? Why are we experiencing the bankruptcies, the foreclosures, the shutting downs, the dislocation of employees? Why are we experiencing this frustration, this sense of alienation in western Canada? It is because it is seen that the National Energy Program is a direct attack upon the resources of western Canada. It is not achieving the goal for which it was intended. It is destroying a once proud and once viable Canadian energy industry.

This hodge-podge, bureaucratic nightmare that is supported by the NDP is going to continue to frustrate and destroy until it is withdrawn or fundamentally changed. Hopefully, with the common sense and good, sound judgment of Canadians across this country, we may have to wait only a year or 18 months for an election. I am sure that the resourcefulness and the enterprising spirit of western Canadians will be able to live it through somehow until we can turf out this outfit, that Liberal rump over there. If we can turf them out at the same time, we can get on with the job of building a Canada that is based on equal opportunities. We want to have a Canada in which there is fairness and equity in all regions and for all individuals, a Canada which will be governed equally from region to region rather than attacked at one end and favoured at the other. If we can survive until those changes are put into effect—and I am sure we can—there will certainly be better days ahead.

• (1630)

However, for the time being we have no choice but to condemn this measure because of the government's record in the past. We have no hope that this minister will change and see that he is out in his reckoning. This government is simply determined to forge on a course which has been destructive, and all we can do is point out, on behalf of our constituents and people in the industry, the fallacy of this particular measure. We hope there will be better days ahead, and I am sure there will be because they cannot get much worse than they are at the present time.

Mr. Dan Heap (Spadina): Mr. Speaker, I rise in opposition to Bill C-104 principally because quite unnecessarily it would give about $6.5 billion to the people in Canada and elsewhere who need it the least and will do the least good with it. The plan over the next five years is to give $6.5 billion to the private oil companies which already have received far too much by way of subsidy from Canadian working people. In this I am speaking particularly for the people of Spadina. There are no oil wells in Spadina, but there certainly are places at which the oil companies are making money. They get their money from the thousands of working people in Spadina and in the rest of the country. Those are the people who are subsidizing the oil companies.

Over the last few years oil companies have committed obvious rip-offs. The previous speaker whined about companies being accused of ripping off, but it has been established by the Bertrand inquiry that oil companies were guilty of ripping off about $12 billion from the Canadian public through rigging the prices of oil products.

Mr. Parker: The Conservatives support that.

Mr. Heap: Of course. The Conservatives support that as heartily as the Liberals. Over about 15 years oil companies ripped off at least $12 billion and, according to the Bertrand inquiry, they are continuing to do the same thing. These are the companies we are now asked to entrust with another $6.5 billion. These are the industries which boosted their assets from about $14.5 billion in 1973 to $54.5 billion in 1980. In seven years those assets multiplied four times, and the industry is complaining that multiplying assets four times in seven years is not enough.

In spite of the whining we hear from the far right in this House, according to government estimates, in general the prices and tax policies have provided the industry with the cash flow necessary to finance its expenditures. This means that the oil consumer and the Canadian taxpayer have financed virtually all of the substantial expansion of this industry. This continued into last year. During the first six months of 1981 a few oil companies took over several other oil companies, to the tune of $5 billion. That was only half a year's worth. At the

end of that about 70 per cent of the industry was still foreign owned and 70 per cent was still foreign controlled. So much for the Canadianization program of this government.

The government has not seriously tried to put the industry under the control of the Canadian people. It has simply sought to benefit a few individual Canadians by having Canadians buy the industry a second time after it had subsidized the industry over the past decades. The government has allowed the purchase of Canadian control by using Canadians' money against themselves. Having allowed all this to happen at the hands of foreign owners, the government would now like to force Canadian workers to pay for the industry again in order to buy it back. This is not for Canadian workers who are paying the taxes, but it is to buy the industry back for some hungry Canadian entrepreneurs who would like to be little local Rockefellers.

For example, over the past four years the tax concessions to this sector were worth a total of about $13 billion, yet during those years the industry paid only about $5 billion in taxes. In other words, the industry received back better than two dollars for every one dollar it paid in taxes. That is the kind of subsidy the industry has been given by all the other Canadians who are not owners of the oil industry.

The effective tax rate proposed for the oil industry would be about 10 per cent; that is to say, 36 per cent but down to 10 per cent after we knock off all the gifts the government has been giving and will give increasingly to oil companies. This compares with the married taxpayer with two children and an income of $25,000 who has to pay 18 per cent. If a company earns several billion or several million, it pays only 10 per cent in reality, and the people to the extreme right are complaining that oil companies are being hard done by.

Mr. Taylor: We are complaining that the people are being hard done by.

Mr. Heap: If the tax concessions were ended, the federal government would be about $4 billion better off, and we could do something useful with that money for the people of Canada. We could restore the nearly $1.5 billion which was just chopped out of the annual payments from the federal government to the provinces. We could extend aid to post-secondary education, which is less in this country than it is in the countries with which we have to compete industrially. We could extend the daycare, which certain cabinet ministers keep promising every couple of months they will do but do not do it. We could extend pensions, which they also promise every two or three months to do without doing it. Those would be real benefits to the working people of Canada, but we do not get them because they are carted away by multinational oil companies.

There is another way of reckoning what has happened. In the year 1979 alone, for example, tax revenues from the petroleum industry forgone—that is, tax gifts to the petroleum industry—totalled $3.4 billion, but the industry's taxes amounted to only $1.4 billion. In other words, in that one year all the other taxpayers of Canada were required to subsidize the oil companies to the tune of $2 billion.

Mr. Parker: That is Conservative policy too.

Mr. Heap: That is Conservative policy and Liberal policy. The Conservatives preach it; the Liberals practice it. The fact is that this is being continued and, as the Minister of Energy, Mines and Resources said a couple of years ago in Toronto:

> It is true we have imposed new taxes on the oil industry . . . There have been complaints about this by the oil companies since the budget was brought down. But I can honestly say that their position will be no worse in 1981 than it was in 1979, perhaps even better.

He should know. Past tax gifts to corporations have given them far more than they needed. For example, the $2 billion we gave them a couple of years ago—and this is continuing—was not enough to induce them, according to my hon. friends to the right, to go on drilling for oil. My hon. friends would like us to give them $4 billion or $10 billion and then beg them to come back. In fact, there is no reason to suppose that that will get us any more oil, even if it is more oil that we need.

• (1640)

The government's proposal is that for every dollar the oil companies put up in most cases in Canada, the taxpayer would put up $4; but the taxpayer would get only 25 per cent equity in return. It is the only kind of investment where the major investor gets only a trifling equity and a trifling return.

The maximum benefit for a Canadian-owned company would be 93 cents on the dollar, and even for a multinational company the maximum benefit has risen, so that instead of paying 37 cents on the dollar it will now only have to pay 28 cents. All the rest is paid by the working people of this country.

Mr. Parker: That could only happen in Canada.

Mr. Heap: They simply do not need it, Mr. Speaker. They will take it if we give it to them. If we are stupid enough to let them, they will take it away. Countries like Norway do not give it at that rate. Norway will take up to 70 per cent interest in any block of land that it does not already hold if the oil companies find oil on it. That is because the oil belongs to the people of Norway. In Mexico the oil industry has been nationalized for over 40 years and now we see that country moving ahead.

Only a year ago the minister said that "this regime is more favourable to foreign investment than virtually any other country in the world." In that he is stating the truth, or perhaps he is even understating it. In Canada, the return to a taxable foreign company would be 27.7 per cent; to a Canadian company that is taxable it would be 29.7 per cent and to a Canadian company that is not taxable it would be 26.9 per cent. The lowest return on any of these would be that 26.9 per cent. In Norway it is only 18.3 per cent and in the United Kingdom it is 24.4 per cent.

We hear tear-jerking stories about the poor oil rig owners having to take their rigs down to Oklahoma. In Canada they

were going to get 26.9 per cent so they went to Oklahoma where they will get only 21.6 per cent!

Some hon. Members: Oh, oh!

Mr. Mazankowski: Nonsense. Get your facts straight. Tell the truth for a change.

Mr. Heap: They are going to get almost 6 per cent less in Oklahoma, but supposedly if we gave them more in Canada they would come back.

Some hon. Members: Oh, oh!

Mr. Heap: The jackals to my right have not told us how much more we would have to give them to bring them back to Canada. The fact is that these companies have now so much cash flow—more than they find it worth using for this country's development of oil—

Mr. Taylor: Complete lies.

Mr. Heap: —that they will probably begin doing what they have already done in the United States. Since they have 30 per cent of the revenue in this country now, they will probably begin doing what they are doing in the United States and unfairly start buying into other industries outside the energy field.

Mr. Taylor: Where do you get that stuff? In fairy tales?

Mr. Heap: Not only were all these tax subsidies given but there is another kind of subsidy that the working people of this country have been giving the oil companies for many years. Although the oil companies do not have any wells in Spadina, they have something more valuable—their head offices. Many of the people in Spadina built those head offices and banks that are the blood brothers of the oil companies—if they have any blood.

There are about 20,000 or 25,000 people who clean buildings in downtown Toronto—the oil companies and other head offices. These are mostly immigrant Portuguese housewives who spend about five and a half hours in the evening, five nights a week, cleaning those buildings. If they are lucky, after their husbands get home from their construction work they leave their families and go out to clean the buildings, coming home after eleven o'clock.

I have seen some of the conditions under which they work. As a representative of the board of health several years ago, I was called down to look into a dispute. The women were being forced to use stinking, used garbage bags that had been filled and emptied the night before. They were being told to reuse them because the contract cleaning company was too cheap to buy more bags. These women earn the minimum wage or, if they are lucky, 10 or 20 cents above.

There are also probably around 5,000 hospital workers in the Spadina area. We will not have up-to-date figures until the government releases the result of last year's census. There are probably another 10,000 restaurant and entertainment workers. I am not talking about the highly paid singers but about the people who keep the establishments going. Then there are about 10,000 workers in the clothing and other manufacturing trades in Spadina. This is without the taxi drivers, the caretakers, the file clerks and servicemen of all kinds. There would be about 50,000 of these workers, almost all non-unionized and almost all on very low pay. Toronto has the lowest minimum wage of any city with over 500,000 population in Canada. In fact, the only other jurisdiction I know of with such a low minimum wage is the federal government, where it is $3.50 an hour.

If we estimate that these workers make on average about $4 per hour and work on average a 40-hour week, then in a year they earn in the range of $8,000. That is not much money on which to raise a family, especially with the housing and rental prices they have to pay in Toronto.

But there is more to it, Mr. Speaker. The work they do as cleaners is recognized at least in one part of the federal jurisdiction, the CBC where there is a union, as being worth $6.50 an hour. So most of these workers are in fact working for about $2.50 less than the fair wage. Add to that the fact that in a year they have to pay about $200 in taxes, about $250 in transit fares and probably $3,500 or $4,000 for daycare, and it all adds up. They may not be able to pay that much for daycare and sometimes what they get is rotten care. I am talking about the value of the work that is done to look after a kid or the value of the work that has to be done later done to repair the damage when the kid is not properly looked after, when his parents have to work.

Altogether these workers are subsidizing their employers to the extent of about $9,000 per year if you consider what they are paid, subtracted from the value of their work and the cost to them of performing their work. Instead of being paid $8,000 they ought to be paid about $17,000 if you calculate it on the basis of a low union wage, the cost of looking after their children, the cost of getting to work and taxes. The average person there is subsidizing these companies by about $9,000 per year, and there are about 50,000 of them. That makes a subsidy of about $450 million which the banks, oil companies and some of their confrères are taking away from the working people in downtown Toronto.

• (1650)

Senator Olson, who of course does not undertake to meet workers and ask for their vote, is appointed to be in charge of economic development and he says these are unproductive workers. A few weeks ago he said we are going to get rid of these industries, we are going to stop propping up unproductive industries such as the clothing industry and so on. What he means is that these workers are low paid, and therefore he calls them unproductive. In fact, these workers are subsidizing his favourite, the oil industry. If there is anything which should be phased out on the basis of productivity or on the basis of who is subsidizing whom, it is not the clothing workers, building cleaners or restaurant workers; it is the oil companies. The only reason in the practical sense why the oil companies

continue to receive such gifts from the federal government, whether it is Liberal or Conservative, is that they are so reliable in their gifts at election time.

Mr. Taylor: How much did you get from the labour unions?

Mr. Heap: For example, in just one year the major companies gave $388,166 to the Conservative Party. They gave $332,942 to the Liberal party.

Mr. Parker: They protect themselves on both sides of the House.

Mr. Heap: Of course. They do not know which one will win the election—

Mr. Guilbault: We know you won't.

Mr. Heap: —but they know whichever one it is, it will give them the taxpayers' money. These people attempted to do the usual thing in Spadina last summer, but not all the money of the oil companies and the banks could elect Jim Coutts in Spadina, last summer or any other summer.

Mr. Taylor: You were elected by a minority.

Mr. Heap: The fact is that the working people of this country are fed up with subsidizing the banks, the oil companies, the Tories and the Liberals. Our position is getting more and more support. What we are saying is, do not give that $6.5 billion to the private oil companies. If that money is going to be spent in the oil business by Canadian taxpayers, it should be to take control of companies like Imperial Oil. It would be much better to have the major oil companies in Canada controlled by Canada's elected representatives than to have it controlled by the unelected representatives such as Rockefeller.

With that money we could put control of the oil industry in the hands of the Canadian people, not in the hands of the buddies of the Conservatives or Liberals who happen to be the chief shareholders of Nova, Dome, Imperial and companies like that. We could then bring the revenue back to the people from whom it originally came—the building cleaners, taxi drivers, restaurant workers, construction workers and school teachers, the people who produced that $6.5 billion in taxes. They need it for health care, which this government is helping to destroy, and which the Conservative Party would probably destroy a little faster if it had the chance. The people need it for education, which again this government is destroying, as is the Conservative government in Ontario. They need it to institute daycare for the children of working parents, which is becoming a widespread need in this country as more and more families are forced to have two breadwinners. They need it in order to provide low rental housing, which the owners of the very large development companies refuse to provide.

This $6.5 billion comes from the ordinary working people of Canada. It should be spent on their behalf, not on behalf of the Gallaghers, the Rockefellers, the Blairs, and the get-rich-quick boys who would like to have private ownership paid for by the public. It is public money, it should be under public control and benefit the public.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Vaudreuil (Mr. Herbert)—Federal-Provincial Fiscal Arrangements—Amount of transfers to provinces; the hon. member for Grey-Simcoe (Mr. Mitges)—Government Annuities—Yield to purchasers. (b) Request that government redeem low yielding annuities; the hon. member for Western Arctic (Mr. Nickerson)—Pipelines—Delay in construction of Alaska Gas Pipeline. (b) Construction guarantees.

GOVERNMENT ORDERS

[*English*]

PETROLEUM INCENTIVES PROGRAM ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Lalonde that Bill C-104, respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act, be read the second time and referred to the Standing Committee on Energy Legislation.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, once again it is my privilege, or my lot, to follow one of my friends on the left. We sometimes call these people socialists, but this was a Marxist-Leninist speech by the hon. member. He told us the workers have no control in this country, and the downtrodden are being abused by Liberals, Conservatives and free enterprisers. I have never been one to make apologies for free enterprise and enlightened capitalism, but I would like to ask the hon. member, who just said the people of Canada are waking up and becoming wise to all the schemes that the Liberals and Conservatives have imposed on them, why it is that in the most recent election in Newfoundland the NDP popular vote dropped from 10 per cent to 3.5 per cent?

Mr. Kempling: The people got wise.

Mr. Oberle: Now, there is a really rich province. There are a lot of workers there who are really rich, yet the NDP popular vote dropped to 3.5 per cent.

Mr. Fulton: What about Manitoba?

Mr. Oberle: These people only enjoy support in areas where there are entrepreneurs, the people that have built this country, that they can leech off of. That is why they have one member from Newfoundland, and that is why they are going to lose the Saskatchewan election a week from now.

Some hon. Members: Oh, oh!

Mr. Oberle: Just listen to them. How delightful; if you do not see them, you hear them! What nonsense. Imagine, the cleaning women employed by the multinational oil companies in Toronto are working at a minimum wage. They are all immigrant women and working at the minimum wage. The cleaning women who work for the CBC are paid three times as much as the people working for the oil companies. He has ignored the fact that the CBC gets close to $1 billion of taxpayers' subsidy every year. He talks about subsidies to the oil companies; what about the subsidies to the CBC?

We have a news team which comes on every night after the news on "The Journal", two women who have been there for ten months and they now need a five-month rest. This is exciting, this is wonderful. The hon. member wants to have complete control of every resource company in Canada so that in some magical way they can redistribute the wealth generated by their activities. The question is, who is going to carry out the activity? I would like to ask the hon. member how much control he exercised over Petro-Canada. We own it, it is ours whether we like it or not, and I would like to know how much control he exercised over it when it bought Petrofina for $1.5 billion. We know Imperial Oil would not have bought it. If Imperial Oil had, it would not have bought a single barrel of new oil. Imperial Oil would not have created a single new job or new enterprise of any kind because it was already in existence.

• (1700)

The hon. member tells us that the oil companies are going to earn $6.5 billion over the next five years.

Some hon. Members: Oh, oh!

Mr. Kristiansen: It was just sold out yesterday by your friends in Victoria. Ask them.

Mr. Oberle: Mr. Speaker, is it not delightful to get under the skin of the members of the little red rump of the Liberals? The hon. member is talking about the multinationals, the woodworkers and the oil workers. I do not hear the oil workers who are working complaining. I do not hear them at all. I do not hear them talking about multinational unions and the control that American unions exercise over the workers in this country, or about the disunity that exists. I do not hear these great spokesmen of the workers and the downtrodden talking about that.

Let me return to the $6.5 billion which the multinational oil companies are going to be earning over the next five years. We know, and the statistics bear this out, that the price of a litre or of a gallon of oil is broken down in a way where the commercial value of the product is roughly 32 per cent of the pump price. This means that if the oil companies earn $6.5 billion over the next five years, the federal and provincial governments will earn $13 billion. That is my arithmetic.

Mr. Heap: It is going back to the oil companies.

Mr. Oberle: If the hon. member would sit down and figure it out, he would realize that. Oil companies have to drill for oil, bring it to the surface, they have to refine it, they have to load it on to trucks after refining and haul it to service stations. No matter what day the oil reaches the gas station, the service station operator has to be there whether it is seven o'clock in the morning, eight o'clock in the morning or whatever. The operator puts it in your car and washes your windshield. All of this is done for about 16 cents per litre.

The federal government and the provincial government are earning from the same activity 26 cents a litre. But they get this 26 cents without doing a thing. Not only that, there is a margin of profit in the 16 cents which the oil companies receive from each litre. The government will tell them how to invest and reinvest the small margin of profit that is left. What more controls do Canadians need? Why is it that we have to invest another $100 billion of taxpayers' money to attain the same kind of control that we already have?

Since visiting my constituency I am now in the process of putting together a private member's bill which will make it mandatory under the products labelling act that the price be broken down of a consumer product which is heavily controlled by governments and shown on the package. After all, the components of a product have to be listed on the package, and must be done in both official languages. Why should the price of gasoline not be broken down? It should be shown that 16 cents a litre is the commercial value, that the provinces keep 13 cents or 14 cents for themselves for doing nothing and the federal government keeps 12 cents for itself for doing nothing.

Why should we not list the commercial cost of a bottle of rum? A bottle of rum imported from Jamaica costs roughly $3.10. That rum is sold in liquor stores for $19 or $20. Why should consumers not know what their actual tax bill is?

Workers pay for this tax. So do people who put gasoline in their cars to drive to work. What about the farmers who put gasoline and diesel fuel into their tractors and their cars as part of their job of producing food which is nutritious and plentiful? Why should consumers not know what the government is already up to? That is why I am putting together this private member's bill. I recommend it to all members. If we had these kinds of requirements it would make very interesting reading and the people would know exactly where their money is going.

The National Energy Program was designed to achieve a 50 per cent or better Canadian ownership content. I have mentioned before that Canadian ownership content has to be defined. The socialists in this chamber have not yet done that. It means government ownership. There are no ifs, ands or buts about that. Canadian ownership would mean that purchase of shares in Petro-Canada or any other corporation would be restricted to Canadians only or that only wholly Canadian-owned companies could operate in Canada lands or in the oil patch. That would be Canadian ownership. But Bill C-48, which is the National Energy Program, is designed to do nothing else but give governments complete ownership of this important sector of our economy. The National Energy Program will not give us energy self-sufficiency by 1990.

Oil is not a tool of production, nor is energy, but you certainly need oil to grease the machine used for that production. We know the Marxist theory that the people have to have control of the tools of production. Labour produces wealth. Labour multiplied by the machine produces more wealth. The government has to have control and ownership of the machine. For the life of me I cannot believe that intelligent people here would tell us that all will be well as soon as we have, as this government or any other government has, even a Conservative government, control and ownership of all the tools of production.

Why is all not well in the Soviet Union or for that matter any other socialist country in the world? Governments own all the resources in socialist countries.

Mr. Mazankowski: They cannot feed themselves.

Mr. Oberle: Those are the countries that own all their agricultural lands. It is 63 years since the revolution in the Soviet Union, but the Soviet Union has had 63 consecutive crop failures. The gods must have been really angry at the people in the Soviet Union. Imagine, Mr. Speaker—they have had 63 consecutive crop failures! Those failures occurred immediately following the period when the Ukraine fed all of Europe. Then there was the revolution and 63 consecutive crop failures followed.

I suggest that there is something else at play. There is complete Russian ownership of the oil, of the energy sector, of the lumber industry and of the agricultural sector. In fact, in every other resource sector the Soviet Union has complete ownership. That is why the people in the Soviet Union are starving. That is why the Soviet Union has to import wheat from Canada and from the United States. The Soviet Union will not be importing wheat from Canada much longer if these fellows to my left have too much influence on those opposite. They have already asserted too much influence on them. They seem to believe that the state has to own the tool of production so that everything can be equitably redistributed without knowing whether or not people produce or contribute anything to the economy. We all know what the end effect of that kind of policy would be.

We are not here to make excuses for the multinational oil companies if they have been irresponsible. Some have. It is no one's fault but theirs because we have total control over them. We tell them where to drill for oil. We tell them if they find any. It is very seldom they do. We tell them how much to recover, where to deliver it and how much to charge for it. We set the wellhead price, we set the pump price. We do all that. Why do we have to own it?

• (1710)

The government is acting with such indecent haste trying to get the bill through the House because we are already learning the effects of the National Energy Program. The longer it takes, the more people will become aware of what is happening, particularly when this monstrosity of a bill is in place. Approximately $6.5 billion of Canadian investment capital has left the country for the United States. We realize the effects that this will have on the poor workers of the United States. It has been given back to free enterprise. The people of the United States will be ripped off. In the short period of one year since the NEP was announced and parts of it implemented, there has been a decrease in the price of gasoline in the United States. But our prices are still increasing because, after all, we have ownership in Canada! With that $6.5 billion moved Canadian expertise, Canadian technology and Canadian jobs.

I should like to cite one example. Fort St. John is in my constituency—

Some hon. Members: Oh, oh!

Mr. Oberle: If hon. members listened, they might learn something. The truth always hurts. It certainly hurts those people in the corner. The hon. member for Spadina (Mr. Heap) should listen to what I am saying. I do not know why the people of that riding wanted to elect this man to the House of Commons rather than Jim Coutts who had the same theories as he. He wanted to nationalize the farming industry. He did not believe in private ownership of farms or private property. He wanted to do the same things as the hon. member for Spadina.

Mr. Heap: The Tories placed third in Spadina.

Mr. Oberle: I do not know why the people of Spadina wanted the hon. member. At least Mr. Coutts would have had some influence on the other side. Perhaps he would have been able to do these things much faster. As we all know, Canadians will not stand for this radical alternative to a time-honoured system which has served our country well. This system has made us one of the leading industrial nations of the world and one of the most industrious and prosperous peoples of the world.

Returning to the effects of the National Energy Program in some communities, one of these communities is located in my constituency. The entire area of British Columbia which produces oil and natural gas is within my constituency. In Fort St. John and the general northeastern area of British Columbia a couple of years ago 120 oil and gas rigs were active. Each one of these rigs had roughly 60 to 65 jobs attached to it. As we all know, there were incredible spin-off effects on service industries. For example, there were mud

companies, machine shops, testing companies, water trucks which ran back and forth, welders and trucking companies which moved the rigs. All these spin-off effects have gone. Right now there are 18 rigs working in that entire area of British Columbia. In fact, a couple of years ago there were some Petro-Canada rigs working in northeastern British Columbia, but there are no such rigs working there now.

An hon. Member: They have gone offshore.

Mr. Oberle: They have gone to Senegal and to the North Sea; this is where Petro-Canada is active. Esso Canada is not active in Senegal or the North Sea. It is only active in Canada because multinational companies are active in these other areas and there is no way that Esso Canada can go there.

What are the effects of this massive downturn in the activities of this important industry? The effects are devastating. For example, there have been bankruptcies. We heard some statistics this morning, but specifically there was an increase in unemployment in Fort St. John to 160 per cent from the first three months of January, February and March of 1981 to the first three months of this year. A major car dealer has gone bankrupt. A lifetime of work was invested in this business which was once prosperous and doing well, and the dealer has gone into receivership. He responded to what he heard in the House of Commons a couple of years ago, namely a firm commitment by government that Canada would achieve energy self-sufficiency by 1990. The government indicated that this would require an investment of somewhere between $300 billion and $500 billion, and that all of us would have to use the entrepreneurial spirit for which we are famous to invent new ways to find energy.

My area responded; a lot happened. There was an increase in the number of hotel rooms in Fort St. John from 320 to 1,100 in two years. Now several of the major hotels, including a Holiday Inn, are in receivership. The good local people who invested in motels, coffee shops and machine shops are now trying to find ways to deduct their losses from income tax. This is difficult as they are not paying any income tax, since they have no income.

As I say, the effects are devastating. We will not achieve energy self-sufficiency by 1990. In fact, we will be importing more than 50 per cent of our requirements by 1990 if we proceed with the program. The best we could hope for is that world energy prices continue to decline and that the import compensation which is paid so that people can heat their homes will not be too onerous on us. When I say "onerous on us", I am talking about the government. Of course, the government cannot give anything away which it has not first taken from someone else. I am speaking more about those of us in the west, particularly in the provinces of British Columbia and Alberta, who are paying these import compensation charges, because we are the only "have" provinces in Canada; every other province is in the "have not" category.

It is utterly amazing to sit here in good conscience, knowing the effects of the NEP, assiduously and stubbornly pushing ahead with the scheme. If there were any light at the end of the tunnel, if it were necessary to destroy in order to rebuild, I could understand it. As in other areas of the economy, if it were an attempt to rearrange the attitudes of people to make them more conscious of the realities of the modern world, I could understand it. But that is not the case.

We had a good industry. A good percentage of the industry was already Canadian. There is a great misconception that the oil sector is totally controlled by multinational companies. Although multinational companies have sometimes been very irresponsible in the arrangement of their corporate structures and the behaviour of their corporate bureaucrats in relation to small businessmen with whom they work in the oil patch, they have always known and understood that the best and most productive way to achieve new wealth and to get the job done is through private enterprise. That is why you do not see an oil rig company out there directly servicing an oil rig; they leave that to private enterprise.

• (1720)

Until a few years ago, when they had to react to certain legislation which was brought in by that socialist government on the other side, they always knew that the best way to sell gas and the best person to be the final chain in the link was an entrepreneur. That is why the service station operator is a private businessman. The oil companies knew that this was the best, most productive and efficient way to deliver oil and gas to the producer. The oil companies always knew that and it is unfortunate that this government does not understand it. Instead, this government wants to tear down this industry and replace it with some radical alternative which has never worked anywhere else in the world. It knows what the effects will be but it is so stubborn in its attempts to break the present system apart in order to try something which we all know will not work.

Socialism has never worked anywhere and those members to my left should know that. They can look anywhere in the world where there is a socialist or communist government and see that there are people starving, being deprived and experiencing shortages in the supply of important consumer goods. If those people can obtain some goods they must buy them in the black market and pay excessive prices for them.

An hon. Member: When they are exploited they have to turn to something.

Mr. Oberle: Those members know that people are exploited and workers are exploited by insensitive centralist, socialist government bureaucracies ten times more than workers who have a choice to work in one free enterprise establishment or another.

The answer is not for all Canadian workers to begin working for the Canadian government. In five years the government will not have enough money to take steps to regain its position in world markets—a position which provided a standard of living which was number three in the world and is now twelve or thirteen. The answer will not be found in government

ownership. The answer is in the return of the inspiration of the free spirit and the incentives required for individuals to invest in themselves and their country in order to restore in Canadians a confidence in their ability to produce. The first step towards that goal is to instil confidence in Canadians once again. Without that confidence I am very much afraid that we will have to continue to hope that the Americans will emerge from their dilemma and that their prosperity, which was based on these old principles, will once again spill over into our country.

The hon. member also indicated that in the last ten years the oil companies have increased their wealth by four times. What he neglected to say was that the government has increased its size tenfold during the same period. That is a clear indication of where we are heading, which is toward disaster unless we all screw up our courage. I am particularly looking for the backbenchers in the government to screw up their courage and say that enough is enough. They are representing ridings in the great provinces of Quebec and Ontario where unemployment is far greater than the national average. Businesses in those provinces which produced pipelines for the west, equipment for wells and tools used in the oil patch are going bankrupt because there is no demand. Let those Liberal backbenchers screw up their courage and stand up to the people who are determined to replace our time-honoured system with this radical alternative of government control and ownership, centralist control and socialism. Time is running out. It is time for us and for all Canadians to wake up and call an end to this incredible nonsense.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I appreciate the opportunity to participate in this debate. It is interesting to note that the official opposition, the Conservative party of Canada, are opposed to providing moneys under the petroleum incentives program to the oil and gas industry in Canada. Similarly, it is interesting to note that the New Democratic Party of Canada is opposed to this particular piece of legislation as well.

Unfortunately, a number of events have taken place in the last twenty-four hours, particularly with respect to the words used by the hon. member for Calgary Centre (Mr. Andre). At best, I think it can be said that his remarks regarding the role of the Minister of Energy, Mines and Resources (Mr. Lalonde) in providing a direction for Canadians and the government relating to our energy policy has not only been uncomplimentary but bordering on unparliamentary. He made reference to the "battle of the bells". He stated that he would have prevented that battle if he had been assured that this particular piece of legislation on the petroleum incentives program would be given quick passage. I do not wish to debate the substance of his remarks while that hon. member is not in the House, so I will simply refer him to the remarks made by the Minister of Energy, Mines and Resources which were recorded in *Hansard* on March 1, 1982. I believe that clarifies beyond a shadow of a doubt what transpired between the minister and himself.

By objecting to this particular piece of legislation and voting against it, it is evident that the Conservatives are indicating to the oil and gas industry that they will not provide any incentives for exploration and development. I believe it is shameful that they seem to be speaking out of both sides of their mouths. While they say they support the oil and gas industry, when it comes to providing actual incentives they either do not take a position, or if they do, it is not a favourable one for the industry.

The hon. member for Calgary Centre talked about the goal of Canadianization and how he agreed with that goal. Unfortunately, he did not agree with the process for achieving Canadianization. I suggest to him that there is no easy process to accomplish the Canadianization goal. Canadianization has been talked about for many years in Canada. In order to achieve this we will have to go through some difficult times and address a number of concerns over a period of time.

The hon. member also took the opportunity to greatly criticize the officials of the Department of Energy, Mines and Resources. I call that criticism a very cheap shot and very unbecoming of a Member of Parliament. I think each hon. member of this House, regardless of on what side he or she may sit, should hold that hon. member in shame for such despicable and uncomplimentary remarks.

The hon. member for Calgary Centre also made a statement of the effect that there are too many forms to be filled out and too many regulations to be complied with. I suppose if the hon. member had his wish the Government of Canada would provide large sums of money to the oil and gas industry, in excess of a billion dollars, without any strings, conditions, rules or guidelines attached. I ask members of the House, is that responsible government? Inevitably it is not. Nor it is the intention of this government.

• (1730)

Of course, representing his party, the hon. member for Vancouver-Kingsway (Mr. Waddell), that great mini-giant of the working class people of Canada, came to this chamber and said to the Parliament of Canada that he was very concerned that the Minister of Energy, Mines and Resources was not here while he was giving his speech. Therefore, he wanted to call for a quorum and he called for a quorum last night. Your Honour knows what happened when he called for the quorum. He and other hon. members in his party, each and every one, left the chamber.

Some hon. Members: Shame!

Mr. Dingwall: It was suggested, not by me, that perhaps the reason for calling the quorum was that the hon. member had a more important engagement to attend and that this particular piece of legislation, as it affects energy in Canada, was not a priority with him or his party. I do not know if that is true, but I think the record should very clearly show that the NDP called a quorum. All its members vacated the House of Commons. A quorum was called, we had sufficient numbers,

and then we came back and resumed debate. That was shameful conduct on the part of the NDP and the hon. member for Vancouver-Kingsway.

Some hon. Members: Oh, oh!

Mr. Dingwall: I will not quote the hon. member, but the hon. member for Vancouver-Kingsway had the audacity to suggest that perhaps there was an intellectual—I use that term quite loosely—understanding between his party and the government of the province of Quebec, when he referred to Rene Levesque. Is that where the NDP stands? I ask that question quite sincerely.

We have made encouraging progress toward our goal of achieving at least 50 per cent Canadian ownership by 1990. In the past year, with the changes from foreign to Canadian control of such large companies as Hudson's Bay Oil and Gas Limited, Aquitaine Company of Canada Limited and Petrofina of Canada Limited, foreign control declined by about 10.5 per cent to a level of approximately 67.2 per cent. At the same time, the level of foreign ownership of upstream production revenue was 65.5 per cent, a drop of 6.5 percentage points in one year.

While the purchases of foreign-owned oil companies are vital to the government's Canadianization plan; they are not the only means. This bill provides another means by which Canadians can take charge of their oil and gas industry.

There have been some concerns raised by hon. members of the official opposition that the energy legislation, and particularly the bill which is now before us, is discriminatory toward the oil and gas industry in the United States. However, I wish to lay on the record a quote of the former President of the United States, Richard Nixon, who told this House in no uncertain terms on April 14, 1972, that:

> No self-respecting nation can or should accept the proposition that it should always be economically dependent upon any other nation. Let us recognize once and for all that the only basis for a sound and healthy relationship between our two proud peoples is to find a pattern of economic interaction which is beneficial to both our countries and which respects Canada's right to chart its own economic course.

I think that statement tells it all. Mr. Nixon made that statement ten years ago. However, I do not have to tell hon. members of this House that Canada still faces the situation whereby we are still dependent upon other nations. This is particularly true in the oil and gas industry.

The petroleum incentives program is a very positive program—

Some hon. Members: Hear, hear!

Mr. Dingwall: —which offers incentives to Canadians to participate in their own industry. I can understand why the New Democratic Party opposes this. It would perhaps prefer that depletion allowances continue for the multinational oil companies. Then members of that party would perhaps have an opportunity to sit on the board of directors of those companies. That is probably what they want.

Mr. Kempling: Like Tommy Douglas.

Mr. Dingwall: This petroleum incentives program is one which we believe will lead to increased Canadian control and less dependence on foreign ownership. Our intent, as emphasized in the National Energy Program, is to mobilize predominantly private Canadian investment in the oil and gas industry.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question!

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the motion? All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the yeas have it.

And more then five members having risen:

The Acting Speaker (Mr. Blaker): Call in the members.

The House divided on the motion (Mr. Lalonde), which was agreed to on the following division:

(*Division No. 167*)

YEAS

Messrs.

Allmand	Demers	Irwin
Appolloni (Mrs.)	Deniger	Isabelle
Bachand	Dingwall	Johnston
Baker (Gander-Twillingate)	Dion	Joyal
Beauchamp-Niquet (Mrs.)	Dionne (Northumberland-Miramichi)	Kaplan
Berger	Dubois	Kelly
Blais	Duclos	Killens (Mrs.)
Blaker	Dupont	Lachance
Bloomfield	Dupras	Lalonde
Bockstael	Erola (Mrs.)	Lamontagne
Bossy	Ethier	Landers
Breau	Evans	Lang
Bujold	Ferguson	Laniel
Burghardt	Fisher	Lapierre
Bussières	Fleming	Lapointe (Charlevoix)
Caccia	Flis	Lapointe (Beauce)
Campbell (Miss) (South West Nova)	Foster	LeBlanc
Campbell (Cardigan)	Fox	Leduc
Chrétien	Frith	Lefebvre
Collenette	Gendron	Loiselle
Corbin	Gimaïel	MacBain
Corriveau	Gingras	MacGuigan
Cosgrove	Gourde (Lévis)	Mackasey
Côté (Mrs.)	Guilbault	MacLaren
Cousineau	Harquail	MacLellan
Cullen	Henderson	Malépart
Daudlin	Herbert	Maltais
de Corneille	Hervieux-Payette (Mrs.)	Marceau
	Hopkins	Massé
	Hudecki	Masters
		McRae

Messrs.

Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead—119.

NAYS

Messrs.

Andre
Baker (Nepean-Carleton)
Beatty
Blackburn
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Clarke (Vancouver Quadra)
Cooper
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Dantzer
Darling
Fennell
Fretz
Fulton
Greenaway
Gurbin
Halliday
Hargrave
Hawkes
Heap
Hees
Howie
Huntington
Jarvis
Kempling
Kristiansen
La Salle
Lewis
Mazankowski
McCain
McCuish
McDermid
McGrath
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Nowlan
Oberle
Orlikow
Parker
Patterson
Reid (St. Catharines)
Robinson (Burnaby)
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Stevens
Taylor
Towers
Waddell
Wenman
Wilson
Wise—67.

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and referred to the Standing Committee on Energy Legislation.

* * *

● (1810)

[*English*]

MOTOR VEHICLE FUEL CONSUMPTION STANDARDS ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved that Bill C-107 respecting motor vehicle fuel consumption standards be read the second time and referred to the Standing Committee on Energy Legislation.

He said: Mr. Speaker with the legislation before the House at the present time the government is acting on a longstanding commitment to Canadians to address the problem of heavy consumption of fuel by motor vehicles. This legislation, the Motor Vehicle Fuel Consumption Standards Act, was first promised in 1976. Since then, as hon. members know, the government has provided a voluntary program while work on drafting and refining the legislation was carried on by the Department of Energy, Mines and Resources and the Department of Transport. During that time we have had an American model to consider but not to follow slavishly.

The National Energy Program recognized that transportation uses more oil than any other sector and that conservation efforts would be crucial to moderating that demand. By world standards we waste fuel in this country, so we need an effective program of managing consumption. That is what is stated in the following section of the National Energy Program:

> In Canada, standards have been voluntary. However, it has become increasingly clear that the automobiles constructed to suit United States legislative standards do not necessarily reflect the realities of vehicle operation in the colder Canadian climate, nor do they take cognizance of the relation between Canadian fuel types, feedstocks and motor vehicle fuel requirements. As part of a general conservation and liquid fuels policy, Canada will develop its own standards.

This legislation comes to grips with a persistent headache amongst conservationists. We are all familiar with North America's love affair with the automobile and how extensive that torrid relationship has become. In Canada the use of automobiles is more than just whim or fancy. Our country's population is flung across an awesome latitude, and transportation is vital to our way of life.

Much has already been accomplished. One would have to be blind not to see the changes that have taken place in car size and horsepower in recent years. The problem is not so easily solved, however. People have to be shown the substitute fuels that exist and they have to be encouraged to ease up on the accelerator and to make trips count when they pull out of the laneway. They also need information that will enable them to choose vehicles that best suit their needs and resources.

This legislation will make that information available and give the government the ability to make sure the choices are as attractive as possible.

To illustrate the progress that has been achieved, let me give you a few statistics, Mr. Speaker. In 1978 we estimate that new passenger cars in Canada had an average fuel consumption of 11.5 litres per 100 kilometres. Last year that had dropped to 9.5 litres per 100 kilometres, and this year we expect it to be down to 8.5 litres. Such progress is encouraging but it is far from enough. We have to do much more to reduce motor vehicle consumption than we have been able to accomplish with this voluntary program so far. Why? Because last year Canadian consumption of motor gasoline amounted to a staggering 225 million barrels.

● (1820)

I hardly need to remind anyone in this chamber of how important this bill is to our energy program. Throughout the NEP the effort to enhance both supply and conservation is evident. Here we are adopting yet another method to cut into oil imports and preserve for as long as we can the petroleum resources available to us. The transportation sector represents a staggering consumption of fuel. There were approximately seven million private cars on the road in Canada in 1980. They burned somewhere between 18 and 19 billion litres of gasoline travelling an estimated 112 billion kilometres. These statistics do not include trucks or cars in commercial use.

[*Translation*]

More oil is required in this transportation sector than in any other, and although other fuels such as propane can be substituted for gasoline, this is not sufficient, at least not in the short term. Once again, we must save energy. Since substitutes are known, in abundant supply and ready for immediate use, it is the National Energy Program's aim to provide for efficient management of the demand for oil products in this sector. We shall be able to stabilize, and even reduce, the demand for oil products to a considerable extent through the proposed legislation on motor vehicle fuel consumption standards which is aimed at saving our energy resources. This additional authority would make existing voluntary guidelines for fuel consumption standards official and would give force of law to compulsory standards, should they prove to be desirable or necessary in the future. There are already signs of change in this sector, one example being the installation of relatively inexpensive aerodynamic deflectors on tractor-trailers, which help cut down on fuel consumption.

Carpool programs appear to be spreading, and are another way of reducing our transportation fuel requirements. However, not only the drivers' attitude must be changed. Driving itself must be rethought and revolutionized. This bill is therefore proposing a program that takes into account Canadian conditions and requirements on the basis of which the automobile industry will design and manufacture the cars of this decade. In 1975, the American government adopted legislation that set fuel consumption standards for cars. It is up to the manufacturers and importers to ensure that average consumption, weighted by the number of cars sold each year, meets annual standards. Since these standards are becoming increasingly stricter, the industry has been obliged to change the design of North American cars. Increasingly, however, cars manufactured to U.S. standards do not allow for the differences in climate and fuel encountered in Canada. Because of our energy policy, we need a made-in-Canada program. The bill on motor vehicle fuel consumption standards will authorize the Minister of Energy, Mines and Resources and the Minister of Transport (Mr. Pepin) to continue the voluntary fuel consumption program.

The first part of the Act provides that a fuel consumption number will be given to each vehicle sold in Canada. The numbers will be used on information stickers for each vehicle and also to provide data for the Transport Canada transportation fuel consumption guide. The same figures will also be used by the Minister of Transport to calculate the fuel consumption of vehicles sold by manufacturers in Canada.

The vehicle categories covered by the legislation are to be general. For instance, private cars will form one category. The present voluntary program sets average motor vehicle fuel consumption standards for a company for every year up to 1985. Companies can reduce fuel consumption by selling more energy-saving cars or by refining each model in this respect at the design stage.

The government has decided that the program will remain voluntary unless companies fail to co-operate.

[*English*]

So as to hammer the point home, the authority to set standards and impose penalties is contained in the act. But the government does not intend that these provisions should be proclaimed. Just having written these sections into the law we hope will be enough to accomplish our goals.

We want detailed information for the consumer and for the government. We want to demonstrate to everyone, manufacturers, consumers, and the world that we are truly committed to saving scarce oil supplies and we want to be in a strong position to negotiate with the industry on voluntary standards. Obviously if we cannot achieve all of that without using the legal clout this offers us, we will resort to that approach. But for now the practice of setting voluntary fuel consumption standards will continue along with an improved flow of information.

The primary beneficiary here is not in fact the government but the consumer. We expect automobile manufacturers and dealers to display prominently energy consumption ratings and give the consumer the chance to make intelligent, informed decisions when in the vehicle marketplace. The government will compile the data to monitor the accuracy of the ratings and the progress we are making in getting more kilometres out of every drop of fuel.

We can also get a better idea of what is happening by way of research and how the new technology is performing. Such information is crucial to developing government policy. As the situation stands now we cannot be sure such complete information will be supplied. The consumer will also benefit by having the attention of automobile manufacturers focused on Canadian needs and conditions and on our supplies of gasoline or alternative fuels. Nothing in this bill should cause undue hardship to the industry, which we all know is hard pressed these days. We are really asking for very little additional information beyond what the industry now supplies. This act merely ensures that the information will in fact be forthcoming. The expense will be minor and the benefits potentially great. What it will do is to give us some data and some measurement directly related to the real world that Canadian motorists face. We have to find ways of looking for data which is relevant to the Canadian climate, which we all know has a mean temperature all its own.

If fuel consumption testing does not yield results which are translated into actual fuel consumption when cars and trucks are put into use on streets and highways, it is not of much use. The government needs to be sure it is getting complete and precise information if it is to verify for the consumer the numbers which manufacturers are turning out. We need this legislation to get that data. We also need a not so subtle means of encouraging automobile manufacturers to look at alternative fuels.

Again, this legislation focuses attention on the need to reduce fuel consumption in the face of rising prices and increasingly uncertain supplies. Obviously, one solution is using a different fuel. Hon. members will recall that the government has already taken some steps. We have offered grants of $400 under the propane vehicle grant program for those converting their farm or commercial vehicles to a propane fuel system or purchasing such vehicles new. Our target is 100,000 propane-powered vehicles by 1985. Since the program started last June we have received about 2,500 applications for grants. So far, about 3,650 vehicles have been accepted as eligible to receive the $400. That represents a saving of about 955 barrels a day of oil which would otherwise have been consumed as gasoline by these vehicles. The program has dispensed $1,460,800 so far. But it is more than just our grant program that makes propane gas an attractive alternative for motorists. Propane also offers a fuel that is significantly lower in price than conventional gasoline.

• (1830)

We have as well offered contributions to those willing to convert vehicles to compressed natural gas and help us demonstrate, in actual Canadian driving conditions, the value and versatility of this fuel. We are offering $600 contributions to those willling to undertake the conversion and to commit themselves to report back to us on what improvements they enjoyed in fuel consumption as a result.

The government has promised to hold the price of natural gas below that of oil as far as is possible, and that price differential as well should make compressed natural gas attractive as an alternative fuel. There are already more than 350,000 vehicles in the world operating on compressed natural gas, but we in Canada have little experience with the fuel, the hardware to make use of it or the results that can be achieved by making the switch. Our program started only in January, so it is a little early to judge any statistical results. However, we do know that we have natural gas in abundance and that as a fuel, it is less environmentally hazardous than conventional gasoline or diesel fuel.

We want transport fuel consumption in transport brought down. The transport sector is eating up too much of our limited supplies and we want to be in a position to achieve further improvements if this gentle approach does not work. I am sure that it will work because I know the automotive industry is as interested as the rest of us are in fuel consumption and energy self-sufficiency. If I needed any reassurance of that, I got it earlier this year when I met with the Motor Vehicle Manufacturers' Association. We all showed a great willingness to co-operate at that gathering.

As with other pieces of legislation being put before Parliament this spring, this bill is a means of formalizing the National Energy Program of October, 1980. It is just as important as all of the others, perhaps more so, since it addresses the crucial issue of conservation, the area where the actions of every citizen can mean so much in terms of saving fuel and buying us time against the day, however distant, when oil wells everywhere run dry.

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, it is a pleasure for me to lead off the debate for the opposition on Bill C-107 respecting motor vehicle fuel consumption standards. If the minister was serious in some of the comments he has just made, I think it would be very sad indeed. He talked about the importance of conserving gas and that the responsibility of Canadian citizens was to ease back on the gas pedal and to conserve, conserve and conserve. Yet when we come into the House for a vote or a series of votes, we see lining up outside the House—it happened at question period today—a series of limousines, each one belonging to a cabinet minister. Every limousine's engine is kept running waiting for the cabinet minister to come out from the vote or to come out from question period.

One evening I made a point of counting the number of limousines with engines running. It was an evening when five votes took place. This took about an hour. Fourteen limousines were outside the House of Commons with their engines idling during the whole period. They were being kept warm for the privileged bunch over there.

The minister tells us that we have to conserve. It is the same old double standard that we hear around here on everything else. We hear that everybody must tighten his or her belt, except for them. We hear that everybody must conserve, except them. If the minister wanted to do something serious, the first thing he should do after this debate would be to go back to his office, dictate a memo to every member of the cabinet and to every other person who has a chauffeur driven car directing them to turn off the engines when not in use and thus conserve energy. Fourteen cars idling for an hour outside the House of Commons burns up an awful lot of gas. How do you expect the Canadian public to accept what the minister says about conservation when that kind of nonsense goes on here every day when the House is sitting?

In 1976 Canada implemented voluntary fuel efficiency standards for automobiles. Likewise in 1976 the government promised to bring forward legislation to put these standards into law. Well, we have finally seen that done. But it took six years after the government made that promise.

The government has never had to pass any of these efficiency standards into law. The government has been able to rely on the powerful American legislation. More important—and the minister realizes it today, and if he were up front with the Canadian people he would admit it—if he passed some regulations concerning fuel consumption for automobiles it would certainly be the tail wagging the dog because we have a North American auto industry and not a Canadian auto industry, so the minister must follow the regulations of the United States.

This is really a phony bill when one thinks about it. The smartest thing for the minister to do would be for him to say that yes, we have to label the cars here in Canada. It is being done now. All the ads reveal fuel consumption. But the simple

thing to do would be to follow the lead taken by the environmental protection agency and to co-operate with it and the two levels of government. That would make a lot more sense than going on with this phony bill which says, "We are going to pass the legislation but we are really not going to put it into force unless you misbehave, auto industry". I guess that is a form of blackmail.

We know the Canadian auto market is too small for us to be dictating to the American scene. In the past we have voluntarily formulated standards which are identical to those in the United States. That makes sense. This bill respecting motor vehicle fuel consumption standards continues the conceit of the federal government, except for a new twist. We all remember the former energy minister, Mr. Alastair Gillespie. He pretended that there were standards when there were none. The Minister of Energy, Mines and Resources (Mr. Lalonde) now proposes to implement legislation to create standards, but then he pretends he has no real authority to do anything about it. He is not going to have the bill proclaimed. So we are still doing the same thing. The minister just wants to make it appear that he is being the big tough guy, that he will clamp down on the auto people and will make them toe the line.

The minister said that if the voluntary standards fail to work he would bring in compulsory standards and have the bill proclaimed. But this gives the government the authority to set a fuel consumption standard which the industry must meet. There is no mention at all in the bill of voluntary standards. There are really only two ways the government can implement voluntary standards under this bill. The first would be to set the standards by one regulation; the second would be to exempt everyone from them. Perhaps a third would be to set no standards at all. Really nothing at all has changed from Mr. Gillespie's day. What we have is a big facade. The minister is trying to impress the Canadian people with what he is doing, but he is not doing anything different from what has been done until now. The minister is attempting to drag some information out of the auto industry which heretofore he was unable to obtain. Is it because the auto industry would not produce it. I am not sure why he is doing it.

• (1840)

If we take a look at the American legislation, we will see that in 1973 the environmental protection agency initiated a voluntary fuel efficiency labelling program south of the border. In 1975 it passed amendments to the motor vehicle information cost saving in the United States which stipulated the actual fuel economy standard to be reached for each auto manufacturer for 1978 to 1980 and for 1985. Definite goals were set for the manufacturers. The 1981 to 1984 standards could be set by the secretary. Also they stipulated the means by which labels indicating fuel efficiency should be fixed to automobiles, and that EPA must in fact publish a book listing all efficiency ratings, which book must be available at all auto dealers for the benefit of consumers.

The efficiency testing program is a second aspect of the auto emissions testing program. It is interesting to note that the Americans ran their testing program in California. The minister alluded to the fact that their standards may not be realistic for our climate. I agree with him, but he should remember that the Americans have just as severe a climate as ours in some parts of their country. There should be co-operation between the two levels of government in setting those standards. There should also be co-operation in testing because we desperately need research and development in Canada.

In reaching some of the levels about which the minister was talking, co-operation should take place between Americans and Canadians. After all, we are dealing with the North American car market, not just the Canadian market. As the minister said, the testing may be somewhat unrealistic, but I think this can be straightened out with the Americans and with auto manufacturers. In fact we do not need this bill which really does nothing; it does not have much teeth in it. I know it includes a fine of $1 million or five years in jail, but I would be interested to find out who would have to serve the sentence if the law as laid down by the minister was broken.

We are talking about no change at all. The bill is phony. As it does in many instances, the government is using a club to try to achieve goals which have already been set. As a matter of fact, the auto industry is moving toward the standards. For example, at present standards require that the new car fleets of each company average no more than 10.7 litres per 100 kilometres in 1981, which for the benefit of the hon. member for Don Valley West (Mr. Bosley) 26.4 miles per gallon, and that it improve to 8.6 litres per 100 kilometres by 1985, which is 33 miles per gallon. As the minister said, naturally companies can improve on these standards. I think many of them are. There are a number of reasons the auto industry is improving on that. First it is the competition with which the industry is faced. For far too long the governments of Canada and the United States have fooled their people. They had phony levels for the price of fuel which maintained the love affair of North Americans with big cars. The North American auto industry kept turning out these large cars because the governments were misleading people into thinking that gas prices would be kept down and that they could continue driving large cars. Now that the competition is here and now that prices have risen, naturally the auto industry will try to compete with some of the more fuel efficient automobiles we see coming into the country. They are making a move toward improving the mileage of their cars.

The minister talked about setting regulations so that people conserve gas, yet his own department brags about how consumption has gone down recently. Everyone knows why. It is because all levels of government are involved in the "big tax grab" and there are rapid increases in the cost of fuel, which in itself will guarantee less driving as people cannot afford to drive like they used to. They are not piling into their cars for Sunday drives, bumper to bumper, to see their friends in the country. This is not happening anymore because they cannot afford it, so consumption has dropped rather drastically.

The minister said that the government would carry on with the voluntary sector and that in fact it would not proclaim this act unless the industry stepped out of line. It is another slam at

the auto industry which is having an extremely difficult time now. There are thousands of lay-offs in the auto parts manufacturing industry and in the auto industry itself. Also, thousands of lay-offs from spin-offs linked directly to the industry are being experienced, especially in Ontario and Quebec. This is just another threat of this big government. It is telling the industry what to do, how to do it and, if it is not done, that it will be given a $1 million fine and plunked in jail for five years.

As a matter of fact I find one section of the proposed act somewhat interesting. I am referring to the one which allows the minister to take a car, or a component of a car, so that he can tear it apart to see what makes it run. Nowhere in the bill does it say that he must put the car back together. Is this a freebee which is being handed to the minister? Does he hand back the car after he is finished with it? How does it work? When I read that section of the proposed act, I chuckled to myself because I could see the minister tearing apart an automobile behind the Parliament buildings to see what makes it tick. I would be surprised if he knew where to put the gas in his car because he never has to do it himself.

In concluding my brief remarks on the bill, I should like to talk about the reality of the situation. The reality is that the minister is not doing anything and that the made-in-Canada energy policy about which the minister talks so proudly is not being changed or improved one iota by the bill. If we look at the campaign promises of 1974 and at the Speech from the Throne in 1976, we realize that the government is making it appear as if it were doing something as part of its national energy policy but is really not changing anything. The goals supplied by Transport Canada to be reached by the auto industry are really meaningless. In fairness to Transport Canada, their rationale is that they must compare their data with the American tests. Only that fact makes sense.

• (1850)

When this bill goes to committee, I invite the minister to explain how he will have a different set of criteria when the automobile market is a North American market. There are many other ways in which the minister could likely achieve fuel efficiency. For instance, the reduction in the speed limit in the United States has had a great effect on fuel consumption there. There are still some provinces—I know speed limitation comes under provincial jurisdiction, I have been around a while, and I am glad the minister is listening—that allow a 70 mile per hour speed limit. I know that the minister does not get along that well with the provinces but perhaps he could use his bubbly personality and smiling countenance to persuade these provinces to cut back their speed limits.

Finally, the bill does not seem to accomplish what the government has indicated it will. I believe that once discussions have taken place in committee and once the Canadian people have seen this bill—the automobile manufacturers do not even know the bill exists—they will see that nothing has changed. Why are we wasting the time of the House with this bill? It is a public relations endeavour by the Minister of Energy, Mines and Resources which in fact will not prove to be an integral part of the energy legislation and should not be lumped in with the National Energy Program because it is such a phony.

Mr. John Bosley (Don Valley West): Mr. Speaker, I might advise you at the beginning that, like my colleague, it is not my intention to speak to Bill C-107 at any great length. However, there are a few remarks I would like to make.

Like my colleague, I am confused as to why the government desires to create additional regulations. It appears to be creating additional regulations at a time when the automobile industry is facing huge unemployment. It is a concern I would like to address briefly because I believe it is an important part of this issue.

First, I would like to deal with something the minister said in his remarks which I think is extremely valuable to Canadian consumers. I think this must come first and foremost today in terms of our ability to buy the products we make and in order to provide jobs for Canadians. The argument appears to be that Canadians need some type of system to control fuel consumption because it is in their own best interests. According to the minister's rationale—which I think is reasonable—if we are able to persuade Canadians to buy cars which use less fuel we will all be better off in the national sense. I think that this is self-evident. I believe it is also self-evident that it is exactly what Canadian consumers have done because they realize, as I think we all realize, that the price of oil and oil based products will increase owing to the government's deliberately forcing prices up. It is not now the time to comment on the degree to which it will force the prices up. However, I believe that Canadians know the government will force prices up and I believe that Canadians also know that oil will become a scarcer commodity over time.

As the minister pointed out, the fact is that under a voluntary system Canadians have moved toward buying more fuel efficient cars. Therefore, one should perhaps question whether more regulations are needed to achieve that end. The minister suggested they are, but I do not believe that. Canadians have enough intelligence to purchase cars which will get better mileage. The question therefore is, would we ever need the club described by the minister in words to the effect that he needs a not so subtle method of encouraging automobile companies to manufacture cars which would achieve better mileage. My fear is that when we are experiencing unemployment in both the manufacturing and auto parts industry and experiencing a reduction in the world-wide market of cars, and we will be seeing a contraction in the number of jobs on a world-wide basis in a market in which we must compete, another club or direction by the government to the industry will do nothing but exacerbate a problem which is already intense for the Canadian automobile industry.

I say that as someone who is trained as an environmentalist and conservationist and therefore very concerned about our use of oil. I think that the important question to ask the minister in committee is: if the voluntary standards are working as he says they are, why is there a necessity to raise the spectre of

another decision by government to interfere in the marketplace at this time?

For instance, the minister said that one of the advantages of his proposal is that because there will now be some certainty about the standards, automobile manufacturers will now be able to plan on a ten-year basis. The industry certainly needs a ten-year span in which to retool and to prepare for the competitive environment which I do not think very many people ten years ago would have predicted would occur today in terms of the share of the market. The question then is, how could you have certainty in planning for the next ten years when the minister says to the industry that it is acceptable for it to comply to voluntary standards, but that if it does not, it runs the risk of his imposing some mandatory standards in which the numbers themselves may change. I find it difficult to accept that this is a state of certainty in which one can plan capital expenditures.

It must equally be borne in mind that while we appear to be moving in a direction of greater mandatory regulations, our major trading partner in North America is, quite sensibly, moving toward greater de-regulation of the automobile industry and its manufacturing sector. I will return to that point because it relates to an area where intense consumption saving could be achieved and which has not been explored enough in the House. It concerns emission control.

For the moment I will say that I do not honestly believe that we need mandatory regulations in order to encourage people to buy more fuel efficient cars. I do not believe that a threat of mandatory regulations will do anything other than to create greater uncertainty at a time when the industry needs greater certainty about its future. Therefore, I assume that the minister is either serious about suggesting that there will be mandatory regulations or a risk of mandatory regulations—in which case I am worried—or he is simply bringing in this bill in order to honour a commitment which he made in 1976. In that case, I suggest that my colleague, the hon. member for Brampton-Georgetown (Mr. McDermid) was correct when he said that there is nothing to this other than some potential window dressing. I think the minister quite sensibly argued that there is value in providing information to consumers. There is no question that that statement is true. However, the question to be asked is, do you need a heavy-handed law to create information about fuel and consumption standards? I suggest that it is not required, and if one were to simply consider the matter one would find that undoubtedly the existing standards and figures that are developed in the United States are not applicable to Canada. They are not developed for cold weather climates. The minister is quite correct. The suggestion that we should develop numbers for cold weather climates and for Canadian realities makes excellent sense. The suggestion that Canadians should have that information makes excellent sense. Anything that will encourage consumers to know the truth must benefit both the consumer and all of us. However, I suggest that one does not need a lot of legislation about minimum standards to produce that information. Ultimately, all that the federal government needs to do, as it is one of the biggest purchasers of vehicles in the country, is to use its clout as a purchaser to discover, in advance of its purchases, the fuel consumption numbers of all the otpions available on the market, and then publish them. No more than that is needed in terms of providing consumers with the information they require. One does not need to enter into the question of minimum standards or minimum fuel consumption.

• (1900)

Let me now turn to the area that I want to discuss. One of the changes that has recently occurred in the United States since the election of President Reagan has been an entirely new rethinking of the cost benefits relating to emission control. This is an unpopular subject in this country today to some degree. It does relate to the issue of vehicle use of gasoline, and that is why I think it is appropriate to raise it here. An assumption has built up in the minds of Canadians over several years that we are in fact getting substantially cleaner air as a consequence of the emission control standards which have been set with regard to North American cars, largely at the instigation of the Americans. Certainly I thought this was true until I began to research the matter at the encouragement of several of my constituents and a gentlemen who has written me at length on the subject. I assumed that we were benefiting in clean air terms from the emission control standards that we put on automobiles in North America which ultimately led to the use of unleaded gas and things such as catalytic converters with which Canadians are familiar. I began to wonder whether that was true, and I suggest it relates to this issue, when I discovered in my research that the fuel consumption of cars on a unit basis, under a simple relaxation of the control of nitrous oxide emissions, was estimated to improve anywhere from 18 per cent to 40 per cent.

For example, in his notes, the minister referred to the fact that we have dropped our average fuel consumption in Canada from 10.5 litres per 100 kilometres in 1978 down to 8.5 litres in 1980. If one thinks about that efficiency improvement of two litres on a basis of 10.5 litres, one finds that the improvement is less than the efficiency loss created by the emission standards that we have built into cars. It is less. In other words, we are in a situation today where, on the one hand, the government says it will regulate and create emission control standards for the benefit of Canadians in theory, standard which result in inefficiencies in engine fuel consumption; and then, on the other hand, because we need better mileage in our automobiles on a national basis, the government will demand that a better car be built which will somehow effectively return us to our consumption position before emission standards were imposed. If there were, in fact, a marked improvement in air quality, then one could perhaps say that there was value to that.

I want to suggest to the House and to the minister that the time has come to recognize, as the Americans have recognized, that perhaps we went too far in our good intentions in the emission control area. Many studies have been carried out in this area, and it is not my intent to get into this at great length tonight. However, my reason for raising it tonight is that I

hope we can persuade the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of Transport (Mr. Pepin) that it is appropriate to look at this question, considering their admitted desire to improve fuel efficiency. Having faced the fact that they cannot order an improvement in car mileage tonight without disrupting the automobile industry, perhaps this could be done within the next two to three years.

Let us assume for the moment that one believes in the principle that the manufacturers themselves have the greatest self-interest in building a car which actually gets better mileage. It is in their own self-interest to keep cars as marketable commodities for as long as it is possible to do so. On the assumption that we will run out of hydrocarbon product to burn in them, it is presumably in their own self-interest to ensure that we can use that fuel efficiently for a long time. If one also accepts the principle that consumers understand what is happening and will buy cars which are more fuel-efficient then, in fact, one does not need to do anything in terms of the minimum consumption standards other than to let the marketplace have its way.

We should consider ways of improving automobile efficiency without getting into greater regulation, greater burden and greater intrusion. The proposals we have brought into law over the years have meant that we now operate cars at about 25 per cent less efficiency. Again I am assuming that it is possible to relax those standards without damaging the market, and I suggest it is possible as shown by the studies carried out in the United States. If we do this, then it makes just as much sense, if not more sense, to begin to look at what is being done in that area in order to achieve the goal the minister says the government wants to achieve; that is, greater efficiency of gasoline usage.

As well, one must recognize the cost of engineering, producing and putting into cars the equipment which had to be brought on stream at an extremely fast rate in order to meet mandated emission control standards. The consumer is at present paying $1500 to $2000 more for an automobile today than he needs to pay for a car which would be 25 per cent more fuel-efficient and would produce no more damage to the environment. The prices of cars in this country have been driven up by that amount. One starts to realize that one of the reasons the automobile industry in North America is in trouble is not simply that the Japanese build cars more efficiently because they started later. It is not simply that the American and Canadian manufacturers in all the automobile plants need to retool and restructure and must have time to do that in the competitive environment. It is becoming increasingly clear that the reason the industry is in trouble is that the government has brought it on through a hastily-drawn regulation in the emission control area. Obviously, very few of those who drafted it are ready to admit it yet. That makes perfectly good sense. After all, if one were responsible for bringing in the emission control regulations, one would realize what the statistics show. One realizes, for instance, that the emission control standards were brought in exclusively with respect to automobiles and trucks affecting only 40 per cent of the transportation sector in terms of fuel consumption. We should consider all of the other machines which emit pollution into the atmosphere by burning gas. It may seem incredible but it runs right down to gasoline lawnmowers, snowmobiles and the vast number of machines which actually burn gas which are not subject to emission control standards. If one looks at the statistics, one realizes that if all of the emission control standards were taken off, the increase of nitrous oxides released into the air would be one one-thousandth of 1 per cent, according to the most reliable estimates.

• (1910)

It is therefore not difficult to understand why those who drafted the legislation currently in the United States in response to the democratic political intitiatives in 1968 had to be replaced by a different administration before they could admit it was not having the effect everyone claimed it was having in terms of cleaning up the environment. Similarly, it will be difficult for those responsible for the legislation in Canada for the past 15 years to admit that it has not had the effect of cleaning up the atmosphere that we talk about.

As we begin to look at this approach over the next three of four years, we should look for ways to make our automobiles more efficient, which is good, and keeping our people at work which is also good. We must understand that we are saying to Canadian consumers, no matter whether they live in Flin Flon or St. John's Newfoundland, that they must pay $1,500 or $2,000 more for a car than they would normally pay. This is to try and attack a problem that does not exist. If it did exist, it would only exist in terms of major urban centres if there was a geographic conversion problem.

The only city covered by that is Toronto. We must realize that up to 84 per cent of oxides and sulphides released into the air in the Toronto area are now regarded as coming from generating stations on the other side of the lake. We will be saying to Canadian consumers in other parts of the country that they must pay $2,000 more to purchase a 25 per cent less efficient engine because it might affect me and my constituents in Toronto a tiny little bit. We must begin to look at that. We will conclude over time, as least I hope we will, that the single best way to do what the minister says in this bill needs to be done, on the basis of the best evidence today, to improve the efficiency of automobiles and to use less gas is not to discuss some form of quota, additional regulations or mandatory gasoline consumption standards.

As an aside, I would say that either we will have standards adopted through regulation which the manufacturers agree with, in which case we do not need the legislation, or, if the experience of this government in terms of its regulatory power over the last 15 years is to be believed, we will invent standards through bureaucrats in Ottawa that the manufacturers know will not work, in which case we will impose them if the minister is correct.

The consequence of that will be that we will wind up increasingly disrupting an industry, potentially for what? On an annual basis, that difference may only be 0.2 or 0.5 litres

per 100 miles of driving. That may be the kind of difference we get in mandated fleet averages. The cost of that disruption in terms of job loss is huge. That is what we now know from the emission control side. We have not achieved major reductions; we have achieved a major loss of jobs.

If we take the time to look at this question, we will inevitably come to this conclusion. The single best way to achieve the objective of reduced consumption of oil in cars is not to talk about mandating industry averages but to begin to review what we have done in a regulatory way in Canada to make the construction of automobiles in this country more time consuming, more expensive and more and more subject to government scrutiny.

I said I would not speak at length. It is not my intention to speak much longer. I will close with this. I hope the minister is correct in his comments on the bill when he says he does not intend to proceed with mandatory minimum standards. I fear that is not the case. I urge all members to look at this question in terms of whether there are better ways to make our automobiles more efficient and to reduce our consumption of gas.

We should look, with the experience of the effect of excessive government regulation over the past 15 years, at better ways of achieving our goal than contemplating additional regulation. As a general rule, we should realize that regulation is useful and important when it serves the public good. For example, no one in the House would quarrel with regulations relating to the safety of automobiles. No one in the House would abandon the idea that automobiles should not be sold in this country unless they are safe to drive. When there is evidence that we must pay more than need be and that energy is being used inefficiently to achieve at best an environmental improvement, if we are to take seriously the issue the minister says this bill is about, I intend to go on urging a review of the regulations, notably in the emissions control area. They are causing job loss, additional cost and cause us to use more oil than need be used for apparently, on the basis of the most recent evidence, no significant benefit. It is only for that reason that I rose to speak tonight. I hope and pray that we will see the wisdom of what transpired in this area in the United States in the last year.

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, I wish to place some remarks on the record concerning the bill presently before the House.

We must try to develop an effective program for a fuel-efficient automotive industry. As the minister pointed out, the transportation industry consumes an enormous proportion of the energy that we either develop or import into this country. Any savings in that sector, which is a maximum consumer of that worthwhile energy product, is certainly a worthwhile endeavour.

Unfortunately, when proceeding through the bill we find we are in a very typical situation that we find with the entire energy program. The goals as stated are generally sound in the sense that they purport to implement conservation and to proceed in a very rational manner. However, when we go through the material in the legislation, we find that it is not a strong program. In fact, the government is backing away from its commitment to conservation and alternate energy. The bill provides loopholes which permit the industry to avoid what is seen by the Canadian public as acceptable and desirable levels of conservation and, in this case, the conservation of liquid transportation fuels. The previous speaker pointed out that conservation is extremely important. Unfortunately, he and his party are mistaken in many ways in believing that the marketplace alone will provide the correct approach to conservation. He is also mistaken in thinking it will develop the correct and acceptable product to serve the long-term interest of all Canadians. Without some form of guidance, some form of incentive, some form of example, the marketplace will probably provide the cheapest product that will return the greatest amount of money to the producer. That goal is not necessarily consistent with the needs of all Canadians. Unfortunately, the bill, although recognizing the need to conserve fuel through more stringent automobile consumption standards, does not provide the mechanism by which the accountability of those corporations can be ensured.

• (1920)

Our intention is to vote against this particular bill. Those consumption standards are not adequate and are not clearly defined, and a progressive and effective program for fuel efficiency standard has not been developed. There is no opportunity to develop conservation in a voluntary program, a program in which the government intends to try to jawbone or sweet-talk the industry into providing these standards.

A colleague who spoke before me hit the nail on the head when he said that the automobile industry is a North American industry; that this, is not a Canadian industry. The Americans will develop those automobiles in such a manner that they can survive in a very tough and competitive industry at this point in time. In the past, the auto industry, along with other industries with a North American orientation, have bashed the Canadian government into the earth when it has attempted to sweet-talk or jawbone them without putting in place an effective program of restraints. So, by and large, I do not think that the government intends to carry this through. This is certainly another Liberal sweet-talking proposition without enforcement. Clearly we support—and I think it has been supported on all sides—the concept of fuel efficiency standards for automobiles.

Again, as the minister pointed out, there is a need to provide for conversion from automobile fuel systems that involve gasoline and oil fuels into propane natural gas and other alternative fuels. Those programs are largely token, and not serious enough at this point in time.

Another objectionable facet of the bill—and again we take exception to the pasture of the previous speaker—is the matter of emission control. There is a recommendation in the report of the subcommittee report on acid rain that Canadian emission standards be brought down to the point where the United

States emission standards are the ones adopted. The current U.S. standards of one gram per mile emission of nitrous oxides are far superior compared to the situation we have in Canada where we have an allowable emission standard of 3.1 grams per mile.

I would point out that with those emission standards, with the development of engines in Canada that do not recognize the important source of contamination of the environment, we are not going to ensure that those engines will curtail the emission of those contaminants, and therefore we will not support the bill on that basis.

In Clause 3 of the bill there is another point that is not acceptable. Throughout the committee hearings on Bill C-48 the opposition complained bitterly that the legislation did not spell out the goals and the mechanism by which we would reach these goals, this state of Valhalla, how we could reach a new effective national energy policy, but it allowed ministerial discretion. It allows the government, by regulation, to set goals and procedure. The unfortunate point is that this particular legislation in front of us today provides the same type of government by regulation, by ministerial discretion. Certainly, that is an offensive feature of this particular legislation.

In terms of the cabinet's ability to make regulations on fleet consumption standards, there appears to be a bit of contradiction on what the government proposed in the past. The background paper to Bill C-107 indicates that the government's goal is 8.6 litres per 100 kilometres by 1985, yet the Department of Transport announced in October 1981 that the desirable Canadian goal for fuel efficiency was 8.6 litres per 100 kilometres by 1982.

Again the government is backing away from a strong fuel efficiency commitment, and once it backs away from that commitment it will make regulations for enforcement, and then the enforcement will be put in place by ministerial discretion. Our party will not be supporting the bill, on the basis that we have had enough of this legislation, legislation through regulation and ministerial discretion, setting the timing of the policy. It is certainly not acceptable to us. The history of this government is that it has failed when it comes to mustering the resolve, necessary to put forward and enforce those goals in the interests of Canadians.

We find time after time that the interest of the oil companies and other major corporations is chosen, at the expense of the consumers and at the expense of small business. That has been the order of the day. This is government fear and lack of resolve. This is the history that has brought us to the sorry state in which we find ourselves today. As other members have pointed out, it is not the Conservative Party and it is not the New Democratic Party that has brought about this chaos within our energy policy, or the lack of an effective conservation program; it is the Liberal government and its lack of resolve in this area.

Another unacceptable feature in this particular legislation appears in Clause 5 in which the auto companies are given three years' grace before the new standards have to be met. That is unfortunate in some respects, but that is probably not the most offensive part of the legislation. If you are going to impose serious fuel efficiency standards on the auto manufacturers, if you are going to encourage Canadian companies or development companies to become involved, certainly there has to be lead time. Lead time for development of fuel efficiency engines is important, and the government must specify very clearly what is expected of the producers, and it must have in place a definition of what is wanted and needed by Canadian people. That is reasonable and just. It shows resolve in bringing about an effective fuel efficiency program. In that way those producers who need the lead time for development know what is expected, they know the targets they are working towards in order to produce the desired results. But when you waiver, when you lack resolve, and say, "Well, we are going to try and sweet-talk you into it," then the ultimate objective becomes the cheapest product possible, the one that will turn the greatest profit. Corporations can then cajole the government out of its commitment to fuel efficiency in favour of the dollar. The three years' period of grace would be an acceptable period and would make sense, if the government were determined to enforce fuel efficiency standards and develop in Canada a more effective conservation program in the utilization of the private automobile. On the basis of the open-endedness of Clause 5, we will not be supporting the bill.

As regards penalties for non-compliance, the minister has said in the House that there will be no proclamation of the legislation, no bringing into force the section on penalties. It is interesting that he said "We are going to let this lie for a period of time, we are going to sweet-talk the companies into voluntary standards for fuel efficiency." The reality, Mr. Speaker, is that the government is not going to last long enough to see the implementation, far less the results or failures of this program.

• (1930)

It is important to those who inherit the task that there be a proper lead time. If standards are to be set, they should be set now. We should let those companies which will be getting involved in research and development into fuel efficiency know where we intend to be down the road three years or down the road five years.

With respect to Clause 11 and the penalties for failure to meet the standards or failure to respond appropriately, it is unfortunate the clause is full of tremendous loopholes. As the previous speaker for the Conservative Party indicated, no company in Canada will every be convicted. No company in North America will ever be convicted of violating this particular provision because, first, I doubt if the Liberal party will be around long enough to be in a position to see the outcome of this legislation, second, the Liberals do not intend to proclaim it and, third, even if it was proclaimed, it is so full of loopholes a company could escape a conviction under almost any imaginable circumstances.

I suppose this bill is not entirely bad. There does appear to be some attempt to use fuel efficiency to shape, or at least protect, small companies with production runs of, I suppose,

up to 1,000 automobiles a year. They would be exempt from some of the provisions in this legislation. That seems to make sense, and I suppose it is a recognition that Canada does have some footholds in the automobile industry. There are Canadian-owned operations in which specialty equipment, trucks and other vehicles are developed. As well as protecting Canadian industry and encouraging it, the fuel efficiency requirements might also even encourage employment and development. Contrary to what the previous speaker said, they might provide some opportunity or an expanded opportunity for Canadians to develop a presence in the automobile industry and especially in this specialized area.

I would like to take a few moments to develop the idea that the bill is probably another example of a token approach to what is really needed. Instead of considering this piece of legislation before us tonight and the design of this legislation, I would like to point out some of the shortcomings in the philosophy which underpins our whole system. We in our party have argued that strong legislation and programs should be brought forward, but legislation such as this and other programs the government has brought forward are tokens. Energy demonstration projects are certainly a good idea to move communities off oil and on to other more acceptable forms of energy. Conversion to propane and natural gas is certainly an excellent proposal. Insulation programs aimed at conservation are good, with the exception of the colossal failure of the urea formaldehyde mess. With that exception, these are solid programs which take us in the direction we should be going. They are the ones which ultimately will create most of the employment in this country and the development of long-term renewable alternate energy sources which would have fewer detrimental effects on the environment in the long run. I do not think anyone in this House disagrees with that. Such energy sources will be our ultimate security.

Everyone agrees that there must be a dislocation period during which the need for alternate energy and stringent conservation measures must be recognized. Those measures must be developed and implemented, and it will take time before we actually begin to realize the benefits.

Unfortunately, time and time again over the years we have seen examples of the very shortsighted policy of the government, and there has been a message in that. We have always opted for the most expensive and dangerous projects. Down the road when our children are cleaning up the mess we will have left behind those projects will be viewed as some of the most stupid ever developed.

I will touch just lightly on some hard commitments the government has made while it relies on bills like this and other programs which are token commitments. I listened with interest to the minister today as he spoke about the need for alternate energy and conservation methods. We also listened to him the other day when he spoke about his atomic energy program. The government should be prepared to spend some of the money spent on the atomic energy program on research and development into more efficient fuels for transportation or to assist in research and development into more effective engines for automobiles and aircraft. I have heard my colleagues from Saskatchewan talk about the electrification of railroads. Imagine where we would be if we were serious about alternate fuels for transportation and used some of the money we have dumped into the Candu program over the years for research and development into that. For decades Canadian taxpayers have dumped tremendous amounts of money into the Candu program.

I want to elaborate for a moment on the question of our approach to atomic energy to demonstrate where we will wind up with that approach compared with where we would wind up if we put more emphasis on conservation and alternate energy. We are aware that the Canadian government has made a tremendous investment in the development of nuclear power and the development of nuclear fuels. That investment culminated in 1974, in the fact that India used our technology to explode a nuclear weapon. India became a nuclear power and exacerbated the problem of nuclear proliferation, which is probably the most serious problem human beings have.

Alastair Gillespie was mentioned in the House just a few moments ago. He is a former minister of energy, mines and resources. The previous speaker said much about Mr. Gillespie's contribution to the energy policy of Canada. I have always remembered a statement made by Mr. Gillespie after the Indian government exploded a nuclear weapon. He said he regretted it very much but that Canadians had made a massive investment. He was asked if the Canadian government would stop the production and sale of the Candu reactor, and his answer was no. He said that Canada had made a massive investment in nuclear technology and had a right to expect a return on the investment. That statement stands out starkly in the minds of many Canadians. That is the most blatant gunseller mentality imaginable. Considering the ultimate price of the proliferation of nuclear weapons and the proliferation of nuclear wastes in the environment for who knows how long, there are not many Canadians who want that return on their investment. However, the government does not learn. Instead of opting for tremendous investments in a secure energy future and in technology for energy conservation and developing alternate sources, we continue to plow money into this very dangerous and expensive lemon.

There is now a problem in Argentina. With respect to weapons, wastes and technology failures, Mr. Gillespie's bottom line was that Canadians have a right to expect a return on their investment. That stands as the guiding policy of the government. Perhaps some hon. members opposite will stand and refute that, but the Canadian government sold a nuclear reactor to Argentina for $500 million. It was a great deal, but the unfortunate thing was that it represented a loss of $130 million to Canadian taxpayers. We paid Argentina a large chunk of money to buy a reactor. Canadian taxpayers are paying for that. Instead of investing $130 million in alternate energy to provide Canadians with a secure and safe energy future, we gave that $130 million to the Argentinians, who would not sign the nuclear non-proliferation treaty. As a matter of fact, their statement on the issue was that Argentina

wanted to keep its nuclear weapons options open. The other day the minister stood in the House and said that what the Argentinians had done was crazy. He said that if they had wanted to build a nuclear weapon, they should never have bought a Candu reactor.

On the other side of the coin, the Argentinians seemed convinced that this was the way to travel. There are other authorities who would dispute what the minister said. They would say that probably one of the best investments the Argentinians could make, if they wanted to build a bomb, was in the Candu reactor, especially if Canada was willing to continue to sell the Argentinians uranium to fuel the process. I understand that Argentina is now building two plutonium separators. That is an excellent approach if they want to build a nuclear weapon. Of course, Argentina today is a military dictatorship. It does not have very much concern for the citizens of its own country and is prepared to use military aggression in other parts of the world, and certainly could not be expected to have too much compunction about building a weapon. If that occurs, it will be interesting to see the reaction of hon. members opposite when we have to say again, "We told you so."

• (1940)

Why are we not investing that money in safe, secure sources of alternative energy—not nuclear—and in conservation programs instead? Where did the $130 million go that we spent to build a bomb for Argentina? It went to making a more dangerous world, one that is not safe and secure for Canadians. That is a very sad commentary on the government's policy. We have here a half-hearted bill regarding the conservation of liquid fuels through more fuel efficiency in the automobile engine and, on the other hand, we are making a tremendous commitment to a very dangerous and insecure source of energy.

It has been pointed out many times that we should be moving toward development alternate energy and conservation as our security for the future and that we should be building up the necessary technology. That will not come about tomorrow. There will be some dislocation and problems with putting it in place, but we are not making the financial commitments necessary to do this. This has been remarked upon by backbenchers in all parties except that the government does not seem to have the commitment to carry it out and in the long run we will all suffer.

The nuclear energy example, dangerous and expensive as it is with its lack of security, is not the only example of an insane policy which is being followed, almost in contradiction of the policies that the party opposite has developed.

The offshore oil and gas seems to be the be-all and end-all for Canadians. As in the nuclear case, it is extremely expensive. We have heard many times in the House about the cost of drilling dry holes in the Atlantic Ocean off the coast of Labrador. In the committee hearings on Bill C-48 we heard about the cost of drilling holes in the Arctic Ocean and off the coast of British Columbia. There are enormous costs and enormous risks involved.

Instead of taking the more appropriate approach of guarding and husbanding the resources that we already have in the conventional area and making the conversion as quickly as we can in other areas where we have conventional fields, we are putting all our effort into the development of the frontier and the offshore. This will cost us dearly, Mr. Speaker.

It is amazing to hear Dome Petroleum asking the Japanese to contribute $400 million in return for one quarter of the oil it discovers—if the Canadian government will rubber-stamp the deal. The Japanese are constructing one of the world's largest icebreaking tankers. That is not for getting oil from Viet Nam, Mr. Speaker; it is for getting it out of the Beaufort Sea. In the past, oil companies have agreed to take the risks if our taxpayers will bear the bulk of the cost and if they are given tax concessions and grants and if the price of the oil is set at what the market will bear. Since there is a glut of oil and the companies need a return on investment and an enhanced cash flow, they expect to export the oil.

It is a vicious circle and an expensive drain on the industrial and economic potential of this country. This is not a secure source of energy; it is expensive and it is extremely dangerous. We saw what happened with the Campeche accident in the Gulf of Mexico. An oil platform broke loose and for months and months it pumped oil into the Caribbean. Yet we are prepared to take risks far greater than were taken at Campeche.

It was interesting to listen to representatives of one of the oil companies who appeared before the committee that was considering Bill C-48. They claimed to have planted a fixture on the bottom of the Arctic Ocean and so they no longer needed the rigs. But what if that should break loose, Mr. Speaker? Would we ever be able to stop the flow? Would we ever be able to deal with it under the ice? We are fooling around with one of the most dangerous and most expensive sources of oil. All our money is going into that and we are ignoring the rational, the safe and the secure future that alternative sources of fuel conservation offer.

Our best course lies with the non-conventional fuels. Tonight the minister said he would put guidelines in place in the first phase with some legislation but that he was not going to bring the second part into force or encourage manufacturers to get serious about fuel efficiency in automobiles. Rather, he seemed to hope that their conscience would dictate the correct course to take.

We have a commitment to back foreign-owned oil companies such as Imperial Oil, Shell Oil, Texaco, Chevron and all those beauties of the past to develop our non-conventional fuel sources. We see them moving into heavy oil development in the Cold Lake project and the Alsands project. We watched them perform with Syncrude. This is a complete repetition of the cycle we have always known when the government chooses this course to be carried out by the multinational oil companies as the major players and as we get into the more expensive options, the more risky options involving large deployment of

capital. We are not talking about small entrepreneurs or gas station operators here; we are talking about corporations that are completely integrated, from gas pumps to the exploration and support services.

The small entrepreneurs in the oil business—and perhaps the Conservatives hit the nail on the head here—are not just moving, they are being driven out because we do not have a commonsense, safe and secure approach to energy development. Options are being exercised in these non-conventional areas by companies like Imperial Oil.

I have listened to many of my colleagues on the right say what a terrible thing it would be if we took Imperial Oil over. But Mr. Speaker, that would give the Canadian public a greater window on the industry, and more influence in directing the industry in the husbanding and development of that resource. The attitude has always been to let that go in and develop because they have the expertise and they can generate the capital. But all we get from them is the same old routine that we got from them with the development of conventional sources. They said they want to increase the price. They want more tax incentives, more direct contributions from the tax payers. When that was not enough, they said, "Sorry, we are going to shut it down." Ultimately they will want to export it.

● (1950)

We have been on this route before, Mr. Speaker. The unfortunate aspect is that the cycle of energy development, the mistakes and shortsightedness which have brought us to this very sorry state today, are the product of the inactivity of the Liberal government. In the early days we saw Canadian entrepreneurs moving into development of the oil industry with some relative success. From there we moved into a period of takeovers where the multinational oil companies moved in to gain control because the Liberal government ignored the need to protect Canadian consumers and businesses. We now have hit a period of crisis in which the product is in short supply and manipulations occur. Now the Liberal government is moving forward with some fairly drastic changes which could have been brought in before the takeover occurred. The guidelines could have been laid down in the beginning, saying that we want accountability, we want rational development and exploitation of that product for Canadians, not for the multinationals and their shareholders who live in other countries.

It is interesting that for a period of time those multinational corporations in Canada, led by the energy corporations, became an instrument of American government policy working in Canada. That was an unfortunate extraterritorial application of the laws and policies of the U.S. in this country. Not only was the Liberal government abrogating its responsibilities to the people for the protection of their resources but they allowed, by neglect, the American government to impose their law and economic policies in this country. However, we seem to have come to a transition point in the history of our development of energy resources in which the energy companies are spreading out into other areas such as uranium and coal development. I think they probably recognize that the oil era is passing and there will have to be development in new areas. We see them moving into minerals and other energy sources, but unfortunately we do not seem to be laying down the guidelines there and history is going to repeat itself. We are still stressing this dangerous approach of high priced conventional energy, or these equally dangerous nuclear alternatives. It is time that we took a step beyond that and said that we as Canadians are going to begin to develop and capture a technology based on safe alternative sources of energy and conservation. Ultimately that will mean a safer and more effective energy future for Canadians.

This, Mr. Speaker, is the kind of alternative we want to have to the rather insane and, if you will, stupid energy policy put forward by the Liberal government. There are aspects of it which, on the surface, look okay, such as the goals, but certainly there is no commitment to demand accountability from the energy corporations, there is no commitment to protect the resource for Canadians. Unfortunately, the bill before us does not represent that kind of commitment, and we will not be supporting it for that reason.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on the motion (Mr. Lalonde) which was agreed to on the following division:

● (2000)

(*Division No. 168*)

YEAS

Messrs.

Allmand	Bockstael	Corriveau
Appolloni (Mrs.)	Bossy	Cosgrove
Bachand	Bujold	Côté (Mrs.)
Baker (Gander-Twillingate)	Burghardt	Cousineau
Beauchamp-Niquet (Mrs.)	Bussières	Daudlin
Bégin (Miss)	Caccia	de Corneille
Berger	Campbell (Miss) (South West Nova)	Demers
Blais	Campbell (Cardigan)	Deniger
Blaker	Chrétien	Dingwall
Bloomfield	Collenette	Dion
		Dubois
		Duclos
		Dupras

Messrs.

Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Frith
Gendron
Gimaïel
Gingras
Gourde
(Lévis)
Guilbault
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
MacBain
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Nicholson
(Miss)
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Schroder
Smith
Tardif
Tobin
Tousignant
Turner
Veillette
Weatherhead—104.

NAYS

Messrs.

Andre
Baker
(Nepean-Carleton)
Beatty
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clarke
(Vancouver Quadra)
Crosby
(Halifax West)
Crouse
Darling
Fretz
Friesen
Fulton
Greenaway
Gurbin
Halliday
Hargrave
Hawkes
Heap
Hees
Howie
Huntington
Jarvis
Kempling
Kristiansen
La Salle
Lewis
Mazankowski
McCain
McCuish
McDermid
Mitges
Munro
(Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Nowlan
Oberle
Orlikow
Parker
Reid
(St. Catharines)
Sargeant
Schellenberger
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Skelly
Stevens
Taylor
Towers
Waddell
Wilson
Wright—57.

[*Translation*]

Madam Speaker: I declare the motion carried. The bill is therefore referred to the Standing Committee on Energy Legislation.

Motion agreed to, bill read the second time and referred to the Standing Committee on Energy Legislation.

* * *

● (2040)

[*English*]

CANADA BUSINESS CORPORATIONS ACT

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved that Bill C-105, an Act to amend the Canada Business Corporations Act, be read the second time and referred to the Standing Committee on Energy Legislation.

He said: Madam Speaker, the bill that we are now considering is Bill C-105, a bill that amends the Canada Business Corporations Act, a piece of legislation that was formerly a part of Bill C-94, the energy security bill. In essence, the changes this bill will make to the Canada Business Corporations Act will allow federally-chartered corporations to place constraints and, in certain circumstances, to acquire their own shares. This will permit firms to obtain and maintain specific levels of Canadian ownership among the shareholders of the firms in a manner that existing shareholders decide is appropriate.

The National Energy Program proposes a reordering of the energy industry in Canada, particularly in relation to ownership and control. Increased ownership by Canadians will help ensure that Canadian supplies will be secured for Canadian use, that Canadians will have full and fair opportunity to participate in the economic benefits that will flow from the massive investments in equipment and labour for energy-related projects, and that such projects will result in fair prices for Canadians.

[*Translation*]

Hon. members are aware that the Petroleum Incentives Program and the plan for determination of Canadian ownership rate and control status proposed in Bill C-104, an Act respecting Petroleum Incentives and Canadian Ownership and Control Determination, constitute the framework for a Canadian ownership policy as outlined in the National Energy Program. Criteria are to be established to measure the level of Canadian ownership and control in companies operating in the Canadian oil and gas industry. In fact, determination of the Canadian ownership rate is required for a number of programs connected with the National Energy Program.

The most important of these is, of course, the Petroleum Incentives Program, which will provide funds to companies on the basis of their Canadian ownership rate. The Canadian ownership rate is also an indispensable part of other areas of the National Energy Program. For instance, the Canada Oil and Gas Act requires an applicant to have a Canadian ownership rate of at least 50 per cent in order to qualify for a production licence for the Canada lands. The enterprises themselves decide whether they want to raise their Canadian ownership rate and how they want to go about it. Our position in this respect is neutral. However, in some cases, companies may wish to take steps to increase the number of shares held by Canadians. The proposed amendments to the Canada Business Corporations Act, which governs incorporation of companies at the federal level, will enable these corporations to take the necessary steps to have their shareholders meet the conditions laid down in Bill C-104.

Mr. Speaker, these changes in the Canadian Business Corporations Act were necessary. A company's Canadian ownership rate is very important for certain measures of the

National Energy Program, and it would not have made sense to set ownership criteria which the corporations would not be able to observe or maintain on a permanent basis. In reviewing the legal framework within which corporations must operate, and especially the Canadian Business Corporations Act, it became clear that the present provisions of the act were incompatible with the objectives of the National Energy Program. For instance, to achieve a given rate of Canadian ownership, a corporation might wish to buy back shares held by non-Canadian shareholders, assuming that the shareholders would be willing to sell their shares, which would then be offered to Canadians. In its present form, the Canadian Business Corporations Act would rule out these possibilities.

Let us take another example. A company might wish to impose constraints on the ownership of new shares the company is issuing. Our present legislation on Canadian business corporations would not allow this. Furthermore, without the changes we are proposing, once a company's Canadian ownership rate was achieved, it would be at the mercy of financial market transactions. New investments made by non-Canadians might substantially reduce the profits of the Canadian corporation by causing its Canadian ownership rate to drop, thus restricting its access to certain advantages under the National Energy Program or even disqualifying it for certain licences or permits.

[*English*]

The challenge to us, then, is to amend the Canada Business Corporations Act so that it provides the necessary mechanisms to allow firms to respond to the opportunities offered by the National Energy Program, while at the same time continues to provide protection to shareholders.

As an example, a firm should not be allowed to acquire its own shares unfettered by any restrictions, because this might allow the management of a firm to entrench itself. Neither should a firm be allowed to place any constraint it might wish on ownership. Such a step could allow a firm to eliminate certain shareholders, as an example, for reasons relating to differences of opinion within the company. Clearly, this kind of result would be unacceptable. As a result, the changes this bill will make, although significant in so far as the National Energy Program is concerned, are strictly limited in their effects.

The two major thrusts of these amendments are as follows: to permit firms to acquire their own shares in accordance with specified terms and conditions, and to give firms the authority to place constraints on the ownership of new classes of shares and to enforce those constraints by permitting the firm to enforce the sale of the shares of a shareholder who contravenes the ownership constraint.

To ensure that shareholders' rights are protected, we have also proposed an amendment to the act in order that these new powers will not be abused. In fact, these amendments are applicable only, and I repeat, only when a firm wishes to qualify for incentives, grants, permits, licences and the like—as an example the petroleum incentives payments—that have been established under a prescribed Canadian or provincial law, conditional on levels of Canadian ownership. I stress, they cannot be used for any other purpose. We believe these amendments continue to provide shareholders with the kind of protection they have a right to expect under Canadian business law.

First, a corporation cannot acquire its own shares if they are subject to ownership constraints. Further, if a firm acquires shares, that firm can only hold them for two years. If it were to hold them beyond that period, such shares, as is normally the case under the Canada Business Corporations Act, would be effectively cancelled. We regard this period as an adequate time in which any such shares can be resold to new owners.

• (2050)

Second, a firm holding its own shares cannot vote those shares except in the narrow situation where, although it holds the shares, it is the legal representative for someone else. And, third, if a share bears a constraint, that fact must be shown clearly and prominently on the share certificate.

I should also mention that shareholders are also protected if a corporation decides to enforce an ownership constraint. The corporation will be required to notify a shareholder before taking any action to enforce ownership constraints and to give the shareholder an opportunity to sell his or her own shares before the corporation acts to sell the shareholder out. Notice provisions are to be set out in the regulations.

In considering the changes that we are proposing to the Canada Business Corporations Act, there are some points that require emphasis.

I believe that the changes that we are proposing to the Canada Business Corporations Act are fundamentally fair—fair to companies wishing to participate in the development of Canada's energy future, and fair to all investors who have, and who will provide, the capital that allows these firms to grow and thrive.

It was in that spirit, after additional discussions with industry, that we concluded that the provisions allowing for the application of ownership constraints to outstanding classes of shares—as were contained in Bill C-94—were no longer essential.

Some hon. Members: Hear, hear!

Mr. Lalonde: Since there was little indication that firms would use this provision, and because of concerns, however unjustified, that had been raised in the investment community with regard to these provisions, the amendments in this bill have been revised to remove ownership constraints on outstanding issues of shares.

By limiting the imposition of ownership constraints to new shares, I believe we will ensure that there will be no misunderstandings among investors as to whether or not a share is constrained. By allowing firms to place additional constraints only on new classes of shares and by requiring full disclosure of such constraints, the existence of those constraints will be

clear to all investors. We will thereby avoid widespread uncertainty in the capital markets that could affect the standing and value of many other stock issues, if ownership constraints could be applied to outstanding classes of shares.

By ensuring that the changes in the Canada Business Corporations Act allow companies to take Canadianization measures only under specific circumstances and for specific reasons, I believe that we have shown once again that the National Energy Program can be, and certainly is, sensitive and responsive to the needs of the Canadian business community and the need that Canadian business has to gain access to the capital markets of the nation and of the world.

Some hon. Members: Hear, hear!

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, I am always amazed how a minister of this government can stand up and express, in what appears to be such innocent terms one of the most ominous and offensive pieces of legislation that any government has ever brought into the House.

It would be better to entitle this bill if you would, the predatory practices act, because in fact what we are being asked to endorse here is a piece of corporate legislation which literally will let some of the foxes in the business community of this country into the chicken pen.

Let me explain this. The minister has indicated that the bill's thrust is strictly limited. That is what he said, that it is limited in its effect in that, on the one hand, it will permit companies to buy their own shares under certain circumstances. He then went on to state that it will also allow companies, in effect, to buy shares that are outstanding at certain times and in that way, literally confiscate the shares of a shareholder as the directors from time to time may see fit.

Granted, Mr. Speaker, there are certain requirements that must be met before they can do that; but what I think is particularly important for us in the House to consider is what the precedent is that is being set here.

To suggest that the directors of a corporation at any time should have the right literally to buy out, or sell to others, shares, notwithstanding the fact that those shares may be owned by foreigners or otherwise, is something that is totally offensive to the concept of corporations and corporate law generally.

As you know, Mr. Speaker, the Ontario Securities Commission and certain other regulatory bodies have already expressed grave concern over this legislation. They have indicated that they believe that many individual shareholders will be victimized by those who may, through the boards of director's resolution approach, simply decide to sell out those shareholders, presumably against their will.

Let us put it into focus. Let us put into focus what the minister is really saying here. If we take a look at Bill C-105, we will find that the offensive provisions start on page 4, where it is stated that:

> A corporation that has constraints on the issue, transfer or ownership of its shares of any class or series in order to assist the corporation or any of its affiliates—

And here are the interesting words, Mr. Speaker, where it says:

> —to qualify under any prescribed law of Canada or a province to receive licences, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control may, for that purpose or for the purpose of attaining or maintaining a level of Canadian ownership or control specified in its articles, under such conditions and after giving such notice as may be prescribed, sell, as if it were the owner thereof—

That is, Mr. Speaker, a corporation through its directors may sell a person's shares as if the corporation owned the shares. It continues:

> —any of such constrained shares that are owned, or that the directors determine in such manner as may be prescribed may be owned, contrary to the constraints.

Then they go on to say that the directors must at least do it somewhat fairly and they must watch that they do not:

> —unfairly disregard the interests of, the holders of the shares in the constrained class or series taken as a whole.

In short, what is being proposed is that the directors, who are normally—bear this is mind—looked upon as some kind of a trustee on behalf of the shareholders, are going to be empowered now, notwithstanding their trustee relationship to those shareholders, to check off individually and buy out certain of those shareholders if the shareholder is deemed to be somehow in a position contrary to the constraints position.

I noticed that the minister skirted around this. But in the press release accompanying this bill he pointed out at that time that he thought he had watered down the provisions a little. Obviously he was feeling the sting of some of the opposition that had already been voiced by such bodies as the Ontario Securities Commission. The minister suggested that the amendment that has been made, compared to the comparable provisions of Bill C-94, that aborted bill, the amendment that he had seen fit to make, really would take away any particular problem with regard to existing shareholders.

• (2100)

Presumably he is referring to the new provision put in at page 9 which says that one of the paragraphs which I have referred to:

> —does not permit a constraint on the issue, transfer or ownership of shares of any class or series of which any shares are outstanding unless the shares are already subject to a constraint permitted under that paragraph.

This is what I find to be so devious about this government. It plunks in that provision, puts out a news release to throw people off guard and, in effect, tries to get the Canadian public to buy the proposition that whatever people were worried about as far as amendments to the Canada Business Corporations Act are concerned, they need worry no longer, the government has amended it and it does not affect existing shareholders any longer. Mr. Speaker, you have been in this House long enough to know the tricky nature of this government. You have known the lengths to which hon. members opposite will go to deceive the Canadian public. We know how they deceived the Canadian public simply to get elected back

to the government benches of the House back in 1980. Whatever hostility from the Canadian public hon. members opposite are sensing, it has not dissuaded them from trying to deceive the Canadian public once again with Bill C-105.

I know the reason. The little amendment the government put in covers the possibility that a shareholder will have his shares sold out from under him, notwithstanding the fact that he is an existing shareholder, but it does not cover the possibility of somebody now taking advantage of this act, if it is passed, and taking advantage of the provisions of the Canada Business Corporations Act to incorporate a new company under the Canada Business Corporations Act. Under that new company there would be share provisions which would be constrained, and then they move in like the old fox in the chicken house. They make an offer to take over the poor subject company, be it provincial—and let us not forget that—or federal. Once they have at least 51 per cent of that poor subject chicken company, then they can remove the directors of that company, cause those directors either to agree to a wind-up of the company in favour of the parent or to sell the assets of that company in favour of the parent, and guess what they are going to offer in exchange for what you owned up until then? They are going to offer you these constrained shares which this act would permit the directors to gobble up and sell to their Liberal friends—or guess who—in contravention of the Canada Business Corporations Act as it now exists.

The minister says this is a very innocent little provision and that all it is designed to do is to allow people who think they would like to share in the petroleum incentive payments somehow to put their houses in order and look after any of those foreign shareholders who might be out there who somehow or other are beyond the Canadian ownership rating that they may desire.

Let us not be fooled. There are many companies in Canada under federal laws which somehow or other have Canadian ownership requirement tests to meet. I will read out various acts, but I can tell hon. members that if they were incorporated and needed some type of licencing or other arrangements under any of the following acts, they would be subject to the provisions we are being asked to rubberstamp in the House this evening. Acts which have Canadian content requirements are the Aeronautics Act, the Canadian Radio-Television and Telecommunications Commission Act, the Broadcasting Act, the Bank Act, the Canadian and British Insurance Companies Act, the Foreign Insurance Companies Act, the Investment Companies Act, the Loan Companies Act, the Trust Companies Act, the Canada mining regulations, the Canada oil and gas land regulations, northern mineral exploration assistance regulations, the Fisheries Act, the Coastal Fisheries Protection Act, the Canada Development Corporation Act, the Telesat Canada Act, regional development incentives regulations and the Western Grain Stabilization Act. Those are acts passed only under the federal jurisdiction which have requirements within them which say that if you want to get a licence, you have to meet certain Canadian ownership minimum requirements. That would apply to those who want to utilize that "innocent little provision" that the fox over there is attempting to get this House to endorse.

I have in my hand a volume covering all the provincial acts which would be subject to the same provision. For the benefit of those who have forgotten the wording used by the minister, he covers not only federal laws but also provincial laws. The bill states:

> —to qualify under any prescribed law of Canada or a province to receive licences, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control.

It is intended to catch not just those federal companies which have to qualify under the acts to which I have referred but also provincially incorporated bodies which wish to do things which require licences.

The list of statutes I have in my hand is broken down by province. Perhaps hon. members from provinces other than mine would like to know some of the statutes in their provinces which will be affected if this legislation goes through. The following is a list of the statutes of Ontario which we will have to watch from now on, if the fox gets his way: under "financial" there is the Business Corporations Act, the Collection Agencies Act, the Insurance Act, the Loan and Trust Corporations Act, the Mortgage Brokers Act, the Real Estate and Business Brokers Act and the Securities Act. Those are all Ontario acts requiring licencing. In the energy sector the Ontario Energy Corporation Act would be affected. Under "land" there is the Land Transfer Tax Act and the Public Lands Act. Under "publishing" there is the Paperback and Periodical Distributors Act and the Theatres Act. Under "transportation" there is the Ontario Transportation Development Corporation Act. There is also the Co-operative Corporations Act and the Liquor Licence Act. All of those are Ontario acts requiring some type of licencing to include a Canadian ownership requirement. If the provision we are being asked to consider passes—it is certainly a unique provision in corporate legislation in Canada and possibly in the world—all those Ontario acts cover companies which require licencing only after there is a certain COR rating, and a predator, as I said earlier, could use this new Canada Business Corporations Act to move in on you, gobble you up and give you the shares that he in turn, if a foreign element was involved, could sell out at whatever price the directors felt was fair.

I hope hon. members will not take this lightly. The government has shattered our oil and gas industry dramatically through the National Energy Program. This was discussed, for example, in the April, 1982 edition of *Executive* magazine.

Mr. Lalonde: Don't believe that.

Mr. Stevens: The minister says, "Don't believe that". If he has read it, I am sure he wishes that much that was written had never been written. Leave it to him; he would try to shut off that kind of free press.

Some hon. Members: Oh, oh!

Mr. Stevens: This is what one columnist had to say in that magazine about the minister's National Energy Program under the heading "Canada's Collapse Began with the NEP":

• (2110)

Before NEP, the strontly rising volume of investment in oil and gas exploration and development had been driving the whole economy forward. Every dollar invested by the petroleum industry multiplied two to three times through the economy in purchases of equipment and services.

Since NEP, the industry's investment here has been drastically reduced, by 30 per cent to 40 per cent through 1981 and by at least that much again this year. These are not now recoverable funds. They have either been committed outside Canada or absorbed by government.

Mr. Lalonde: He has got his facts wrong.

Mr. Stevens: The minister says he has got his facts wrong. I would challenge the minister to stand up and debate the question that John Meyer is referring to and show us what he believes is wrong about Meyer's statement.

Mr. Lalonde: Mr. Speaker, I will be very happy to rise to the challenge and bring to the attention of my hon. friend a report issued by the United States Department of Commerce last week. I will not quote a Canadian document because the Conservative party does not believe in anything done in Canada or in Canadianization, so I will go to the Americans and quote the document prepared by the United States Department of Commerce. It foresees that in 1982 the subsidiary companies of American corporations in Canada in the oil and gas business are going to increase their investment by 28 per cent compared to last year. That compares with increases of an average of 18 per cent in the rest of the world by the same corporations. American investors have more confidence in this country that the Conservative opposition does.

Some hon. Members: Hear, hear!

Mr. Stevens: I thank the minister for helping to make my argument, but he missed the point. John Meyer said that investment had been reduced by 30 to 40 per cent in 1981. The government is now collecting figures from the Department of Commerce in Washington that show investment will be up by 18 per cent—

Mr. Lalonde: Twenty-eight per cent.

Mr. Stevens: —by 28 per cent over last year. But having fallen 30 to 40 per cent last year, if the minister is correct, they are still not back to where they were in 1980!

Mr. Lalonde: Try again.

Mr. Stevens: The minister has demonstrated that there has been a slowdown as far as the National Energy Program is concerned and that it has affected our economy.

Let me go on and quote what John Meyer said, quite accurately, in other parts of his column. He said:

For the better part of a decade, government has been reaching out to capture key elements in the economy, to transform them into instruments for implementing its vision of the corporate state—that is, one in which political authority is assured by control over investment and production.

How relevant that comment is in relation to Bill C-105. I have dealt generally with the effect Bill C-105 would have and the fact that it would allow companies to become very predatory in the corporate field. But it will also apply to government owned companies, to those that the minister claims he wants to have incorporated under the Canada Business Corporations Act. I can see the possibility that not only would private concerns be taking advantage of these confiscation provisions that the minister wants us to accept, but Crown corporations will be going after other companies in this country.

John Meyer gives figures to demonstrate the deterioration of our economy, faulting the National Energy Program and pointing out that it is this state interventionist type of approach that is causing such dramatic deterioration in our economy. For example, he states as follows:

Many explanations for Canada's fading economic performance were given through the 1970s. The most persuasive was that having passed through its development phase, the economy had now reached a maturity in which policy emphasis should be on the redistribution of wealth rather than the creation of new wealth.

That, unfortunately, appears to be the government's main thrust—do not create something new but concentrate on redistributing what others have built up in the form of wealth.

I would emphasize that this provision is unique. It will set the precedent of allowing the directors of a company literally to have the power to sell out shareholders because those shareholders have, somehow or other, been deemed to have contravened certain share provisions.

Let us not forget the traditional role of a director as far as a corporation is concerned. In England, directors are treated as a profession. They are invited, as professionals, to join a board, and it is clearly understood that their duty on behalf of the shareholders is to supervise, control and regulate the officers of the company so that they will work in the best interests of the shareholders. It is a trustee-shareholder relationship. They find the more Americanized type of approach very strange where officers of a corporation actually sit as directors.

Perhaps if we turned to some of the text books on corporate law we would get a better understanding of how important it is to preserve this fiduciary relationship between shareholder and director. In Fraser's Handbook on Canadian Company Law, Sixth Edition, 1975, which is edited by Horsley and Sutherland, there appears the following passage on page 1:

Among other advantages of incorporation is the control which the shareholders can exercise over those who manage the company's undertaking, viz., the directors. The latter are special agents and have only such powers as are given them by the governing statute and the regulations of the company.

That has been the corporate law, and the tradition up to the present time. What the minister, in his devious way, is attempting to do is basically to change the whole corporate approach in Canada. He is now suggesting that those directors, after having been elected by shareholders, should have the power, in certain circumstances, to sell out the very shareholders who may have voted to put them in power. It is like setting up a trust and, having appointed various trustees to handle the affairs, in turn giving them by statute the power to sell out the

beneficiaries because they do not meet certain tests that the directors feel should be met because they want to apply for some licences or get into some other activity. That is what I feel is grossly unfair in the government's approach in this bill.

The same attitude is taken in another text book entitled Canadian Business Corporations, edited by Pilkington and Prichard. At page 286 there appears the following statement:

> Since directors and officers are entrusted with the management of the property and assets of the corporation, which in turn is owned by the shareholders, they are subject to fiduciary duties.

That is the essence of what we are talking about. It is not right, through a statutory provision, to allow those directors to literally defeat the fiduciary relationship they have been put in.

The reason that it is important that we persuade the minister to back off his intentions is that not only will it have consequences in Canada on Canadian investment—it may set a very nasty precedent that will be adopted in other statutes—but it is going to advertise to the world that Canada is no longer a country where you can have the economic freedom that people in the western industrialized nations have generally expected.

Mr. Blenkarn: He wants to make us a banana republic.

• (2120)

Mr. Stevens: It will put us in the position where investors from other countries, before they put their money at risk in Canada, will draw back and say that it is a rather peculiar country we have there. At least their government on occasion has empowered people literally to buy us out at some price to be determined by them, selling to some person to be determined by them, and from then on we will have no further rights other than to claim whatever money they deem to be appropriate with respect to our investment. How would you feel if you were thinking of making an investment in New York State or California and your lawyer told you that under certain circumstances you may be sold out with absolutely no control over the proceeds from your initial investment? That is what this minister is proposing.

These proposals are not only with reference to the resource field, as he says. He is proposing a basic change to the Canada Business Corporations Act which will affect any corporation which desires to be licensed under a federal or provincial act, and I have referred to some of them. They need to show a certain Canadian ownership level. That is what he is proposing. That is why I think it is time that we in the House said, "No, Mr. Minister. You may want to help your friends"—and we know the friend he is trying to help—"but you had better find another way rather than changing the whole corporate law of this country." In short, if he feels he has difficulty in allowing people to comply with whatever regulations he is putting in place with respect to Canadian ownership, that is his problem and his friends' problem. It should not only every federal company but, indirectly, every provincial company as well.

There was an interesting article entitled "A Survey of Economic Freedoms" written by Lindsay M. Wright, a research associate with the Comparative Survey of Freedom. He discusses various aspects of democratic freedoms, including economic freedom. He points out:

> In order to determine their personal and collective economic destinies, individuals and groups must be able to enjoy certain economic freedoms that protect them, within the limits determined by society, from arbitrary and illegitimate interference by others in their economic activities. The four basic economic freedoms considered below are (1) freedom to have property, (2) freedom of association, (3) freedom of movement, and (4) freedom of information, as these relate to economic activities.

Hon. members will note that the first one listed is freedom to have property. It is that freedom which we are taking away tonight if we agree to go along with the minister's suggestion that under certain circumstances property can be confiscated in the way he is proposing. Bear in mind that once you detract from economic freedom, you will have an equal detraction from political freedom. In short, this is something which must be resisted, and I only hope that members who feel there is already too much government encroachment in Canada, too much statism, will stand up and be counted on this issue. Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I could not help hearing the groans from my colleagues behind and around me as the hon. member who just spoke so well went on and on and on. It reminded me of a book I used to read in law school on company law. I suppose some of my colleagues can thank God they never went to law school.

In speaking to this bill I want first to deal with some remarks of the minister and then with some of the points made by the last speaker. I would then like to go into some of our detailed criticisms of the bill. The minister said a few minutes ago, "Increased ownership by Canadians means Canadian energy supplies will be secured for Canadian use". One has to ask, Mr. Speaker, increased ownership by whom, by how many Canadians? The answer is, by few Canadians, by shareholders. Most of the people in my riding do not own shares of companies. As a matter of fact, very few people in the country own shares, considering the total population.

In spite of the rhetoric about property rights we heard from the previous speaker, basically what the government proposes is a Canadianization program through private shareholders. That has been quite clear in the last few days in the House. It will be achieved by the PIP and COR programs, by giving $6.5 billion in grants to private Canadian companies. So the question is, I suppose, if we give control to these shareholders, if we give ownership to these few Canadians, can we have energy security? That raises the question of whether they will act any differently from the way shareholders, directors and officers of oil companies have acted in the past, that is, foreign-controlled oil companies, because you will recall that this is a country which has let its oil industry be foreign-controlled to the extent of about 70 per cent or 75 per cent. No other OECD country would permit that, as the minister pointed out the other day.

We have to look, Mr. Speaker, at the history of how private shareholders of Canadian energy companies and the private companies have dealt with our energy security. I think most Canadians can understand that history, because you do not have to be a historian to understand that. There is a tremendous pressure to export energy when it is found. I was just reading an article by Eric Kierans, a former Liberal minister, entitled "The Day the Cabinet was Misled". He talks about the pressure on cabinet, about the invasion of Ottawa by hordes of industry and association representatives and lobbyists. He talks about how cabinet was misled into authorizing the export of half our daily production of oil and a great deal of our natural gas. Canadian energy companies have always wanted to export because they want to make a buck, and that does not necessarily square with the energy security of Canadians. I think this is the point which perhaps my friends to the right miss.

In addition, history shows that these companies tend to invest a lot of their money abroad. That does not square with the energy security of Canada either. When they do not like taxes, they take the rigs out of the country. We have heard that cry for the last year in the House by spokespersons for the industry. If they do not like the taxes, they go on strike. They will not build the Alsands project or the Cold Lake project. So whom is the minister kidding when he says that increased ownership by Canadians through this fiddling with shares—because that is what it is—means that Canadian energy supplies will be secured for Canadian use? The minister is not kidding the Canadian people nor is he kidding us in this corner of the House.

• (2130)

The key to making energy supplies secure for Canadian use is to put Petro-Canada in the driver's seat. Petro-Canada should be the predominant company in the industry and should direct the exploration and use in the marketing of Canadian energy supplies. No one in the House will go that far. I submit that is what the Canadian people want. That is what any Gallup poll taken in the last few years has shown.

Mr. Blenkarn: Don't be too sure.

Mr. Waddell: My friend says "Don't be so sure." I refer him to a poll taken by the committee to Canadianize the industry in Canada. That poll showed that 70 per cent of the people wanted to make Petro-Canada the predominant company. I know my friends to the right wanted to get rid of Petro-Canada. I do not think people liked that. As a matter of fact, my friends backed off four times. They had four separate policies.

There is one difficult aspect of the debate to get across to the Canadian people. In a committee hearing today, Joel Bell, vice-president of Petro-Canada answered the question: what is the leading oil company in Canada? The answer is, Imperial Oil is. It is controlled by Exxon of the United States. What is the leading Canadian company, Mr. Speaker? Is it Petro-Canada? No, it is Dome Petroleum. Petro-Canada is about fifth on the list.

The goal of 50 per cent Canadian ownership by 1990—not control but ownership, which is easier to achieve than control by the government is too little too late. This pathetic piece of legislation will not change that situation very much. The minister caved in on that legislation. Contrary to what the member for York-Peel (Mr. Stevens) said, this legislation is really nothing now. It has been gutted. I will enlarge on that in a few minutes. The minister said, "It is no longer essential"—which is an understatement, to put it mildly—"that the legislation contain provisions that existing shares be affected". In other words, this legislation does not affect existing shares. The whole thrust of this legislation has been cut out. I cannot understand the hon. member for York-Peel. I know he is a genius. It takes a genius to bankrupt a bank these days.

Mr. Stevens: Who did you have in mind?

Mr. Waddell: I know he is that kind of corporate genius.

Mr. Stevens: Who did you have in mind?

Mr. Waddell: The Conservatives tried, by ringing the bells and so on, to oppose certain aspects of this bill, not only to break it up, but to oppose certain aspects of the whole energy security bill. One of the aspects they opposed, especially in the negotiations to break up the bill, was this very provision affecting existing shares. Pardon the vernacular, but this is what they are all uptight about. This is what they are really concerned about. The minister caved in on this part. That is why I cannot understand my friend standing up and snatching defeat from the jaws of victory. As I say, it is not logical that he should find what I think are rather extended means of opposition to this bill. I cannot see it. If you cannot sell out existing shareholders, why is it so different if you are talking about future shares? As long as you protect existing shares, you would think the hon. member would be happy. This is not a radical bill by any means.

I want to deal with the bill a little bit. The amendments in the bill are to provide a mechanism whereby corporations will be able to obtain and maintain their Canadian ownership rate required to qualify for the PIP grants. As you know now, Mr. Speaker, the government's method of Canadianization—unlike the method that we would propose, which is to make Petro-Canada the predominant company by taking into public ownership swiftly and fairly, but solidly and soon one of the major foreign-owned oil companies—is to go to a very complicated scheme, I think unworkable, of PIP grants, the COR ratio, with legions of bureaucrats and a lot of paper work. This is what the amendment to the Canada Business Corporations Act deals with.

Last year a draft of the energy security bill was prepared. Then we had Bill C-94. That was subsequently broken up into a number of bills. We are dealing with one of these bills tonight. Originally, Bill C-94, the omnibus energy security bill, allowed Canadian oil companies to buy back, cancel or reclassify the shares held by foreign investors even if the foreign

investors objected. The foreign investor would have been reimbursed. But now the government has amended Bill C-105 from the original version, Bill C-94. The addition of Section 168(1) found on page 9 of the bill prohibits a company from constraining existing shares held by foreigners. In other words, companies will only be allowed to constrain future share issues. Foreigners holding existing shares are protected from having to give back their stock.

This is what the minister meant when he said "That is no longer essential." He just gutted his whole bill. This backtracting by the Liberals indicates how they bowed to the pressure of foreign investors, particularly in the United States. The Liberals continue to talk a good fight on promoting Canadianization, but their actions are speaking louder than their words. There is a tremendous lobby behind the scenes by the American government, by industry and by members of the Conservative party in the House especially, to get the government to back away from the thrust of the National Energy Program. The lobby is having some success. The government is backing off. What would you expect of the Liberal Party, because when it comes right down to it, in spite of the occasional outbursts of creation like that of Petro-Canada or the original thrust of the National Energy Program, the Liberal Party is still a party which finds its roots and finances in big business. You should not forget that. It is also a party without a philosophy. It can get buffeted about in the pressure of the day. It is, as Eric Kierans said before he quit the cabinet in disgust, easy for the cabinet to get misled. He gave some instances of the cabinet being misled by hordes of industry and association representatives and lobbyists. They have far more power and influence than the ordinary person in Canada has. That is perhaps the great tragedy in the country and in the democratic system. It is those with money, power and influence who have that kind of ability to change government's views and to make government backtrack when coming out with progressive policies.

Had the government stuck by the original draft of this bill, we might have been prepared to support it, but this backtracking is part of a pattern.

I have brought along some clippings. If you follow the government's activities over a period of time, you can see some of the backtracking from the original National Energy Program. In the Alberta report for February 27, 1981, we find the heading "NEP changes make it easier to Canadianize." It reads:

• (2140)

Boasting of his "flexibility and willingness to help the petroleum industry," Ottawa's Energy Minister Marc Lalonde last week announced changes to the National Energy Program he had unveiled with considerably more fanfare in October.

In this particular change they were talking about the new dispensation for the Canadian ownership rate required for maximum grants of 80 per cent for frontier exploration and 35 per cent elsewhere. It was changed from the requirement that the company be 75 per cent Canadian-owned, to 60 per cent Canadian-owned. Also, the Canadian ownership rate will be easier to prove. This was on February 27, 1981.

An article appeared in the February 28, 1981 edition of *The Globe and Mail* entitled, "Ottawa Plans to Modify Ownership Rules Again". It read:

Harold Renouf, chairman of the federal Petroleum Monitoring Agency, said the Canadian ownership rate . . . rules will be modified to clear up some of the tricky questions arising from stockbrokers, pension funds and nominees holding shares of oil companies.

The pressure was on!

Another article appeared in the October 23, 1981 edition of *The Globe and Mail* entitled, "PMA Relaxes Canadian Ownership Rules". It reads in part:

The Petroleum Monitoring Agency has relaxed several rules on Canadian ownership to help oil and gas companies qualify for federal and provincial exploration and development grants.

It continued:

Mr. Renouf said the PMA is still reviewing other changes—

In the "Report on Business" which appeared in the February 10, 1982 edition of *The Globe and Mail*, under the headline "Altered Ownership Rules Held Less Burdensome", the following was reported:

Modified Canadian ownership regulations will lift the administrative burden for a "signifcant" number of small oil and gas companies, according to a federal energy official.

Those are just some examples. There are many more which I could cite, such as the ones on February 27, 1981, February 28, 1981, February 23, 1982, and February 10, 1982. They were all changes with respect to Canadian ownership rules.

Here we have the latest change in the original intent to amend the Canada Business Corporations Act by allowing directors to force foreign shareholders to sell. Now that will not be done. They will only deal with future shares. This is why I call it a pathetic bill. There is nothing in it. The hon. member for York-Peel need not get all excited about it because there is simply nothing in it.

With the approval of two-thirds of a company's shareholders, a company could change the classification of its stock to constrained shares so that only Canadians could own them. As well, the company could buy back some of its shares on the open market and reissue the same number of constrained shares within two years. As a rule, companies are generally not permitted to deal in their own shares. Moreover, a company could issue different kinds of shares, some owned by Canadians only and others by all investors. Probably very few companies will make use of these provisions to bolster their Canadian ownerships levels.

Smaller companies which for the most part are not involved in exploration on federal lands have no incentive to do so because they do not qualify for the lucrative grants associated with Canada lands exploration; nor are the large multinationals likely to constrain shares. For example, if Gulf Canada bought back all its foreign-owned shares, except those held by the parent corporation, it would still not qualify for the next higher level of incentive payments. Gulf Oil United States owns 60 per cent and foreign shareholders own 20 per cent of Gulf Canada, so why would Gulf want to use these provisions to buy back shares? The simple answer is that it would not.

These are technical amendments to the act designed to allow Canadian energy companies to increase their Canadian share ownership. I have already said that I think they will have very little effect and that they have been gutted of their real power because they do not apply to existing shares. We in the NDP will vote against the bill because it is mainly cosmetic. It will have little influence on the over-all degree of private Canadian ownership. Rather than tinker with share percentages of private companies, we advocate a greater role for public ownership and stress a greater roll for Petro-Canada.

I should like to expand on this just briefly. In the last 1.5 years, $6.5 billion has been spent to increase Canadian ownership of oil and gas production by about 4.5 per cent, to about 30.5 per cent. As I said, anywhere from about 65 per cent to 70 per cent of the industry is still foreign owned, and perhaps 70 to 74 per cent foreign controlled. This is a strange method of Canadianization. People want Canadianization. Why have this strange method of grants to companies which will pretend to be more Canadian?

Mr. Fulton: It would lose its donations from oil companies.

Mr. Waddell: Perhaps that is correct. If it really wanted to offer Canadians a vision of patriating the oil industry as it patriated the Constitution, it could do so. I think Canadians want it.

The nominal corporate tax rate for the petroleum industry is supposed to be 36 per cent. However, because of the tax concessions given to this wealthy industry, its effective federal tax rate has been only 10 per cent for the period from 1974 to 1980. This compares with a federal income tax rate of 18 per cent in 1980 for a married taxpayer with two children who earned an income of $25,000. Some of my colleagues are required to return to their ridings and face average taxpayers such as married persons with two children paying effective tax rates of 18 per cent. These people see oil companies paying an average rate of 10 per cent, with parliament agreeing to give $6.5 billion to oil companies this afternoon. This is pretty obscene from the standpoint of an average taxpayer. We have to sit here day in and day out listening to hon. members, especially those in the Conservative Party, screaming, shouting and crying for the poor, poor oil companies. Our hearts bleed for them.

One should look at how other countries handle foreign ownership and control. For example, in Great Britain, the British National Oil Corporation has first claim on a 51 per cent share of oil production, and its purchase is negotiated at market prices. BNOC may offer participation to joint-venture partners including foreign-owned firms, but it retains control of all projects. It does not have just a 25 per cent equity, it has control. In Norway, Statoil, the government oil company, can take up to a 70 per cent interest in any block of land it does not already hold. Statoil takes this interest after a find, but before development, and it makes no payment for past exploration expenditures.

There was another change to the original National Energy Program. When industry was up in arms about Bill C-48 at the hearings, the minister said that the government would pay them for past exploration expenditures. The government caved in on that, but it did not cave in on native rights or environmental changes. It caved in to the big companies which wanted Petro-Canada or the government to pay.

Mr. Taylor: What about property rights?

Mr. Waddell: My friend refers to property rights. He should look at the giveaway of property. He should remember who owns the oil and gas in the country. Canadian people own the oil and gas in the country, and he should not forget it.

In Australia, foreign companies are allowed to explore, but only Australian and naturalized foreign investors can produce energy resources. To qualify as "naturalized", a foreign company must have 25 per cent of equity owned by Australians and a majority of Australians on its board of directors, and a public commitment to increase Australian equity to 51 per cent.

• (2150)

If you remember what I said about Eric Kierans in his article, he said that Ottawa was terrorized by Washington. He said that he thought of Ottawa in two ways; the capital of his country and the breeding grounds of fears and haunting visions of what Washington may do. Those constant bureaucratic nightmares make Ottawa less of a capital and Canada more of a satellite of the United States. That was not said by a screaming socialist but by a former minister of that government.

The industry in Mexico has been nationalized since 1938. What is the situation in Canada? Here we are seeking 50% Canadian ownership by 1990 as a goal. That is almost laughable. It is too little to late and it is too slow and unimaginative. Although there is a larger role for Petro-Canada, it is not the predominant role. It is the fifth oil company in this country—not the first, but the fifth. There is a requirement for 50 per cent of Canadian ownership but not control. This means that you can still have control in New York or Dallas to obtain a production licence on Canada lands. We give Petro-Canada a 25 per cent carried interest in Canada lands only. Previous owners are to be compensated for the back-in.

The Minister of Energy, Mines and Resources (Mr. Lalonde) told the *Globe and Mail* on June 20, 1981:

> The new regime is more favorable to foreign investment than in virtually any other country in the world.

There it is. Through their past policies the Liberals have put us in this mess of foreign control of our energy sector. They are now proposing to get us out of it by this half measure. Petro-Canada will play second fiddle to the Domes and the Novas. It will leave the petroleum sector to be controlled by private companies. This is not in Canada's energy security future and it is not in the public interest. In the near future a few large Canadian oil companies will be so prosperous that they will begin to take over non-petroleum interests and expand into other areas of the economy such as coal and solar energy, and other areas like shipbuilding and so on.

In 1980 the oil industry's profits alone represented almost 30 per cent of all profits earned by the non-financial sector of the economy, giving the industry a commanding position in our country's economy. As we pay more at the pump it represents a massive transfer of wealth from consumers to producers. Every time we buy a gallon of gas we are transferring more money. Given that Canadian consumers and taxpayers have and will continue to finance the growth of this industry, our only guarantee for a fair return on our investment in terms of retail pricing and security of supply is to have control of the petroleum industry rest with publically-owned Crown corporations such as Petro-Canada. It seems to me that this is too important a sector of the economy to be left in the control of the private sector, which will continue to hold the nation up for ransom for higher prices, more tax concessions and more exports of this precious non-renewable resource.

What does the government of Canada propose in the face of that evidence, which I suggest to my friends on the other side is solid and incontrovertible? I ask them to respond to that. The government comes up with these hokey PIP and COR programs which are complicated, convoluted, bureaucratic and unworkable. Even when it introduced this amendment to the Canada Business Corporations Act to allow directors of companies who have foreign shareholders to force the loosening of those shares in some way, it backed off and did not even deal with existing shares as a result of the outcry from the Conservative Party and the industry. This is a sham. There is no way that this party could support this bill.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I had hoped to learn something from the energy critic for the NDP during his remarks on Bill C-105. I heard him talk about Eric Kierans. I heard him talk about taxation and I heard him talk about Petro-Canada five or six times, but I would like to bring it to your attention, Mr. Speaker, that these bills are being debated under special House rules adopted on March 22 and I suspect that the NDP by now has used up more time allocated to them than the Progressive Conservative Party during this debate.

I suspect that they have very little time, if any, to deal with the tax measures which will come before the House because, to my understanding, at this point they are well into their six hours of the total allocation of seven hours for second reading debate.

I suggest that the NDP energy critic should learn to speak faster and to say something when he speaks rather than just use the time of the House as he has done.

It is important that we study this bill and understand that it does not just comprise technical amendments to the Canada Business Corporations Act. This is a serious bill which alters the framework of corporations in Canada. It is not an energy bill at all. It masquerades as part of the National Energy Program because it does not deal specifically with energy corporations. Indeed, it deals with corporations in general where the percentage of ownership or control of those corporations may in some way entitle a corporation that was Canadian owned or had a certain portion of Canadian ownership to have special privileges in accordance with the laws of a province or the federal government. The corporations could be involved in the manufacture of tractors, liquor or, indeed, in any commodity. Little by little, piece by piece, a province could stipulate that a corporation must have a certain percentage of Canadian ownership, and if that corporation was incorporated under the Canada Business Corporations Act where part of its operation involved a benefit to have constrained shares or shares owned only by Canadians, the provisions of this bill would then come into effect.

Therefore, I suggest that we are not dealing with a measure involving energy security. We are not dealing with Canadian ownership of energy companies in Canada. We are dealing with a very dramatic amendment to the way corporation law exists in Canada.

I say to you and to the House, Mr. Speaker, that when we deal with the basic fabric of the corporate law of Canada we must do it very carefully. We need to understand where we are heading and how Canada works in the capital markets of other countries. We need to know how shareholders and investors in other countries, and indeed other governments, view business conditions in Canada. We must regard the way financiers and lenders and those who buy the shares consider the business organization arrangements in Canada.

There are countries which have massive controls on the ownership of shares where companies can only be incorporated if there is a high percentage of that country's nationals who form the shareholders of the country. If you look at those countries which have imposed these restrictions, you will find that they are primarily undeveloped, have a poor gross national product and do not grow.

The hon. member spoke about Mexico. I am told that the gross national product of the state of Texas is well in excess of the gross national product of the entire country of Mexico. When we regard it in those terms, it becomes evident where we are headed. A free enterprise, open and private market society must be operated with as few restrictions and controls on corporate and business activities as possible.

• (2200)

Before geting into the details of the bill, having in mind the time, perhaps I should call it ten o'clock. I will go into those details tomorrow.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

A motion to adjourn the House under Standing Order 40 deemed to have been made.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS—AMOUNT OF TRANSFERS TO PROVINCES

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, on March 19, I had a question on the amount of transfers under the federal-provincial fiscal arrangements. Under these arrangements, the Government of Canada will be paying Quebec $35.2 billion. Considering the total population of this country, Quebec is receiving one-third of total transfers to the provinces. Quebec will therefore be receiving $14.6 billion more over the five-year period 1982-83 to 1986-87 than it received during the period 1977-78 to 1981-82. I asked this question because quite frankly, when I hear a speech by the Premier of Quebec, he is always talking about cutbacks. I feel that it would be an excellent idea to set the record straight once again. For instance, for health services Quebec will receive $13.6 billion over the next five years, which represents an increase of $5.8 billion over the $7.8 billion Quebec received during the past five years. During the next five years, the Government of Canada will be transferring $5.8 billion to Quebec for post-secondary education, representing an increase of $2.5 billion over the past five years. I repeat, from $3.3 billion to $5.8 billion.

Under the item of equalization payments alone, Quebec will be receiving $15.8 billion between 1982 and 1987, compared to $8.7 billion over the last five years, representing an increase of $6.9 billion. This adds up to an average increase, over the next five years, of 10.8 per cent, or a total increase of $15.2 billion. That is why I asked my question about the amount indicated in the federal estimates, and in answer to the question I put to the Minister of Finance (Mr. MacEachen), I received a reply on February 22, indicating that the amount budgeted last spring in 1981 for the equalization program for Quebec was $1.7 billion, and because of changes in the votes this was increased to a total of $2.1 billion at the end of the year, which means an increase of $400 million over the past year.

The Premier of Quebec has never mentioned this increase. And this year, with an increase from $2.1 to $2.5 billion, will bring another increase of $400 million. I should like to obtain confirmation from the parliamentary secretary regarding the amount, which I believe to be accurate, to make sure there are no discrepancies in the figures I used this evening.

• (2205)

[*English*]

Supplementary estimates C for last year show fiscal equalization for Quebec at $268 million, and Supplementary estimates E list Quebec at $9 million, for a total of $277 million.

I would like an explanation from the parliamentary secretary to clear up any doubt, since I have referred to an increase of $400 million for last year. Because I want no misunderstanding as to the accuracy of the figures I have read for the current year, the year just beginning, the parliamentary secretary might like to explain the reason for the discrepancy to which I referred in the question which I put to the minister on March 19 last.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, may I begin by complimenting the hon. member for Vaudreuil (Mr. Herbert) for correctly underlining the size and the importance of federal transfer payments to the province of Quebec. The hon. member has quite rightly pointed out the significance of these payments to the ordinary people and the quality of life in that province.

There is an increase of $340 million in Quebec's 1981-82 current year entitlement. That represents the difference between the first official estimate of January 14, 1981, which was $1,780 million, and the latest or third official estimate of December 29, which was $2,120 million.

For any given fiscal year, three estimates of current fiscal year entitlements enter into the determination of the actual payments to an equalization receiving province with respect to that fiscal year. Other calculations of prior years' entitlements are also completed during the course of the year and the results of these re-estimates can also have an impact on the actual size of the cheques which are sent to the provinces.

As this information from the current year and prior years becomes available, the remaining payments to the provinces in that fiscal year are adjusted and the next available set of supplementary estimates are used to tell the House of the changes to the cost of the equalization program.

Therefore, starting with the main estimates current year entitlement for all equalization-receiving provinces of $3,627 million, if one then adds the amount in supplementary estimate C of $358 million and supplementary estimates E, $105 million, one arrives at the third official amount of $4,135 million for 1981-82 current year entitlements.

As for the province of Quebec, which receives by far the largest portion of equalization payments, if one adds to the main estimates the amount of $1,842 million, the increase of $268 million listed in supplementary estimates C and $9 million in supplementary estimates E, one arrives at $2,119 million, the level of payments which that province will receive in 1981-82 for the current year.

I again congratulate the hon. member for Vaudreuil for taking the time to bring to our attention this very sizeable payment from the federal government to the province of Quebec.

GOVERNMENT ANNUITIES—YIELD TO PURCHASERS. (B) REQUEST THAT GOVERNMENT REDEEM LOW YIELDING ANNUITIES

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, on Thursday, April 1, as reported at page 16042 of *Hansard*, I questioned the Minister of Employment and Immigration (Mr. Axworthy) regarding the current yield to purchasers of government annuities.

• (2210)

Like many holders of these annuities I am concerned with the fact that since 1976 there has been no increase in the yield from these annuities, in spite of the 1976 recommendations by the minister's department that returns from these investments would be adjusted to reflect the cost of living increases and increases in interest rates. The minister's answer was that he and his department were aware of the situation and that he would be discussing it with the Minister of Finance (Mr. MacEachen).

However, there are several questions that remain unanswered. Positive answers would go a long way to help satisfy the legitimate concerns of annuity holders across Canada. Such questions would encompass why there has been no increase in the yield in these annuities since 1976, in spite of the promise made at that time that such increases would be made to reflect the higher interest rates and the cost of living.

The minister's answer to me indicated, as well, that a study would be made in this regard, and that he would be reporting to Parliament the result of this study. We can only hope that such a study will recommend that some positive action be taken.

I would recommend to the minister, in light of questions raised by several of my constituents who hold government annuities, that consideration be given as well to a possible retroactive increase in the yield, to reflect the upward spiral in the cost of living since 1976.

When the minister is setting up the study, he should be aware as well of the disparity between the rate of return on investment between the government's annuity plan and private annuity plans. Mr. Speaker, a 7 per cent return on investments, which is the return received today from government annuities, is completely inadequate, especially when we compare it to that from comparable policies in the private sector which offer at least double that amount. The government return of 7 per cent may have been a realistic figure back in 1976, but with interest rates and the cost of living at record-setting levels, the policyholder's savings are eroded very quickly.

I would ask that the government realize this injustice and remedy it as soon as possible, so that these Canadians who invested in their government in good faith will receive a more realistic return. Otherwise, their investment for retirement will wither away to nothing in the face of double-digit inflation.

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, in answer to the question put by my hon. colleague, I may remind him that on June 25, 1981, the then parliamentary secretary to the Minister of Finance, the hon. member for Ottawa Centre (Mr. Evans), told the House that after assessing the situation, the conclusion was that there was no reason to increase the yield of government annuities. He pointed out that government annuities were long-term, contractual agreements and that their yield could not be compared to the rates of interest payable on short-term financial instruments, because of their fundamentally different nature. He went on to say that it was important to bear in mind the contractual nature of annuities and the potential effects of a change to the terms of these contracts on other financial instruments, both in the public and private sectors. He concluded that the only viable solution to this difficult problem lay in the pursuit of monetary and fiscal policies that would serve to reduce inflation and thereby reduce interest rates for all Canadians.

The remarks of the hon. member for Ottawa Centre are as valid today as they were last year. We shall solve the problem by taking steps to moderate inflation and thus bring down interest rates, an objective to which the government is firmly committed. Considering the concerns expressed by many hon. members, both this evening and during the past months, and in view of the fluctuation of interest rates during the past year, the minister is prepared to order another study on the yield of government annuities. Officials of the departments concerned will commence the study within the next few months and will make a decision on the basis of their conclusions.

I am convinced, Mr. Speaker, that the recommendations made by the hon. member, including those concerning a retroactive increase and the disparity between private and public annuities will certainly be considered by the officials who will undertake this review.

Questions concerning redemption of the annuities are also asked occasionally. The policy of the government is to reimburse the amounts paid plus any interest if the annuity amounts to less than $10 a year at maturity. In addition, except if otherwise provided by a particular pension plan, the annuity holder can redeem it if it amounts to less than $120 a year. If not, the Government Annuity Act prohibits redemption by the annuity holder. The only authorized exception is contained in Section 17 of the government annuity regulations, which authorizes the holders of collective annuity certificates who contribute to a federal or provincial employee pension plan to transfer the amount payable to the new pension plan. I therefore hope, Mr. Speaker, that a solution which my hon. colleague will find acceptable can be found as he himself noted in his comments, since the minister has already undertaken to make a review of the system.

• (2215)

[*English*]

PIPELINES—DELAY IN CONSTRUCTION OF ALASKA GAS PIPELINE. (B) CONSTRUCTION GUARANTEES

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, the matter I wish to bring to the attention of the House tonight arises out of a question I asked of the Minister of Energy, Mines and Resources (Mr. Lalonde) on April 1. It was a two-part question.

The first part was very simple: could he or could he not confirm an announcement made by the Hon. Mitchell Sharp,

the northern pipeline commissioner, about five or six days previous to that? The answer to the first question was that the minister did not know and that the proper person to ask resides in the other place. That person is the hon. Senator Olson. If I recall correctly, the order which appointed Senator Olson said that it would be his responsibility to advise and assist the Minister of Energy, Mines and Resources and, of course, there should be—must be—someone in this chamber to answer legitimate questions from the people's representatives.

The answer to the second part of the question was even worse. I asked what the government intends to do and whether it is concerned about the fact that this project, which originally was anticipated to be completed in 1983, would now be delayed five years, to 1988. The response to that question was a rather blasé write-off. It was a glib response that there was nothing to be concerned about, that everything was in the hands of the minister and his department and that we on this side of the House should not worry. I can tell hon. members that we on this side of the House are worried about continuing delays, not only in relation to the project about which I asked my question, but also in relation to projects such as Alsands and Cold Lake.

When, in 1977, the question of the Alaska gas pipeline was debated in the House, the gentleman who is now Minister of Finance (Mr. MacEachen), and who was at that time president of the privy council, stated that that project would generate 25,000 man-years of work directly, and some 220,000 man-years of indirect work which would be done in the manufacturing areas of Ontario and Quebec. If we ever needed to get on with a project like that, it is now when we desperately need those types of employment opportunities in Canada.

As I said before, the original treaty entered into between Canada and the United States on September 20, 1977, and the act which incorporated many of the terms of that treaty which was assented to in April, 1978, envisaged a completion date of the project and a start-up of gas transmission through that line on January 1, 1983, just less than a year from now. The project is not even started, let alone anywhere near completed.

Nothing happened until about 1980, and then we had another go-around. I remember the pre-build debate. At that time we were given iron-clad guarantees by the Minister of Energy, Mines and Resources that that project would go ahead until its completion. We received iron-clad guarantees from the Minister of Energy, Mines and Resources. I should like to know what happened to those iron-clad guarantees.

• (2220)

Recent events show that on March 23, the federal inspector of pipelines in the United States, Mr. John Rett, said that the project would not be completed until the winter of 1987, or perhaps January 1, 1988. This was originally denied by the hon. Mitchell Sharp, but one day later he had to confirm that the dates given by Mr. John Rett were correct.

Even worse things have happened since then, Mr. Speaker. An article in the *Toronto Star* on April 17 quoted Alaska Senator Frank Murkowski, a man who is generally optimistic and who supports this project, as follows:

> "In my view, the project will be deferred for an indefinite period of time—perhaps two to three years."

The article continues:

> A substantial delay could deal a big blow to Canada's hopes for the thousands of jobs and big contracts—

That is what is happening, Mr. Speaker. Delays by the Minister of Energy, Mines and Resources have resulted in the loss of thousands of jobs for Canadians all across the country. I should like to know what the government intends to do about it.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the concept of the Alaska Highway Natural Gas Pipeline was essentially started in the early 1970s with the Transit Pipeline Treaty.

This treaty was followed by the Canada/U.S.A. Agreement on the Alaska pipeline in 1977 wherein both countries formally undertook to support the project on a priority basis. Canada approved the pre-built segments of the project in the spring of 1980 after President Carter provided assurances that the line would be financed and that his 1977 decision approving the project would be amended to allow pre-commencement billing for the Canadian segments. Further assurances were provided by the joint resolution approved unanimously by the Senate and House of Representatives and the commitment of the industry sponsors to participation in the financing of the project.

With the change in government in the United States there temporarily existed some controversy over the pipeline's scheduling. Nevertheless, President Reagan clearly stated his strong support for the project during a visit to Ottawa in 1981. Last October, in a letter to the Prime Minister (Mr. Trudeau), the President of the United States reiterated his support stating:

> I believe that this project is important not only in terms of its contribution to the energy security of North America, but it is also a symbol of U.S.-Canadian ability to work together co-operatively in the energy area for the benefit of both countries.

With regard to media reports earlier this month speculating on a new delay in the Alaska pipeline project, I would like to state that the Northern Pipeline Agency has advised that the 1986 schedule was tight and it has slipped to a 1987 completion as a result of a delay caused by the waiver package proceedings in the American Congress; that the schedule which now appears highly probable involves the completion of financial arrangements by June of this year, the submission of the financial proposal in July, and the final official approval by December of this year; and, finally, with completion of financial arrangements by the end of 1982, the schedule calls for completion of all other regulatory procedures and certifications leading to a completion of the project by late 1987.

Adjournment Debate

I would like to comment on a recent news report from Alaska that there may be difficulty in financing the Alaska segment of the pipeline by June of this year and that, if this occurred, completion of the pipeline could be delayed beyond the expected 1987 completion. The U.S. government has not advised of any difficulty in this respect.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow afternoon at two o'clock.

Motion agreed to and House adjourned at 10:24 p.m.

END OF VOLUME XIV